

RESPONSES TO GLOBALIZATION: THE INDIAN EXPERIENCE

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I should begin by clarifying that what I mean by 'globalization' is the increasing degree of integration of national economies into a global world economy. This process has entered a qualitatively new phase over the past fifteen years with the collapse of the Soviet bloc and the opening up of the countries within it, as well as of China, to the penetration of Western capitalism. India too has participated in this process, although in a less spectacular way, by the economic liberalization of 1991.

'Less spectacular' because prior to this, India was by no means cut off from the world economy. However, there were stringent controls on the import of a large number of commodities, and likewise controls over foreign investments through a complicated licensing system which in most cases did not allow more than 40 per cent of the equity in any company to be held by foreign capital. In this sense it could be said that there was considerable state intervention in the economy. The system popularly known as 'licence-permit raj' allowed for widespread corruption, but it also provided a protected environment in which domestic industry could develop and grow.

Basic infrastructure in the form of services such as water and electricity supply, the postal service, transport and banking was on the whole provided by the state. State provision of social security and welfare was less in evidence: public health and education were woefully inadequate, social security for the elderly and unemployed virtually non-existent. Perhaps the most significant input was in the form of a plethora of subsidies. Some, like the subsidies which went into the Public Distribution System of food and kerosene rations, would have benefited mainly the poor, though not necessarily only the poor, and certainly not all the poor. Others were even less well targeted; for example, the fertilizer subsidy was probably most beneficial to rich farmers.

In July 1991, there was a foreign exchange crisis, and the government turned to the IMF-World Bank for financial assistance. The price was the adoption of a programme of economic stabilization and structural adjustment, with the usual implications of a drastic reduction of state intervention in the economy, resulting among other things, in a higher degree of globalization. However, it is important to note that the effects of this economic liberalization were not nearly as drastic as they were in Sri Lanka. The value of the rupee dropped sharply against foreign currencies, but prices of essential commodities rose much less, so living standards of the poor did not fall so steeply. The implementation of some of the other measures has slowed down or stalled, partly due to public protest; the process, on the whole, has been much more within the control of the Indian government than in many other countries. There has been nothing like the de-industrialization and sharp increase in unem-

ployment which took place in countries like Argentina. What has occurred, however, is a de-unionization of industry by the transfer of production from unionized to non-unionized workforces. This was already taking place, but increased competition resulting from economic liberalization accelerated the process. The lack of state investment in basic infrastructure has led to an alarming decline in the rate of growth of power supply and other services. We can say that the situation of widespread poverty and unemployment which existed prior to 1991 has become somewhat worse, the gap between rich and poor has become larger.

What have been the responses to globalization in particular? I think they can be divided into four categories: (1) the internationalist response of Indian business; (2) the nationalist response of Indian business; (3) the nationalist response of the Indian Left; and (4) the internationalist response of the Indian Left.

(1) One section of Indian big business had developed sufficiently by the early 1990s, to feel confident enough of being able to compete in global markets on more or less equal terms with other enterprises. They, therefore, did not feel particularly threatened by the opening up of the Indian market to commodities which had hitherto been excluded, nor by the potential influx of foreign capital which might follow the liberalization of foreign exchange controls; on the contrary, they stood to gain from the latter, because the controls on taking out capital had already become a fetter on their growth. A company which wants to break into a new market abroad is likely to suffer initial losses before it can establish itself; to cover these losses it needs foreign exchange, without which it cannot even think of expanding in this way. Even more obvious is the needs for foreign exchange of companies which are thinking of investing abroad. For those companies which were all set to become Indian multinationals, liberalization was essential for their future expansion.

Interestingly, among those who accepted the challenge of globalization were the biggest and most successful of the public sector companies, such as Indian Oil Corporation, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Steel Authority of India Limited and the power engineering giant BHEL, some of whom had production-sharing arrangements with international companies in third countries. The Industrial Credit and Investment Corporation of India (ICICI) advised petrochemical companies to sell out their stake to or enter into strategic alliances with foreign companies if they were unable to face competition due to slim capacities or outdated technology. TELCO of the Tata group took on and defeated big names like Toyota, Nissan, Mazda and Mitsubishi in the production of light commercial vehicles, and Ratan Tata said that globalization is good for consumers because it

creates greater competition, provides better goods and reduces prices, and, moreover, promotes the growth which is essential to generate employment. Others like the Lalbhai group, owners of Arvind Mills (one of the leading denim manufactures in the world), and Escorts chairman and managing-director Rajan Nanda, expressed similar confidence in their ability to compete in a globalized market.

Many urban, middle-class consumers would have endorsed Ratan Tata's statement to the effect that globalization was good for consumers, feeling that many Indian companies had used their protected position to rake in profits at the expense of consumers; indeed, liberalization has led to a palpable increase in consumerism among these section of the population. Other business groups, like the Ambanis (Reliance) and Birlas, were more ambiguous in their response, both making use of globalization to expand their businesses and fearing the possibilities of increased competition, dumping and take-overs.

(2) Another section of Indian business was far from confident of being able to compete on equal terms with world players; they faced the threat that their products would be displaced from the market by better quality and/or cheaper imports, their companies taken over by bigger, better-managed ones if they tried to raise capital in the capital market. They used the slogan of *swadeshi*, economic nationalism, to mean the protection of their business interests against erosion by foreign capital. Spokespersons of this lobby, such as Rahul Bajaj of the Bajaj group, H. S. Singhania of J. K. Organization, and M. Thapar of the Thapar group formed what came to be called the 'India Club' to protect the interests of Indian business groups from foreign competition and take-over.

Of the Indian chambers of commerce, FICCI (the Federation of Indian Chambers of Commerce and Industry), generally associated with smaller Indian businesses, was wholly against globalization, while the CII (Confederation of Indian Industry) and Assocham (Associated Chambers of Commerce and Industry) were split on the issue. Tarun Das, Director-General of the CII, for example, made a statement disapproving of the utilitarian attitude of multinationals to Indian companies, while in March 1996 a delegation, led by its outgoing president Rajive Kaul, met Murli Manohar Joshi, a leading *swadeshi* proponent in the BJP (*Bharatiya Janata Party*) to invite him to their Annual General Meeting. However, some of the other members protested against the anti-MNC sentiments which had been expressed in public and dissociated themselves from them.

It is important to note that this kind of nationalism does not stand for the protection of workers' or consumers' rights; on the contrary, it is this lobby which is most vehemently opposed to regulation of any sort which would limit their right to exploit workers to the maximum, or would impose quality standards to protect consumers. And it has been linked with a cultural nationalism which reduces Buddhism, Jainism and Sikhism to mere outgrowths of Hinduism, thus vitiating the critique of Brahminism inherent in these religions, while it regards Islam, Christianity, communism and feminism as alien, because they do not originate on the 'sacred soil of India'.

(Interestingly, Nazism does not seem fall into this category of alien ideologies, perhaps because of its Aryan claims.) Upholding fundamental human and democratic rights too is seen by this current as an unwanted intrusion of 'foreign' influence. Thus the RSS (*Rashtriya Swayamsevak Sangh*), whose members and affiliates, along with the Shiv Sena's, have been responsible for the demolition of the Babri Masjid, acts of vandalism directed against the artist M. F. Husain, and innumerable anti-Muslim pogroms, also spawned the Swadeshi Jagran Manch, an organization devoted to defending 'Indian' business interests from 'foreign' erosion. Murli Manohar Joshi treats multinationals as 'agents of imperialism' and 'symbols of subjugation,' while the Swadeshi Jagran Manch in a demonstration to drive foreign consumer goods out of the country, adopted the slogan: 'Foreigners go home.'

(3) The nationalist response of the Indian Left at times uses language which is disturbingly similar to that of the *swadeshi* brigade, standing up for national sovereignty against 'imperialist' domination, opposing penetration of the Indian economy by foreign capital and so forth. The CPI (Communist Party of India) and CPI(M) (Communist Party of India, Marxist), while participating in and supporting, respectively, the United Front (UF) government in a context where its fall would almost inevitably mean BJP (*Bharatiya Janata Party*) rule, at the same time feel compelled to make denunciations of UF economic policy as a whole, including its acceptance of globalization. Most radical Left groups, whether Maoist or Trotskyist, as well as most NGOs and leaderships of other movements, such as those of displaced people, fisherpeople, etc. which have come together in the National Alliance of People's Movements, make ritualistic condemnations of multinationals, the WTO (World Trade Organization), IMF (International Monetary Fund) and World Bank in almost every statement, holding them responsible for virtually every evil to be found in Indian society.

While this is a confused response, it does not, of course, flow from the same ideological position which is the basis of the right-wing stand. One of the basic confusions appears to be that, despite their claims to a Marxist analysis, they seem unaware of Marx's conception of capital as being inherently global; they may chant "Workers of the World Unite" on demonstrations, but do not seem to realize that the rationale for this slogan is the belief that only an international workers' movement can defeat capital. The origin of this confusion is probably the fact that late industrializers, such as the Soviet Union, China and India itself, could only attain a degree of autonomous industrial development by protecting themselves for a certain period from domination by the existing capitalist powers. In a sense, this can be regarded as period of primitive accumulation, where the state goes against the laws of the market in the interests of domestic industrialization.

But this can only be a phase, it cannot last forever, nor can it be the path to industrialization for all countries. Given the current degree of integration of the world economy, delinking from it in order to pursue a path of national capitalist development would only be achievable, if at all, by a terrifyingly authoritarian state subscribing to all the jingoistic jargon of the far Right. Who else would be able to cut off the access of ordinary people to cheaper and better goods

produced abroad, capital inputs which might make their lives easier by giving them jobs and commodities they want, international media, and the internet?

Another confusion seems to be the assumption that nationalism goes together with a certain degree of state concern for social justice and popular welfare. It is certainly true that in the early post-Independence years there was such a link, but it doesn't follow that there is any necessary connection between nationalism and social justice; on the contrary, the forces who are now most vehemently campaigning for national capitalism would also be most vehemently opposed to safeguards for the rights of workers, *dalits*, women, tribals and minorities. Indian employers have proved themselves capable of anything, up to and including murder, to prevent their workforces from unionizing. For example, the Agricultural Workers' Bill, which has been before parliament for some time, and would give minimum rights to this viciously oppressed and exploited section of the working class, has so far failed to gain acceptance due to opposition from rich farmers, a purely Indian group of employers. Conversely, the current surge of globalization is spearheaded by institutions such as the World Bank, IMF and multinationals, i.e. capitalist institutions; it should therefore cause us no surprise that they have scant regard for workers' rights-unless, that is, they are forced to. But there is no necessary connection between deregulation of labour and welfare standards on one side, and globalization on the other; one could, conceivably, have higher standards enforced by global regulation.

So, although the nationalist Left may not share all the ideological positions of the nationalist right, there is a disturbing convergence taking place under the guise of anti-imperialism. Right up to the late 1960s, 'anti-imperialism' connoted global resistance against the domination of imperial powers; whether the struggle was taking place in Vietnam, Cuba, South Africa or Palestine, it was our struggle, and we identified with it. Today this global vision has been replaced by a narrow nationalism which is a sad indication of the rightward drift of most of the Left.

(4) The internationalist response of the Indian Left is unfortunately as yet confined to a very small section which is not allied with any particular political party nor organized into a nationally recognized grouping; however, many ordinary workers, who would not identify themselves with any political current, would be sympathetic to such a standpoint. It is not an easy position to take in the ideological climate in India today, because it involves open opposition to both economic and cultural nationalism, which are now almost taken for granted as 'respectable' by the entire spectrum from right to left.

Economic nationalism has to be opposed because today it means supporting national against international capital. This is both unre-

alistic and retrograde since national capital is a less powerful and more backward form of capital than international capital. Supporting the former against the latter involves attempting to 'roll back the wheel of history,' as the Communist Manifesto puts it, and is therefore in the strict sense, reactionary; this is why so much of the Left in India has found itself shouting the same slogans as the far Right, and standing shoulder to shoulder with communalist and fascists whom they should not be touching with a ten-foot pole.

The only viable way of opposing international capital is by working towards a more advanced world economy based on cooperation rather than competition, and production for human need rather than for profit. While this goal may be a long way off today, even now it is possible to begin linking together groups of people working towards it on an international basis, and start discussing strategies and intermediate objectives we can work for together, such as the definition and implementation of minimum labour and welfare standards worldwide.

Cultural nationalism is equally to be opposed. The idea that any particular national or ethnic culture is superior to all others is dangerous in the extreme and inherently fascistic. All cultures have their strengths and weaknesses, and 'Indian culture' (if, indeed, it is legitimate to make such a broad generalization) is no exception. There are traditions of warmth and hospitality, readiness for friendship and artistic creativity, which should certainly be preserved and built upon, and would be a valuable contribution to world culture. And there are other traditions-of authoritarianism and deference, superstition and multiple forms of oppression which are certainly not worth preserving; in fact, the sooner they are eliminated the better!

On the other side, we can rightly reject alien values such as ruthless competitiveness and selfish individualism while yet acknowledging that there is much that we can admire, enjoy and learn from in other cultures. It is surely perverse to impoverish ourselves by shutting out all cultural influences outside a narrow definition of 'national culture' when we could instead enrich ourselves with all the wisdom and beauty in the world!

So we need to work towards our own, alternative definition of economic and cultural globalization, in opposition to the definition which is being forced upon us by international capitalist institutions, and to work out strategies for reaching our goal. This can only be done through discussion and debate among those who share this vision throughout the world. The sooner this process begins, the sooner we will be able to find a third alternative to the domination of global capitalism on one side, and reactionary fascistic national capitals on the other.