

## **Developing “Infrastructure”\***

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The term “infrastructure” covers all sorts of things, from ports to roads to canals to bridges to building railway lines. Because it covers such a range of things, many of which appear to be useful, most people look upon “infrastructure” development as an indubitably desirable thing under all circumstances. Questions are scarcely asked about its worthwhileness when the government allocates larger resources for the “infrastructure” sector, or when it instructs public sector banks to give larger loans for “infrastructure” development.

This way of looking at “infrastructure” however is grossly misleading. What is covered by the term “infrastructure” typically varies with the development trajectory being followed. The “infrastructure” that the dirigiste development trajectory in India prior to “economic liberalization” emphasized, and the “infrastructure” that the neo-liberal development trajectory emphasizes today, are not identical. One cannot look at infrastructure in isolation from the development trajectory and give blanket endorsement to expenditure on infrastructure development corresponding to a particular development trajectory, while at the same time being critical of that trajectory for its anti-people nature. Put differently, since the concept of what constitutes infrastructure is very significantly specific to a development trajectory, and since any development trajectory entails a particular pattern of changing balance of class-strengths, the concept of infrastructure has a class dimension.

Karl Marx was well aware of this and expressed himself sharply on the issue, when he referred to the “railways” built under British rule in India as being “useless” for the Indians. He did not mean that the Indians would never use the railways; what he meant was that the British were using Indian resources for a purpose that had a high priority from their point of view, namely that of exploiting the economy, but a low priority from the point of view of the Indians. He was in short locating this infrastructure within a development trajectory; he was exposing the fact that the development of the railways was not a dispassionate and benevolent act intended to benefit the Indian people, but an act undertaken to serve British interests.

When one thinks of Mughal India the concept of infrastructure covered mainly roads, roadside caravanserais, market towns where grain could be bought and sold, and so on. In “British India” when the country was drawn into substantial trade relationship with the metropolis, providing a market and raw materials for the latter’s products, the development of ports, and of transport facilities from the hinterland to the ports, acquired primacy. Old cities like Agra which had worldwide repute earlier dwindled in significance; and transport facilities between such cities became a matter of secondary importance. The concept of infrastructure in short acquired an altogether new meaning. Railways were built by private companies, whose rates of return were guaranteed from the government budget, for serving the needs of colonial exploitation. As a matter of fact Cambridge economic historian Mcpherson has argued that extracting raw materials from the Indian economy was the primary motivation behind the particular pattern of railway network that was built up in the country. Marx’s remark about railways being “useless” for the Indians has to be understood in this context.

Many observers contrast the rather shoddy airports that the country had during the dirigiste period with the plush ones that have now come up in several places, and see in the latter a sign of “development”. What they miss is that the trajectory of development under the neo-liberal regime, which is associated with a higher level of, and steadily increasing, wealth and income inequalities, sets up a hugely growing demand for air-travel and hence causes congestion at airports which can be overcome only through investment in “infrastructure” in the form of airports. Likewise, with the steady stream of foreign business executives coming into the country under the current regime of much freer capital flows, whose sense of “feeling at home” in India becomes a necessary condition for attracting foreign investment which is considered essential under the neo-liberal dispensation, it becomes obligatory that Indian airports should be more or less indistinguishable from metropolitan ones.

In fact the phenomenon of globalization requires that all airports all over the globe should be indistinguishable from one another. In keeping with this, even the public announcements at the Delhi airport are made in a distinctly English accent. If an Indian city name like Udaipur is habitually pronounced as “You-dei-pore” over the public announcement system at the airport of the nation’s capital, then the reason for it lies in the specific characteristics of contemporary globalization.

The foregoing has an important implication. Since income distribution in a regime of globalization shifts continuously away from the working people towards the corporate-financial oligarchy and a stratum of the middle class that also constitutes the beneficiary of globalization, there is a perpetual excess demand for the specific kind of “infrastructure” that is demanded by these beneficiaries. (This would not happen of course in periods of crisis, but that is a matter we examine later).

Leaving aside periods of crisis therefore, we find that even the newly built airports soon become insufficient, as passenger numbers multiply because growing income inequality puts more money in the hands of the well-to-do; newly built roads soon turn out to be inadequate for preventing congestion, because increase in income inequality implies more and more cars being purchased by the well-to-do; and so on. Growing inequality therefore puts continuous pressure on the infrastructure available for use by the well-to-do. As a result, the kind of “infrastructure” demanded by the well-to-do sucks resources away from other uses; and, no matter how much of resources it sucks away, “infrastructure” for their use still remains insufficient.

This insufficiency no doubt disappears in periods of crisis when the opposite happens. Several infrastructure items remain unutilized for lack of demand. Houses constructed in anticipation of the continuation of the boom remain empty; office sites and apartments remain unoccupied. And ghost towns and ghost roads testify to the transience of the boom. But even during a crisis when there is no excess demand for infrastructure, renovation of infrastructure continues to occur. This is because the domestic rich wish to ape the life-styles of the metropolitan rich, and as product innovation occurs in the metropolitan countries and changes the life-styles of the metropolitan rich, the domestic rich also wish to follow suit. This is true not just for commodities but also for infrastructure. Hence, in the case of both processed goods and infrastructure, even when unutilized capacity exists, additional investment is undertaken to give infrastructure items like airports a new look to make them even more up-to-date. New airports are built embodying the latest gadgets even when old

airports were not being fully utilized. Such additional investment is never enough to get the economy out of crisis, but it is undertaken nonetheless.

The need to spend on “infrastructure” is usually cited as the reason for not making enough investment in health and education, for not spending enough on programmes like the MGNREGS (even though it is a demand-driven programme) and for not sparing enough resources for providing adequate old-age pensions. The fact that the country finds resources for building swanky airports but not for old-age pensions or school education is symptomatic of the development trajectory of neo-liberal capitalism. But this does not mean that one simply criticizes this development trajectory and waits for the day when one can change it. Nor does it mean that one only demands changes in income distribution in an egalitarian direction on the grounds that the allocation of resources, whether more should go towards building airports or building good government schools, is ultimately dependent upon the distribution of income; i.e. on the grounds that since the allocation of resources ultimately depends upon the pattern of demand that is determined by income distribution, this should be the point of intervention. One also has to say, like Karl Marx, that a good deal of what is spent as “infrastructure” investment is “useless” from the point of view of the people, that such investment should be restrained and the “infrastructure” in question should be rationed.

The point at which rationing has to be exercised has of course to be chosen appropriately. For instance road congestion is a form of rationing: since road space is limited compared to the number of cars, each car has to move slowly. But instead of rationing taking the form of traffic jams, it could take the form of limiting the number of cars on the roads, by ensuring for instance that there should be a minimum number of occupants per car.

This kind of rationing exists in many other countries, including countries of the third world, though not in India. But the insistence on rationing is also one way of intervening in income distribution. Just as rationing of foodgrain distribution at low prices is a way of intervening in income distribution in an egalitarian direction, likewise enforcing rationing of the “infrastructure” demanded by the well-to-do, instead of diverting resources towards meeting this demand at the expense of other socially-pressing needs, is also a way of intervening in income distribution. It is important that we do not treat all investment in “infrastructure” indiscriminately as constituting a social priority.

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