

Neo-Liberal Capitalism and India's Nationhood*

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India's anti-colonial struggle was not just about getting independence from foreign rule. In fact, this struggle would not even have succeeded if it had been only about that. It was simultaneously, and indeed had to be, an effort to forge a new nation, of a sort that was not only unprecedented in modern world history (since the earlier emergence of nations in Europe had been part of an imperialist project which the anti-colonial struggle did not propose to emulate), but also represented, conceptually, a transformation of the country from a caste-ridden unequal society to one characterized by a fraternity of equal citizens. This vision was set out in the Karachi Congress Resolution in 1931 and played no small a role in mobilizing the people behind the struggle against colonialism. The Congress's sweeping the Provincial Assembly elections in 1936-37 was made possible because of this mobilization.

India was not the only country which set out such a vision before its people; in fact anti-colonial struggles everywhere were more or less informed by such a project of building a new nation based on a fraternity of equal citizens, in the place of the old societies which colonialism had penetrated and transformed, and which had been, and continued to remain, marked by fragmentation and extreme inequalities.

This vision of a transformation from an extremely unequal and fragmented society to one characterized by a fraternity of equal citizens necessarily entailed a supersession of "tradition" by "reason", since the conception of a fraternity of equal citizens was never a part of the "tradition" but was the product of an exercise of "reason". It also meant, correspondingly, according a primacy to the "profane" world of material reality, of access to certain minimum material conditions of life for everyone, that would then form the basis for realizing one's potential, over religion, and "culture" (which in the old society was necessarily enmeshed with religion and accepted inequalities). The supra-religious bonding as citizens had to occur within this "profane" world through common struggles, initially against colonialism and subsequently for achieving a better society in which this life, and not some after-life, could be spent.

The project of nationhood demanded in short not just the achievement of a degree of equality and of a certain minimum material standard of life for all, but also an emphasis, expressed through common struggles, upon this "profane" world, though freedom to hold and practice any religious belief of one's choice was considered a necessary constituent of a better "profane world", as long as it did not conflict with the project of creating a fraternity of equal citizens.

Globalization, or integration into the vortex of neo-liberal capitalism, runs counter to the achievement of every one of these requirements of the project of "nationhood". It completely undermines the project of "nationhood" which underlay the anti-colonial struggle, with consequences that are quite dangerous.

The dramatic increase in economic inequalities in India is by now well-established. A few days ago Oxfam came out with the figure that in India the top 1 percent of the population owns 58 percent of the country's total wealth. The top decile as a whole owns 80.71 percent of the country's total wealth. By contrast the bottom decile owns -

0.68 percent of the country's wealth, i.e. has negative wealth in the sense that its debts exceed its assets. This inequality is greater than for the world as a whole and has increased at a very rapid rate in the neo-liberal years.

Questions may be raised over the accuracy of the Oxfam figures, but these figures are also broadly in line with those obtained from other sources. Thus a couple of years ago, Credit Suisse had come out with figures which suggested that the top 1 percent of households in India owned roughly half the country's wealth, and that this figure of half was higher than for the United States and other advanced countries. The Credit Suisse report also underscored the rise in the share of the top one percent in the country's wealth since the beginning of the century. Hence an extreme concentration of wealth, rapidly growing wealth inequality, and greater inequality in India than in the world as a whole, and even compared to the United States, are conclusions common to both studies and may be taken as well-founded. Since India does not have any wealth tax worth the name, and since it has for all practical purposes abandoned any capital gains tax, there is no fiscal offset to the tendency towards widening wealth inequalities.

There has been a correspondingly rapid increase in income inequalities over these years. Between 1988 and 2011, according to the same Oxfam report, the per capita income of the top decile increased annually by a rate that was 20 times the rate of annual increase in the per capita income of the bottom decile. When there are such wide economic inequalities and such massive increases occurring in the extent of inequalities, to believe that the country is moving towards the vision of a community of equal citizens that was held before it at the time of independence, is the very opposite of the truth. Social Democratic writers like Thomas Piketty and Antony Atkinson (who passed away earlier this month) have of late underscored the importance of a modicum of economic equality for the preservation of democracy; and they are right.

But it is not just that inequalities are increasing at a dramatic rate, but for the bulk of the people even the attainment of a minimum standard of living, far from coming closer, is receding as a prospect. In fact the nutritional standards of the bulk of the people have worsened during the period of neo-liberalism. The proportion of the rural population that cannot access 2200 calories per person per day, the minimum that the government itself takes as the "norm" for defining rural poverty, was 58 percent in 1993-94, the year of NSS large sample survey that is closest to the start of the neo-liberal era; it increased to 68 percent in 2011-12, the latest year of NSS large sample survey. The corresponding figures for the urban population that cannot access 2100 calories per person per day, the "norm" for defining urban poverty, were 57 and 65 percent respectively.

The era of neo-liberalism therefore has seen a retrogression when it comes to the material pre-requisites for the nation-building project that had been launched with the anti-colonial struggle. But, even apart from these criteria, this project receives a setback during the neo-liberal era because the discourse based on reason itself ends to disappear.

There are several reasons for this. First, there is a weakening of the working class movement that is spontaneously effected by the neo-liberal regime. This is because such a regime entails a decimation of traditional petty production through the

encroachment of big capital; but the employment growth that is achieved under the neo-liberal regime is grossly inadequate for absorbing even the natural growth of the work-force, let alone those displaced by the destruction of petty production. Thus there is a swelling of labour reserves which weakens the striking power of the workers.

The privatization of public sector enterprises, the outsourcing of work that used to be done within the public sector to private providers, and the progressive casualization of the work-force, which is the form that the growth in the relative size of the reserve army of labour takes, contribute to this process., resulting in an overall weakening of the trade union movement, and of the strength of the working class as a whole.

Secondly, since neo-liberalism catches the economy within a vortex of globalized financial flows, whatever may be the political outcome of elections makes little difference to the economic policies that are pursued, for fear that doing otherwise would drive finance away. Taking the economy out of this vortex would create room for an alternative, but apart from ideological reasons and lack of political will, one factor deterring such delinking from globalization is the transitional pains it would bring to the economy owing to the sudden outflow of finance.

Neo-liberalism therefore forecloses the alternative possibilities open to an economy, since most political parties other than the Left are too frightened to propose de-linking or imposing capital controls as a practical course of action. And to the extent that even progressive opinion falls prey to the ideological hegemony of neo-liberalism, this further hamstringing the effectiveness of the Left.

Struggles for material improvement in the conditions of life of the people as a whole therefore recede to the background in the era of neo-liberalism. True, there are specific struggles, e.g. against the location of a plant in some particular place, and struggles deriving from identity politics, e.g. for improvement in the conditions of some specific group; but these do not add up to any overarching struggles on material conditions of life for the people as a whole.

This creates the context in which there is a foregrounding of “cultural” struggles, of “struggles in defence of tradition”, of struggles to maintain “our way of life”, and so on. All these however are necessarily divisive, since “our way of life” is always defined in accordance with the perceptions of the “majority community”, or the dominant segments, typically the dominant castes, within the “majority community”. The agenda of inclusive nationalism that the anti-colonial struggle had presented before the people gets increasingly supplanted by an agenda of majoritarian traditionalism that necessarily divides the people.

Invoking “tradition” entails a retrogression in the sense of an abandonment of reason. A tendency arises for the thriving of unreason, not just among the purveyors of Right-wing politics, but even among the people. As Fritz Stern had noted in an earlier context, the “resentment against a disenchanted secular world” leads to an “ecstatic escape” into unreason. On the national scene Modi’s shenanigans, where theatrics replace arguments and earn applause for that very reason, demonstrates this phenomenon. But it is also apparent at a local level. In Tamilnadu which had once pioneered the movement for rationalism in the country, the agitation against the

banning of jallikattu on the grounds that the ban is an affront to “Tamil culture”, demonstrates how “traditionalism” is acquiring ascendancy.

This however is a dangerous turn. Since the clock cannot be put back and the oppressed castes and minorities simply expected meekly to acquiesce in this exclusionary traditionalism, any constraint on the project of modern “nationhood”, such as what the anti-colonial struggle had embarked upon, will only lead to a fragmentation of the nation, a burgeoning of internecine conflicts. This is what neo-liberal capitalism brings in its train. But since neo-liberal capitalism is simply the course that capitalist development comes to acquire, this is another way of saying that modern nationhood in countries like ours cannot be achieved within the ambit of capitalism.

It is not just the Left, but even others engaged in the anti-colonial struggle, that understood this point. But many held the view, which was also prevalent globally with the rise of post-war social democracy espousing Keynesianism, that capitalism could remain but be controlled. History has proved this belief to be wrong, which only means that the Left in countries like ours has a major task before it, of preventing the subversive effect of capitalism on the project of inclusive nation-building.

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