

Democracy as a Site for Class-Struggle

The Marxist movement's concern with the form of government has been almost entirely instrumentalist in character: which form of government in bourgeois society best serves the interest of the working class in its struggle for the transcendence of this society. The purpose of the present paper is to argue that, at least in the context of a society like ours, this is too limited a perspective on the question of democracy. Much more is at stake for the working class movement in defending democracy than merely the freedom to organise. The struggle over the form of government, far from being distinct and secondary to the struggle to alter the class-nature of the state, is in fact intimately enmeshed with the latter, so that one cannot talk of the one without talking of the other.

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Marxist discussions on the state draw a distinction between the nature of the state and the form of government. The former is concerned with the identity of the hegemonic class whose interests the state serves, whether directly or through mediations. The latter is concerned with the mode of formation of governments and the institutions through which the business of governing is effected. As Christopher Hill once put it (in the context of the Tudors and the Stuarts): "The absolute monarchy was a different form of feudal monarchy from the feudal-estate monarchy which preceded it; but the ruling class remained the same, just as a republic, a constitutional monarchy and a fascist dictatorship can all be forms of the rule of the bourgeoisie."¹

Class rule in this sense, since it is simultaneously necessarily directed (though usually through mediations) against certain other classes which stand in antagonistic relationship with the ruling class, is sometimes referred to as class dictatorship. The distinction, mentioned above, between the nature of the state and the form of government, is often reflected therefore in expressions such as "advanced capitalist countries are characterised by a dictatorship of the bourgeoisie which is exercised through parliamentary democracy". If one did not keep the distinction between the nature of the state and the form of government in mind, and merely took democracy and dictatorship to be antithetical concepts, then such statements can be a source of much

confusion, as indeed they have been. The Bolshevik Revolution likewise had the objective of ushering in a dictatorship of the proletariat which was to be exercised through Soviet democracy (though this form of government was not sustained after the initial heady days).

From this distinction a corollary is often drawn, namely that the struggle for a change in the form of government is both distinct from, and altogether secondary to, the struggle for a change in the class nature of the state. This corollary is most clearly manifested in the activities of ultra-Left political formations which usually abjure any struggle for a change in the form of government within a state founded upon class-antagonism, and concentrate exclusively upon attempts to alter the class-nature of that state. But such ultra-Left thinking has not always remained confined to particular formations; it has also characterised the totality of the Marxist, or Communist, movement in certain periods. An obvious example is the so-called 'third period' following the Sixth Congress of the Communist International which saw the emergence of the theory of 'social fascism' that stood in the way of a United Front between the Communists and the Social Democrats against the German Nazis (though of course one cannot blame the Communists alone for this failure). What is more, such ultra-Left thinking has always remained an important subterranean current within the larger Communist movement: no less a person than Georg Lukacs refers to his own conviction

in 1918 that parliamentary democracy had become "obsolete" and that Communists therefore should not waste much effort upon it, a conviction for which he was admonished by Lenin on the grounds that parliamentary democracy might have become "historically obsolete" in the prevailing conjuncture but it had not become "politically obsolete".²

The broader Marxist movement has, in general, not been guilty of abjuring struggles over the form of government within the bourgeois state, but it has theorised its concern over the form of government almost entirely along the lines that democracy offers the working class the maximum freedom to organise itself and carry out its struggle. In other words the Marxist movement's concern with the form of government has been almost entirely instrumentalist in character: which form of government in bourgeois society best serves the interest of the working class in its struggle for the transcendence of this society?.

The purpose of the present paper is to argue that, at least in the context of a society like ours, this is too limited a perspective on the question of democracy. Much more is at stake for the working class movement in defending democracy than merely the freedom to organise. The struggle over the form of government, far from being distinct and secondary to the struggle to alter the class-nature of the state, is in fact intimately enmeshed with the latter, so that one cannot talk of the one without talking of the other.

The sequence in which democratic institutions appeared in the advanced capitalist countries was altogether different from the sequence in which they appeared in societies like ours. In the advanced capitalist countries, the consolidation of the bourgeois state *preceded* the introduction of democratic institutions. To say this is not to pooh-pooh the significance of these institutions in the advanced capitalist countries by suggesting that they were mere cosmetics. Nor do I mean to suggest that democratic institutions were some sort of a gift made by the ruling class to the people when it was assured of its ability to perpetuate its hegemony. On the contrary, these institutions were won through fierce struggles from an unwilling ruling class: one has only to remember the case of the Suffragettes to convince oneself on this score. But the point I am making is that, in the historical sequence, the appearance of these institutions comes at a time when bourgeois rule in the metropolis is more or less established; not that this rule would not be challenged subsequently, even after its establishment (indeed the entire period between 1917 and 1945 was a period of challenge to bourgeois rule in the metropolis), but the challenge *is to established bourgeois rule*.

Antonio Gramsci discussed this process of establishment of bourgeois rule in the context of France in the following words: "In fact, it was only in 1870-71, with the attempt of the Commune, that all the germs of 1789 were finally historically exhausted. It was then that the new bourgeois class struggling for power defeated not only the representatives of the old society unwilling to admit that it had definitely been superseded, but also the still newer groups who maintained that the new structure created by the 1789 revolution was itself already outdated; by this victory the bourgeoisie demonstrated its vitality vis-a-vis both the old and the very new."³ Noting that "historians are by no means of one mind... in fixing the limits of the group of events which constitute the French Revolution", he held that "in reality the internal contradictions which develop after 1789 in the structure of French society are resolved to a relative degree only with the Third Republic; and France has now enjoyed sixty years of stable political life only after eighty years of convulsions at ever longer intervals..."⁴ The "stable po-

litical life" that Gramsci refers to is precisely the period of established bourgeois rule.

In the context of Britain too, the mid-19th century has been referred to as "the fateful meridian" which ushers in the period of bourgeois hegemony under a cementing ideology provided by Edmund Burke.⁵ In short whether the consolidation of bourgeois hegemony is achieved through a process culminating in armed struggle against the working class or in the ideological subjugation of the latter, this culmination occurs in the metropolis sometime during the 19th century.

Modern democratic structures however make their appearance much later. Whether we take universal adult franchise, or the existence of a multiplicity of political parties explicitly representing the interests of diverse classes including the oppressed ones, or freedom of the press, including the press belonging to these oppositional political parties, these are all phenomena of the current century. Universal adult franchise for instance was instituted in Britain only in 1928 when the difference in the minimum age for eligibility to vote between men and women was removed. In France this happened only after the second world war. Nearly 75 years in other words elapsed in France between the defeat of the Paris Commune, which marks roughly the consolidation of bourgeois hegemony, and the introduction of universal adult franchise which we all take to be such an integral part of modern democracy. In England too if the mid-19th century is taken as the point in time marking the consolidation of bourgeois rule, then the time gap between that date and the institution of universal adult franchise is roughly similar.

In countries such as ours however universal adult franchise, the functioning of political parties representing the interests of diverse social classes including the oppressed classes, freedom of the press including the press owned by these oppositional parties and movements, were institutionalised in the immediate aftermath of independence from colonial rule. This again had nothing to do with the charity of the ruling classes or the happenstance of a Nehru being at the helm of office. It was a part of the premise on which the freedom struggle was fought. The Indian National Congress which was the leading element in this struggle had accepted the principle of universal adult franchise, incorporated in the Nehru

Committee report, in 1928. It had also drawn up the basic outline of an economic, social and political programme for post-independence India at its Karachi session (March 1931), and the institutionalisation of a modern democratic structure was one of its essential ingredients. Underlying the sweep of the freedom struggle, helping to draw millions of toiling masses into its fold was this vision of a democratic India where everyone would enjoy the same fundamental rights. Or putting it differently, the institutionalisation of a modern democratic form of government was, as it were, implicitly imposed upon the freedom struggle by the toiling masses of the country as a condition for their active support and participation.

This created a piquant situation for the bourgeoisie. The very moment of handing over of power by colonialism to the bourgeois-led national movement was simultaneously the moment of institutionalisation of democratic structures. The institutionalisation of democratic structures in other words *preceded* the consolidation of the class rule of the bourgeoisie, unlike in the metropolis where the sequence was just the reverse. Democratic structures in such a situation stand in the way of the consolidation of bourgeois class rule. Such consolidation in short requires a 'rolling back' of democracy from the level which the people have attained in the aftermath of decolonisation to some level considered acceptable by the bourgeoisie and its allies which are striving to assert their hegemony.

The tension between the relative vibrancy of the prevailing democracy on the one hand (which still of course falls way short of genuine empowerment of the people) and the bourgeoisie's aspirations on the other is obvious to any observer of the Indian scene. While the bourgeoisie would like to use the public exchequer exclusively for its own enrichment (and that of its allies and foreign partners), it has to put up with the distribution of some funds in the form of transfer payments and subsidies to the kulaks, the petty bourgeoisie, the salariat and even the poor. The fulminations one comes across against the so-called 'populist' measures, by media commentators who have not a word against the enormous tax concessions given to the bourgeoisie, and that too despite the fact that 'development expenditure' (which is supposed to embody a large dose of 'populism') appears to be significantly nega-

tively correlated with rural poverty,⁶ are indicative of this contradiction. While the bourgeoisie would like politics in the country to be polarised between two political formations each more or less solicitous of its interests (and those of its allies), it has to contend with the fact that there is a plethora of small parties, regional parties, and Left parties enjoying a degree of political influence. What is more, the extant democratic structures even allow some of them to occupy government positions. Not long ago, the leader of a Communist Party was asked to head the government of the country despite the fact that the party had not made any compromise on its ideology to gain 'acceptability' (in the manner of the European Left). The fact that the party in question refused to accept this leadership role at that time is a separate matter, as is the fact that the bourgeoisie and its allies have since then been more careful in preventing such situations (which was evident in April 1998). The very existence of such possibilities nonetheless militates against the establishment and consolidation of bourgeois class-rule.

The contradiction arising from the fact that the establishment of democratic structures preceded the consolidation of bourgeois class rule has got heightened by two developments. First, even as the middle and upper class voters have grown apathetic towards elections the poor and the marginal groups have become progressively more deeply involved in it. As the voting percentage in the predominantly middle class constituencies has declined (the figures for the New Delhi and South Delhi constituencies in the recent elections confirm this), and likewise among middle class voters in general constituencies, the voting percentage among the dalits, the tribals, the OBCs, and in general the poor, has registered a steady and secular increase. The oppressed classes are increasingly turning to the electoral arena to assert themselves. Election analysts have been so impressed with this phenomenon that they have called it a "democratic upsurge".⁷ This very fact however comes in the way of the consolidation of bourgeois class rule, forcing the government to respond to the diverse demands of the poor, and preventing a cosy polarisation of politics between two groups whose only difference lies in the ardour with which they seek to appease the bourgeoisie. The second development is the so-called process of 'globalisation'

which makes a 'rolling back' of democracy a task of great urgency; a discussion of this however is postponed to a later section of this paper.

It is not surprising therefore that the demand for attenuating democracy has become particularly shrill in recent months. A whole range of suggestions, such as the introduction of a presidential form of government, giving a fixed tenure to the legislatures, preventing political parties which fail to obtain less than a certain minimum percentage of votes from getting any representation in parliament, preventing the tabling of a no-confidence motion unless an alternative government-in-waiting is already created, and preventing the filing of public interest litigation, have been aired of late. They are all means of abridging democracy, of making it a genteel bourgeois affair as opposed to its current mass participatory character. It is not surprising that the examples usually given of 'ideal arrangements' in all such discussions are of advanced capitalist countries which combine the entire paraphernalia of democratic forms with a judicious emasculation of its structures in the interests of the bourgeoisie.

The proposition that any of these 'reforms' in our context would amount to a rolling back of democracy scarcely needs belabouring. The degree to which the presidential form of government insulates the chief executive of a country from the wishes, interests and aspirations of the people is demonstrated by Russia, where the desire to see the back of the earlier chief executive was as universal as it was incapable of realisation (until he decided voluntarily to step down for his own reasons). A fixed tenure for the legislature likewise emboldens the elected members to ignore the wishes of the electorate except just prior to the elections; and some 'diversions' (e.g., border skirmishes) can always be created just prior to the elections to ensure that the incumbent party in power gets re-elected no matter what its record during the period might have been. Preventing political parties which fail to get less than a certain minimum percentage of votes from being represented in the legislature is an obvious means of silencing regional voices, dissenting voices, minority voices and voices belonging to marginalised and oppressed groups. Likewise preventing the tabling of no-confidence motions unless an alternative government-in-waiting has already been formed is yet another ploy to save an incumbent

government from being forced to face the electorate; it amounts to giving it a licence to act with impunity. And as regards the prevention of public interest litigation the implications are clear: if a whole range of government actions is removed from the purview of judicial scrutiny, then the government would be even more free to act in the interests of the bourgeoisie and its partners.⁸

These suggestions are sometimes sought to be justified by citing the examples of particular advanced capitalist countries where one or the other of them has been in operation. This justification however is itself instructive. Till recently a Communist from outside could not enter the US; in Germany the ban on the KPD continued to be effective. Is that an argument for India to impose similar restrictions on Communist activities? The fact that the bourgeoisie in our country uses these examples supports precisely the contention of this paper: it would like a 'rolling back' of democracy to levels with which the bourgeoisie, as exemplified in the context of the advanced capitalist countries, feels comfortable.

But this argument, underscoring the need for 'emulating' the advanced capitalist countries, is supplemented by two others which perhaps have a wider appeal. One talks of the 'expensiveness' of having frequent elections. The tendentiousness of this argument is obvious from the following. The recent elections would have cost the public exchequer less than Rs 1,000 crore. No doubt political parties and individuals would have spent a multiple of this amount, but they are by no means obliged to spend all that they do; besides, one cannot possibly label, even from a ruthlessly narrow economic point of view, this particular form of *private* expenditure as wasteful when its macroeconomic effects can be no different (and certainly no worse) compared to those of the expenditures incurred in purchasing private automobiles for example, about which nobody raises any objections. Thus the alleged wastefulness of the expenditures incurred on elections must refer only to that part of the expenditure which comes from the public exchequer. And this, as mentioned earlier, would be less than Rs 1,000 crore. In a single year however Chidambaram as finance minister had given away tax concessions to the private sector estimated at Rs 12,500 crore,⁹ and his budget, far from being castigated for frittering away public resources for pri-

vate enrichment, was hailed as a 'dream budget'. Merely with the amount of concessions given by Chidambaram to the capitalists, as many as 12 elections could be held in a year every year! It would be invidious to single out Chidambaram in this context; one can cite innumerable other such instances of largesse to the capitalists given by other finance ministers which have been applauded precisely by those who find elections to be too expensive!

The second argument often advanced is that 'political stability' is highly desirable, and that without it economic development would suffer. Quite apart from the fact that this link between political stability and economic development is a mere assertion with little evidence to support it, the ethical basis of this argument is also untenable. If one accepts an attenuation of democracy on the grounds that by providing 'political stability' it becomes conducive to economic development, then how can one reject a call for the imposition of an authoritarian government on the same grounds, when the link between authoritarianism and 'political stability' is undeniably strong?

A variant of this second argument runs as follows. 'Political stability' is desired by foreign investors; if we wish to attract foreign capital then we have to eschew the 'luxury' of having frequent changes of government; and for this purpose some 'changes' in our democratic framework are necessary. This argument, ethically, is doubly untenable. Not only does it open the way for authoritarianism, as mentioned above, but it amounts to saying that the political structures of a country should be determined by the wishes not of its own people but of international investors. It implicitly advances an alternative, 'inverted' and altogether repugnant notion of sovereignty. It is an implicit rejection of the very premise of democracy, which is the acceptance of the sovereignty of the people. Its call for a 'reform' of democracy is based actually on a rejection of the very premise of democracy. But this is not an aberration; it is the essence of 'globalisation'. Let us turn to this aspect now.

II

The question needs to be asked: even if there is an attempt to roll back democracy to ensure a consolidation of the

bourgeois state, what is wrong with it? True, such a rolling back of democracy is ethically repugnant; but might it constitute the practical realisation, within the given historical constraints, of the agenda of the freedom struggle? If one gives up sentiment, and looks only at the available historical possibilities, then should one not welcome it as the harbinger of political stability and economic development within a bourgeois order, and hence contributing in its own way to the fulfilment of the goals of the anti-colonial struggle, rather than opposing it as a betrayal of that struggle?

The answer is 'no' for two interrelated reasons: first, the attempt to roll back democracy and consolidate a bourgeois state is not being done by some autonomous domestic bourgeoisie but by a bourgeoisie that is in the process of increasingly collaborating, compromising and surrendering to imperialism. Rolling back democracy in other words is not meant in our case to establish a bourgeois state of the European kind but a collaborative bourgeois state which imperialism would use (as we shall see later) for promoting its agenda of recolonialisation. Secondly, rolling back democracy in an attempt to consolidate a bourgeois state would not lead to any economic development that would improve, even marginally, the living conditions of the toiling masses. While the consolidation of the bourgeois state in Europe was accompanied by an improvement in the living standard of the people, which in turn helped this consolidation, this dialectic is not possible in India. If these propositions are correct then it follows that the rolling back of democracy in an attempt to consolidate the bourgeois state cannot constitute even a partial fulfilment of the agenda of the freedom struggle; it amounts rather to a betrayal of that agenda.

Before coming to some empirical evidence (which I do in the next section), let me first discuss my theoretical reasons for adhering to the two propositions mentioned above. For this a brief discussion of the European experience is in order.

The period from the mid-19th century until the first world war was a period of more or less prolonged boom in the advanced capitalist countries. There has been considerable debate in Britain on whether the industrial revolution aggravated poverty, but, no matter what the verdict on

this debate, there can be little disagreement over the fact that the earlier years of the 19th century witnessed acute poverty even in Britain, the country of the industrial revolution. By contrast, nearly a century later, on the eve of the first world war, the capitalist countries were characterised by substantial sectoral diversification of output and employment, greatly diminished poverty and unemployment and notable increases in real wages.¹⁰ This dramatic transformation in the fortunes of capitalism was directly related to two circumstances: first, the migration of nearly 50 million persons of European origin to the so-called 'new world', i.e., the temperate regions of white settlement, where they drove off the 'natives' from their land and enjoyed much higher levels of per capita income as a consequence than they would otherwise have done back home. Secondly, the availability of tropical colonies like India which could be used as markets for European products 'on tap', and from which surplus could be extracted through the mechanism of the 'drain'.

These two factors combined to operate as follows. Emigration kept unemployment low and permitted increases in real wages in the metropolis. At the same time, emigration on this scale created opportunities for capital exports which kept the level of domestic demand high in the metropolis and helped to achieve the prolonged boom. In fact the total of domestic investment and capital exports was too large in the case of the major capital exporting country of the time, Britain, to be financed by her domestic savings alone. The drain from colonies like India, in the sense of the expropriation of economic surplus without any quid pro quo, went therefore into financing capital exports.

There remained one important residual problem, namely, the commodities demanded in the 'new world' were different from the commodities produced by Britain, so that even if the entire bundle of commodities she obtained as drain could be recycled as capital exports, she would still have faced a problem of deficient demand for her *own* commodities, and this in turn would have generated demands for protection and disrupted the smooth functioning of the Gold Standard, jeopardising the Long Boom. But this problem too was resolved at the expense of colonies like India whose 'wide open' markets¹¹ were available to Britain for

selling her increasingly uncompetitive wares. These precipitated deindustrialisation here, but contributed to the Long Boom there.

In short, the prolonged boom of what Hobsbawm calls the “long 19th century”¹² rested upon the edifice of colonialism. And the consolidation of the bourgeois state in the metropolis owed much to the fact of this prolonged boom. If the “fateful meridian” marking the ideological subjugation of the working class in Britain was followed by nearly seven decades of prosperity and political stability, which in turn helped the consolidation of the bourgeois state, or if the smashing of the Paris Commune was followed by several decades of political stability as attested to by Gramsci during which the bourgeois state became firmly established, it was because of the underlying structure of colonialism. It was not that the bourgeois state got consolidated because of the victory over the proletariat; rather, the consolidation of the bourgeois state as well as of a durable victory over the proletariat was made possible because of the colonial edifice over which metropolitan capitalism rested.

Such a colonial edifice is not available today to countries like India. This constitutes an obvious *prima facie* reason for expecting the trajectory of development in our case to be different from that in Europe as regards the nature and consolidation of the bourgeois state. But the question remains: even if our trajectory might be different from that of Europe, why can we not have an autonomous bourgeois development that, even if partially, fulfills the promise of the freedom struggle?

The answer to this question lies partly in the nature of our bourgeoisie, and partly in the nature of contemporary imperialism. There are at least two reasons why the bourgeoisie is unequal to the task of sustaining an autonomous trajectory of development. First, it is unwilling to accept the rules of the game of capitalism itself, a fact which is evident as much in business practices as it is in the open flouting of tax laws. Steffi Graf’s father was sent to jail in Germany for violating tax laws; several members of the Reagan administration were sent to jail for illegal business activities. But despite rampant tax evasion by the capitalists no member of the bourgeois class has ever had to face punitive action. The bourgeoisie in other words habitually resorts to flouting the rules of the game of the bourgeois order itself. This vitiates the prospects of an

autonomous bourgeois order in several ways, e.g. by precipitating a fiscal crisis (owing to tax non-payment) which impairs the ability of the state to undertake crucial infrastructure investment, by undermining the viability of the banking system through non-payment of bank loans, etc.

The second reason why the bourgeoisie is unequal to the task of autonomous development has to do with its preference for metropolitan goods. This has two aspects. On the one hand it strives to emulate metropolitan lifestyles (here I am using the term ‘bourgeoisie’ in a wider sense to include the so-called ‘middle class’ which is wider than the capitalists proper); and since these are continuously changing through product innovations, there is a perennial *ex ante* excess demand for metropolitan products. On the other hand even when there are domestic substitutes for metropolitan goods available, these are always considered inferior owing to what some authors have called the ‘craze for foreign’. This only accentuates the problem of *ex ante* excess demand for metropolitan goods which is a potent factor underlying balance of payments problems which vitiate the viability of an autonomous bourgeois trajectory.¹³ (The usual argument that if this *ex ante* excess demand is not suppressed through controls then it would eliminate itself through price changes, is untrue; its open expression merely leads to larger debt which again vitiates autonomous bourgeois development.)

The second and even more formidable obstacle to an autonomous trajectory of bourgeois development arises from the nature of contemporary imperialism, which is marked by the rise to prominence of international finance capital of a new kind. This finance capital differs from the finance capital that Lenin had written about in at least three ways. First, the finance capital that Lenin, or for that matter Hobson and Hilferding, had written about was essentially particular nation-based and particular nation state-aided, while contemporary finance capital, though dominated by finance from the metropolitan countries, is rather free from this rootedness. It sucks in finance from all over the world to be invested anywhere in the world without there being a specifically British or German or American strategy at play. Secondly, Lenin saw finance capitals belonging to the different metro-

politan countries as being engaged in violent conflict, a phenomenon he called inter-imperialist rivalry, while the contemporary situation is marked by a degree of unity among the metropolitan countries which is in conformity with the nation-transcending nature of finance capital. Thirdly, the finance capital in Lenin’s description represented a coalescence of banking and industrial capital while contemporary finance capital is much more in the nature of highly fluid ‘hot money’ flows seeking speculative gains wherever possible, with little interest in production *per se*.

The rise to prominence of this new form of finance capital has a number of implications of which three are important for us here. First, it undermines the basis for Keynesian demand management, which was essentially based on the concept of the nation state. If a country is exposed to international financial flows over which the nation state has no control then the scope for demand management becomes restricted. The result is a lower level of economic activity and higher unemployment than would have been the case otherwise. Metropolitan countries, faced with this situation (as they indeed have been) attempt to ‘export unemployment’ to third world countries by forcing open their markets to metropolitan goods and services. Secondly, international finance capital itself wants free access all over the globe and hence puts pressure for the removal of barriers, not only barriers to capital flows but of all sorts of barriers. For both these reasons pressure builds up on third world countries to move in the direction of policies of free trade, free markets and free capital flows. (It follows that the current trend towards debunking state intervention in markets, running down the state’s role as a producer and investor, and promoting policies reminiscent of *laissez-faire* is the product not of any new-found wisdom but of the ascendancy of international finance capital.) Thirdly, if international finance capital, or multinational corporations for that matter, have to operate globally then they need global protection. In the absence of a global state, and if resort to armed intervention is to be avoided, then such protection can be provided by international agencies like the IMF and the World Bank, which can hold the host nation state in thrall through their ‘conditionalities’.

It follows that the entire thrust of imperialism today in which international

finance capital is in ascendancy is to break down the autonomy of bourgeois trajectories of development by imposing free trade, free capital movements and financial liberalisation upon them. Even east Asian countries which used to be cited by many as successful examples of autonomous bourgeois development have been forced to open their economies not only to unhindered imports from the metropolis, but, even more important, to the unfettered flow of international finance capital. This latter fact underlies their recent crisis, and has already effectively subverted the autonomy of their capitalist development.¹⁴ In short, in the current phase of capitalism, the scope for autonomous capitalist development has got more or less exhausted.

The question however remains: even if there is no autonomous development, even if countries have to function within a regime of free commodity and capital flows, why should this not promote development? In other words even assuming that the domestic bourgeoisie in countries like ours pursues policies of collaboration, compromise and subservience to international capital, this in itself could, far from precluding development, even accelerate it. Why shouldn't such acceleration happen?

The answer lies again in the fact of ascendancy of international finance. Those who believe that unregulated integration into world capitalism would be productive of accelerated growth do so on the assumption that productive capital, in the form of direct foreign investment, would flow into the country for meeting global demand, and that this would boost the growth rate. As a matter of fact however it is not so much capital-in-production which has become internationally more mobile but capital-as-finance; and even such capital-in-production that has become more mobile is usually for meeting local demand (which, by supplanting some domestic producers, precipitates de-industrialisation). What is more, quite independent of whether or not capital-in-production for meeting global demand has become more internationally mobile, since capital-as-finance has become so, it would stand in the way of any acceleration of economic development in countries like ours. In a world of financial fluidity, since each country, in order not to have finance fleeing from it, must strive to retain the 'confidence of the investors', and since this objective is best served by maintaining high interest rates, and in

general deflating the economy, the growth impulses grow weaker in countries like ours on account of their unregulated integration to the world market. In addition, since deflation and rolling back of public intervention typically mean cuts in public expenditure, with adverse employment consequences, in social expenditures, in subsidies, and in real wages, the poor suffer even if perchance the growth rate statistics continue to appear impressive.

To sum up, the consolidation of the bourgeois state sought to be achieved through a rolling back of democracy in countries like ours, far from replicating the European experience here, would on the contrary amount to the consolidation of a collaborative bourgeois state vis-a-vis imperialism. What is more, this process of consolidation would not even be productive of an improvement in the living standards of the working people. It would amount in every sense therefore to a betrayal of the goals of the freedom struggle.

III

The conclusions arrived at above are no idle speculation. What a new regime of 'openness' and 'liberalisation' by a bourgeois state, collaborative towards imperialism, entails, is brought out by the trends in poverty during the 1990s. The 1980s, as is well known, had seen a noticeable decline in both rural and urban poverty:¹⁵ thus if we take the figures of the 32nd round of the National Sample Survey (the Survey period was July-June 1977-78, which was a good agricultural year), the poverty ratio was 50.60 per cent in rural India and 40.50 per cent in urban India. By the end of the 1980s however, the ratios, taking the average of the 45th and the 46th rounds of the NSS (Survey periods July 1989-June 1990 and July 1990-June 1991), both admittedly covering only thin samples, had come down to 35.37 per cent and 33.08 per cent respectively. By contrast if we similarly take the average of the 52nd and 53rd rounds (again both covering thin samples), which span the Survey period July 1995-December 1997, the ratios stood at 36.47 and 29.02 per cent respectively. In short, during the so-called 'reform years' rural poverty has marginally increased; even though urban poverty seems to have declined, the overall poverty ratio has stubbornly refused to come down, so that the number of the poor has increased substantially.

An alternative estimate based on the same data but bringing the story up to 1998 paints an even grimmer picture. This estimate by a member of the Planning Commission, presented in the accompanying table, shows a dramatic increase in rural poverty in 1998. But even if we ignore this figure, there is an unmistakable trend increase during the 1990s.

If the increase in poverty during the very period when there has been so much media hype about the 'reforms' is significant and bears out the assertion we made earlier, the context in which this increase in rural poverty has occurred is even more significant. At the current moment India has a foodgrain stock of over 32 million tonnes, which is at least 12 million tonnes more than is 'normally' required. It is the co-existence of abysmal poverty and hunger in the midst of unsold foodgrain stocks which constitutes the remarkable paradox of contemporary India. Clearly if the government put purchasing power in the hands of the rural poor through an enlarged employment generation programme, which they in turn spent on foodgrains, then the surplus stocks would disappear and poverty would come down. But the government is unwilling to do so. The stated reason, namely, that it would harm the economy by enlarging the fiscal deficit, is palpably absurd: if the government borrowed Rs 100 from banks to finance larger employment generation which in turn reduced foodgrain stocks by Rs 100, then the same Rs 100 would have flowed back to the government via the FCI, resulting in no net increase in indebtedness for the

Table: Percentage of People Below Poverty Line

Year	Rural	Urban	Total	Number (mm)
1983	45.6	40.8	44.5	322.8
1987-88	39.1	38.2	38.9	304.9
1989-90	33.7	36	34.3	276.0
1990-91	35.0	35.3	35.1	291.0
1992	41.7	37.8	40.7	348.0
1993-94	37.3	32.4	35.1	320.5
1994-95	38.0	34.2	37.0	329.5
1995-96	38.3	30.0	36.1	328.0
1997	38.5	34.0	37.2	348.8
1998	45.2	34.6	43.0	406.3

Note: The estimates for 1983, 1987-88 and 1993-94 are based on large sample data, all others on thin sample data. 1998 estimates are for six months.

Source: SP Gupta, 'Trickle Down Theory Revisited: The Role of Employment and Poverty', lecture delivered to the Annual Conference of the Indian Society of Labour Economics, December 1999; these figures are also quoted in *The Hindu*, December 30, 1999, p 15.

government sector as a whole. The actual reason for reticence to embark on a larger employment generation programme lies in the fact that any enlarged government expenditure of this kind is disapproved of by international finance capital (which wants smaller government spending): once the country is into the game of 'retaining investor's confidence' it has lost its ability to pursue anti-poverty measures even when all the real resources for doing so are at hand. Not surprisingly, it begins to whittle down such programmes, and public expenditure generally, which leads to an increase in poverty.¹⁶ Indeed almost throughout the 1990s when rural poverty has remained undiminished, or has even increased, the country has been saddled with unwanted foodgrain stocks which clearly underscores the antithesis between appeasing international speculators and ushering in any economic development for the benefit of the working masses.

IV

This antithesis is not a matter confined to the realm of economics. It necessarily has a political overtone. To pursue policies for appeasing a bunch of international speculators rather than for serving the interests of the working masses, is fundamentally undemocratic. When a democratically-elected government does this, there clearly is a serious contradiction between the premises of its existence and its actions. When a democratically-elected government does this in a situation where there is a 'democratic upsurge' among the poor and the working masses, as is the case in India of the 1990s, then the contradiction is all the more acute. The rolling back of democracy is the bourgeoisie's way of overcoming this contradiction. But this rolling back, to repeat, is not the prelude to a trajectory of development such as occurred in Europe; it is to make the country an arena for the free play of international finance capital, with some benefits coming the way of the bourgeoisie as a junior partner. It is a means of institutionalising a collaborationist bourgeois state that would serve the interests of international finance capital to the detriment of the people. Such a development, far from even partially achieving the goals of the freedom struggle, would amount to a betrayal of them.

It is not surprising that this attempt at rolling back democracy to establish a colla-

borative bourgeois state is being pursued by a political formation which had nothing to do with the freedom struggle and which cannot be characterised as 'liberal bourgeois' (whether or not one chooses to call it 'fascist' or 'communal-fascist'¹⁷ is an issue that need not detain us here). In fact the usefulness of this formation to the bourgeoisie and to international finance capital at the present juncture arises precisely from the fact that it can act as the midwife for ushering in the rolling back of democracy and the consolidation of the kind of collaborationist bourgeois state that they want. The success it enjoys owes not a little to this fact.

It follows then that defence of democracy (and its further deepening) is central to the pursuit of class-struggle in today's context. But this defence requires an alternative national economic agenda which would be different from the collaborationist bourgeois agenda being pursued at the moment. While it must not be sectarian and must allow scope for sections of the bourgeoisie to become part of it, it can only be carried forward on the basis of the active support and participation of an alternative class alliance, of workers and peasants; for this however the agenda itself must have a redistributive and egalitarian content. [E]

Notes

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- 1 Christopher Hill's contribution in Rodney Hilton (ed) *The Transition from Feudalism to Capitalism*, New Left Books, London, 1976.
- 2 'Interview with Georg Lukacs', *New Left Review*, Number 68, July-August 1971.
- 3 Antonio Gramsci, *Selections from the Prison Notebooks*, Lawrence and Wishart, London, and International Publishers, New York, 1973, paperback edition, p 179.
- 4 Ibid, p 180.
- 5 Tom Nairn, 'The British Meridian', *New Left Review*, Number 60, March-April 1970.
- 6 Abhijit Sen, 'Economic Reforms, Employment and Poverty: Trends and Options', *Economic and Political Weekly*, Special Number, 1996.
- 7 Yogendra Yadav, 'The Second Democratic Upsurge: Trends in Bahujan Participation in Electoral Politics in the 1990s' in Francine Frankel et al (ed) *Transforming India: Social and Political Dynamics of Democracy*, OUP, Delhi, 2000.

- 8 For a discussion of the role of Public Interest Litigation in the recent Cogentrix case, and of the Assocham President's call for 'a review of the system of Public Interest Litigation to ensure it does not hinder infrastructure projects' (*The Times of India*, December 17, 1999), see Jayati Ghosh, 'The Curious case of Cogentrix', *Frontline*, January 7, 2000.
- 9 The estimate is by C P Chandrashekhar and Abhijit Sen, 'Macroscan', *Business Line*, March 4, 1997. This estimate was confirmed in a subsequent estimate in the same column on December 16, 1997.
- 10 For evidence on these aspects see W Arthur Lewis, *Growth and Fluctuations 1870-1913*, George Allen and Unwin, London, 1978. The discussion which follows in the text relies heavily on A K Bagchi 'Some International Foundations of Capitalist Growth and Underdevelopment', *Economic and Political Weekly*, Special Number, August, 1972. For a more elaborate discussion of the issues touched upon in the text, see Prabhat Patnaik, *Accumulation and Stability Under Capitalism*, Clarendon Press, Oxford, 1997, Ch 11.
- 11 The term is used by S B Saul, *Studies in British Overseas Trade*, Liverpool University Press, Liverpool, 1970.
- 12 E J Hobsbawm, *The Age of Extremes*, London, 1995.
- 13 I have developed this argument at greater length in my paper 'Unemployment as Failure to Exchange' in Deepak Nayyar (ed) *Economics as Ideology and Experience: Essays in Honour of Ashok Mitra*, Frank Cass, London, 1998.
- 14 For the link between the east Asian economies' opening up to financial flows and their economic crisis, see K S Jomo (ed) *Tigers in Trouble*, Zed Books, London, 1998, especially the papers by J A Kregel, and by C P Chandrashekhar and Jayati Ghosh. For a fuller discussion of the argument of this paragraph, see Prabhat Patnaik, 'Asian Capitalism at the End of the Millennium', *Monthly Review* (Special Number on Capitalism at the End of the Millennium), 1999.
- 15 All the figures quoted in this paragraph are taken from Gaurav Datt, 'Has Poverty Declined since Economic Reforms?', *Economic and Political Weekly*, December 11, 1999.
- 16 This argument has been developed in Abhijit Sen and Utsa Patnaik, 'Poverty in India', Working Paper, Centre for Economic Studies and Planning, JNU, New Delhi.
- 17 Amartya Sen saw 'communal-fascism' as one of the three elements constituting the hindutva movement. See his 'Threat to Secular India', Reprinted in *Social Scientist*, Numbers 238-39, March-April 1993.

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