



# GLOBAL THREATS TO ECONOMIC NATIONALISM OF INDIA

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## ABSTRACT

*This paper encapsulates that Globalization is itself limited to the free flow of capital, labor, goods and services in order to corner the maximum benefits from the local markets for the globally dominant players. Technology and technical-know-how are not being shared freely and equally. We purchase the Drone, but not the technology of Drone, therefore, dependency is bound to be there. The dominant-dependent-syndrome continues to be there in this globalised 21st century. Some of the so called equal partners are more equal than others.*

*We may sum up finally the process of globalization will end up not in the maximization of quality production rather than globalization of Prices with many more technological dependency of India. Therefore, the process of liberalization without calculation will accentuate the 'Development of Under Development.'*

**Key-Words :** Dominant-players, Dominant-dependent syndrome, equal partners, pricing strategies, Demand-supply chain and its gap, payment subsidies, Development of under development.

Historically speaking, the Global Threats to Economic Nationalism of India has an anti-colonial past. Till the first half of the 19th Century, Indian intellectuals have positive attitude towards British rule. They hoped that Britain would modernize India. It was expected to develop India's productive forces through the introduction of modern science and technology and capitalist economic organization.<sup>1</sup> The future development did not conform to their expectations. Finally, they had to revolt.

Between 1951-91, we had a centralized development planning based on the import substituting industrialization strategy. Indian model was regarded as the role model of development planning until the mid-1960s<sup>2</sup> at least for those who supported the Nehruvian model of Mixed Economy with Public Sector at its Commanding Height. However, since the late 1980s may observe came to the conclusion that this model was not in tune with the changing times. For them, India needed to rethink its inward looking development strategy, particularly after the astounding successes achieved by several East Asian and South East Asian countries in achieving sustained high growth with better development of human resources and improved distributive justice.

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India did well in terms of achieving fairly high growth rates of output in the 1980s (at around 2.1%) which earlier acted as a drag on improving the growth rate of per capita income. Towards the end of the 1980s, it also became clearer that this relatively high growth rate was unsustainable.

The growth rate was unsustainable because of the unsound financial pattern. It was based on the excessive centralization and bureaucracy, especially revenue problems were compounded by the ballooning of direct and indirect subsidies, the rapid growth of domestic debt, and soaring bills of interest payments nearing an internal debt trap; very low rates of return on huge investment made in the public sector; and excessive growth of external debt especially of a costlier short term nature, requiring short periods of repayment<sup>3</sup> and finally led to the BoP (Balance of Payment) crisis.

Pranab Bardhan<sup>4</sup> and P. N. Dhar<sup>5</sup> are of opinion that there were three major beneficiaries of the regulatory economic system – (i) politicians, (ii) bureaucrats and (iii) big industrialists. They were quite comfortable with quick and assured returns. They did not want a change to a different type of system (East Asia) with uncertain, long-term returns. In addition to the above dominant classes, one can add, rich farmers and the organized trade unions. These pressure groups were quite vocal and exerted great influence in the formulation of economic policy.

In brief, the economic crisis originated from the (i) over-politization, (ii) over-bureaucratization and (iii) under-management of India's economy.<sup>6</sup> Therefore, India has been described as the 'Caged Tiger'. Although, the cage had been its own creation.

"The crisis has been simmering since the 1980s, with governments relying on unsustainable levels of foreign and domestic borrowings".<sup>7</sup> Ajay Joshi and I.M.D. opines that Indian economy was brought to the boil by the Iraqi invasion of Kuwait in August 1990, National Front Government of V. P. Singh, and the successor "Lame duck" government of Chandrashekhar, failed to take action commensurate with the rapidly growing crisis. Immediate drastic action, including a large devaluation and deflationary fiscal measures was essential to prevent default by securing the co-operation of official donors and lenders.<sup>8</sup>

The unprecedented crisis of 1990-91 was turned by the new government under the Prime Ministership of Mr. P. V. Narshimha Rao and Finance Minister Dr. Manmohan Singh into an opportunity to take the road of substantive and sustained liberalization of the economy. This was in sharp contrast to the several earlier episodes of hesitant liberalization launched in India since the 1960s and the most notable by the then Prime Minister Mr. Rajiv Gandhi in 1985 without any conditions of economic crisis.

The new government of P. V. Narshimha Rao moved swiftly and announced a "Programme of macro-economic stabilization and structural adjustment". It believed that economic reforms should be gradual and incremental in nature. Reforms should be politically feasible without arousing too much protest from the vested interests, and without generating undue social tensions. The first task had to be the formulation of an appropriate macro-economic policy. With economic skill and little political interference, India succeeded in overcoming its macro-economic crisis in about two years. Perhaps,

this was the fastest and least painful recovery under the stabilization package agreed with the IMF by any developing country.

However, the central concern of this paper is not political, rather economic nationalism and swadeshi. In the absence of a socio-logically organized politics of the bottom half of Indian society, critics would say these changes have been organized and determined by the microscopic minority and bourgeoisification of India's propertied classes. Therefore, we have the expansion of bourgeoisie and its assertion at the national level. So is the case with the yawning gap between the rich and poor.

On the eve of independence in 1947, we had a pan-Indian social formation, which was indeed distinct in the entire third world. 'For we had a well developed big industrial bourgeoisie. The class was able to use the Indian state to accelerate and diversify industrial growth.'<sup>9</sup> The economic policy had a definite tilt in favour of the industrially rich. The Indian nationalism based on 'mixed economy' has never been above and beyond doubts. In fact, the idea of mixed economy with the public sector at its commanding height has collapsed in the middle. Large public sector component of the Nehruvian industrial strategy was not socialist but it was successful in reflecting the ability to mould and get the support of toiling masses. It was through this so called popular mechanism that a vast army of a largely "upper caste professional or intellectual class"<sup>10</sup> or the entrepreneurs could get their place in bureaucracy and industry. Hence, this crisis is further deepening and widening.

The unraveling of that strategy by the late 1960s brought slow but progressive deregulation of the Indian Economy and a

spurt of growth aimed at the absolutely enlarged but relatively narrow bourgeois market. Most of the economists argue, "the import intensity of this pattern of industrialization led to the need for IMF loans in 1991 which, in turn, brought a drastic acceleration of deregulation, the major shift towards external liberalization and tight fiscal and monetary policies."<sup>11</sup>

Liberalization is a political project which means the free trade and flow of capital. It has to be understood in the context of historical setting in which it is evolving and at the same time helping to define. It has to be an ideological project in as much as an objective description of global reality is concerned. One has to locate the social forces that promote and benefit from globalization and serve to delineate transformational possibilities. Ideology becomes important in the construction of narratives around a nation-state, its power and incapacity. Therefore, the neutrality of the nation-state is ruled out and thereby global threats become inevitable.

In this phase of liberalization, reaffirmation of economic nationalism is important. Historically, it is important for the understanding of liberalization and for engaging in debate about the future possibilities of national state action for development. Challenging narratives that 'there is not alternative' (TINA factor) is important normatively and can be done with reference to ample empirical evidences which highlight the multiple forms that capitalism takes, depending on the social and political context in which they are embedded.<sup>12</sup>

Mittelman, citing Berresford notes, "The term liberalization/globalization reflects a more comprehensive level of interaction that has occurred in the past, suggesting

something different from the word 'internationalism'.<sup>13</sup> The emphasis is one the increasing speed and intensity of exchanges (by implication in finance and communication). Anthony Giddens argues, 'Globalization can this be defined as the intensification of world wide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice-versa.'<sup>14</sup>

It is the construction of time and space compression that has given rise to popular notions of 'one-worldism'. The concept of 'one-worldism' has given rise to fears about the potential of globalization to homogenize economic and cultural life. Another important phraseology is 'McDonaldisation'<sup>15</sup> Therefore, the notion of intricate patterns of interdependency is said to connect the fate of nations in unprecedented ways.

We have had debates in Social Sciences about the organization of world systems and the existence of dependency between North and South or core and periphery. Today, what is notable about this latest stage in global capitalism is the potential for 'boomerang effects', where actions and decisions taken in one part of the world can have rapid if not immediate impacts elsewhere. The East Asians financial crisis underscored this new reality in alarming terms. The American economy is facing the challenge of depression.

The proliferation of the national bourgeoisie has already changed the orientation of economic policy. It has virtually robbed it of a common interest which can be the basis of any alternative to the IMF/World Bank Programmes. There are serious problems and they are likely to plague the entire economy. 'But there is no bourgeois alternative to it', says Prabhat Patnaik.

Internally, the black economy in India is 40% of the GDP which amounts to Rs. 7,00,000 crores. This includes a contribution of 32% from illegal activities like smuggling, drugs and flight of capital. The black income generation of this magnitude is concentrated in the hands of at the most 3 percent of the wealth.<sup>16</sup> For the 'Sangh Pariwar', perception is different, K. S. Sudarshan says the post-1991 reform is as bad as the pre-1991 socialist tilt. He criticized trade liberalization because it 'destroys our national self-confidence ridiculed, the 'urban orientation' of economic policymakers and lambasted the import of 'job-killing' technologies which is pushing our youngsters into terrorism and crimes. K.S. Sudarshan was speaking at the inauguration ceremony of the "Swadeshi Mela" on 13 September, 1998.

It was part of a discernible strategy to moderate the party's hard-line image as an ideologically driven, single issue party of aggressive Hindutva (Hinduness) assertion. Practically, it was in no way a reflection of the abandonment of controversies and themes at the core of the ideological agenda of the 'Sangh Pariwar'.<sup>16</sup> Most of the core agenda of the Sangh Pariwar appeared in the BJP's manifesto campaign as an attempt to project itself as the natural successor to the Congress as a dominant 'national' party representing governmental stability, securing territorial and economic sovereignty. In brief, in 1998 the slogans and rhetoric of past campaigns with strong 'Hindi Heartland' or north Indian overtones, such as Ram and Roti, has given way to new mantras of national stability, security and Swadeshi. The strategic emphasis placed upon the Swadeshi critique of unbridled liberalization can be explained both in terms of the BJP's search for new issues of national relevance after

1993, and (ii) its search for a degree of common ground in the regional coalition building efforts of the party prior to the polls. Consequently, the 'National Agenda for Governance' produced by the party and its coalition partners after the election placed weight upon national security and a pre-consideration of economic policy whereas other more controversial Sangh Pariar agenda were absent.<sup>17</sup>

The public positions adopted by the party leadership in regard to Indian economic policy has been marked by a significant degree of inconsistency, some broad themes of 'Saffron Swadeshi' can be identified. There has been considerable conflict and disconflict within Sangh Pariwar as to the extent to which even calibrated, gradualist globalization can be ideologically acceptable for Hindu nationalist organizations. The RSS established a new swadeshi oriented organization, the Swadeshi Jagran Manch. It is the primary vehicle for projecting the devastating cultural and economic consequences of foreign investments, external economic intervention and the 'consumerist' culture of the West as represented most visibly by the market entry of multi-national companies in the consumer goods sector. However, their interpretation of the meaning and content of Swadeshi is one that tends to envisage a more autonomous and encapsulated India in all respects. Consequently, this approach has tended to conflict with the BJP's attempt to represent the Swadeshi campaign as a call for balance between the demands of global economy and the gradual development of domestic industrial and economic capacities. However, the global threats to the Indian Entrepreneurship is and has to be underlined and accordingly the Indian-nation State will have to plan itself.

### Conclusion :

Now it is not only the cultural nationalism rather Economic Nationalism which has moved to the centre, with a section of Sangh combine trying to tap the forces of discontent. The Swadeshi Jagran Manch (SJM) alongwith other trade unions cutting across the party lines have got their act together in less than a year after the demolition of the Babri Mosque. The ideologues of Swadeshi Jagran Manch say that we ought to 'shun things foreign'. The idea was openly espoused at its founding conference in September, 1993.

At the Bangalore Session of the party executive in 1993, L. K. Advani made his formulation that 'the country welcomed the computer chip but would shun potato chips.' The shortlived Bombay club gave industrial teeth to the ideology of self-reliance. Even as the Congress under the Prime Ministership of P. V. N. Rao who pushed ahead with reforms, the Hindutva forces sought to give the process their own distinctive stamp. Now it seems that markets has been fine as long as the color of reform has remained saffron. The compulsions of politics and the worldwide webs of trade and capital flows have taken the economic politics of the BJP led government in very different directions. The shortlived ministry gave the green light for the Enron project in May 1996. Since 1998, there has been no let up with the insurance sector and telecommunications being opened up. India even relaxed the quantitative restrictions on several products aheads of the deadline imposed by international treaty.

The Congress legacy of reform has lived on under the BJP led coalition regime. The former General Secretary of the BJP, K. N.

Govindacharya hopes to focus on the concerns of artisans, traders and cultivators. These are the very groups that have been at the heart of the meteoric growth of the party over the decades. The slogan of 'India Shining' could not work. The party has been voted out of power. The SJM has distributed a pamphlet in cities and towns across northern India and warned that 99% of the cold drinks, 92% of the toothpaste, 71% of ice-cream are sold by multinational companies. The customer is urged to replace the foreign made products with its indigenous counterpart. Lever detergent or soap is to be replaced with Nirmal, Gilette Blades by Ashoka. Hence 'Be Indian and Buy Indian' is the catch word of swadeshi.

Therefore, with the unabated process of liberalization the economic nationalism of India faces global threats unprecedented crisis, scams, bankruptcy, voluntary retirement schemes, retrenchment, ban on recruitments, shutting down factories, taking into account the all-round crisis trade unions of left and right ideological groups are coming together to fight the consequences of liberalization. Therefore, the question is not just who wins or loses today's power play. It is a battle for the ideological high ground that matters much more. The centrality of the party to India's governance makes it a contest with the consequences of the process of economic liberalization whose significance hardly needs any further explanation.

Differences have been there between the BJP led NDA government and the Swadeshi Jagran Manch of the RSS-but there is no evidence to prove its seriousness. Therefore, differences are there, but it appears that the BJP wants state power and also

tries to occupy important space in civil society and pursues a double-edged strategy. On the one hand, they did not push the criticism to a point which would break the government, especially not on the issue of liberalization and globalization which its middle class constituency supports up to a point. On the other hand, they have been trying to claim the nationalist ground and undermine Congress, claim as the spokesperson of nationalism, and also because their petty bourgeois support middle class which have gained very little from liberalization, in fact they have been hurt by it. The RSS has attempted to assume both the position of support and opposition, it remains to be seen to what extent self-contradictions are managed and paradoxical situation is being controlled. Hence, ideological and political limitations and contradictions are bound to surface. Moreover, the Globalization is itself limited to the free flow of capital, labor, goods and services in order to corner the maximum benefits from the local markets for the globally dominant players. Technology and technical-know-how are not being shared freely and equally. We purchase the Drone, but not the technology of Drone, therefore, dependency is bound to be there. The dominant – dependent – syndrome continues to be there in this globalised 21st century. Some of the so called equal partners are more equal than others.

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