India: A discussion on “What does Modi’s victory mean?”

[threecolumns]

> *By **Roger Silverman**, June 2014*
> *(Cde. Silverman is one of the founders of Workers International Network. The original article, which was specially commissioned for Workers International Journal, has also been posted on https://groups.yahoo.com/neo/groups/socialistdiscussion. WIN also has a Facebook Group: https:// www.facebook.com/ WorkersIntlNetwork)*
>
> *The article I wrote recently on the Indian election results initiated a correspondence with the son of a British friend who is currently working in Banglaore, India. He has illusions in Modi, and we have had a fairly spirited exchange of ideas. I have copied here my latest reply to him…*

Thanks for your reply. For me, too, it is stimulating to have my ideas challenged (even when they are right!). I haven’t got time for a thorough reply now, but here are a few interim points to keep the discussion going:

You keep quoting the wishes of the USA (in this case, once again in relation to their collusion with India in unilaterally violating the nuclear non-proliferation pact), as if that were a decisive factor in determining the future course of world history. If anything, this policy had far more to do with US determination to tie the hands of Pakistan, with its ambivalent attitude to Islamic fundamentalism, than with India’s rivalry with China; it is after all towards Pakistan that the Indian H-bombs are facing.

But even leaving that issue aside, your faith in the power of the USA to shape the world according to its own interests is

hopelessly anachronistic and touchingly naïve in the current epoch, and is belied in front of our very eyes, day after day, from Ukraine to Afghanistan to Iraq to Latin America. The USA may well want to find some means of curbing China's growth, but for all the reasons I've already mentioned, any hope of promoting India to the extent that it threatens to eclipse China is doomed.

(Incidentally, you also disregard the evolution of the Chinese economy. Increasingly, China's economy is shifting its former dependence on the export of cheap goods to the growth of a potentially enormous internal domestic market.)

Independent India was born amid a bloodbath of communal genocide. It was plagued from the beginning with caste atrocities and domination over the sub-continent's patchwork of national minority cultures and languages. There is simply no basis for your assumption that the medieval barbarities of India's caste heritage are now coming to an end. The very survival of a bigoted communal rabble like the BJP – let alone its current ascendancy – gives the lie to that illusion. The BJP is the shamelessly blatant political voice of Hindu communal supremacy over the Muslim and other minority religions; of perpetuation of an upper-caste apartheid system of "untouchability"; and of brutal imposition of the dominant minority Hindi language over the regional cultures.

Narendra Modi personally is the man who, as chief minister of Gujarat, presided over the communal slaughter of thousands of Muslim men, women and children, and who this very day is ramming the Hindi language down the throats of the vast non-Hindi speaking majority. I'm afraid the myth that he represents some kind of modernising technocratic enlightenment is, frankly, laughable.

In a society where every day women are raped, hanged from trees and burned alive over dowry disputes, what do you make of the recent public pronouncements by BJP ministers that rape is "sometimes right, sometimes wrong" and that "these incidents happen accidentally"? Is this evidence that "India is evolving"?

Under Modi, the last vestigial traces of the old policies of the Nehru dynasty are being stamped out. Modi is the face of reaction in India today – the traditional ideology of India's brutal ruling class and castes, now openly feeding the voracious appetites of the global corporations, and triumphally stamping out the last vestiges of the long-discarded policies of the Nehru dynasty, which had made at least token concessions to planning, protection and secularism – albeit hypocritically and corruptly administered.

You advocate an "effectively regulated" market economy; but who is to administer regulation over the tiny handful of rampantly predatory multinational corporations, incomparably richer and more powerful than any state, that exploit the world's resources and populations?

You defend the provision of health care, food subsidies and education for their potential role in improving productivity, but haven't you noticed that welfare measures of any kind – health care, subsidies, housing, education, unemployment and disability benefits – are being destroyed worldwide? And don't you feel uneasy at finding yourself actually advocating the wholesale demolition of workers' rights to even minimal employment security in a country where hundreds of millions of people are already unemployed or chronically underemployed? And even defending it, on the very dubious grounds that it will allegedly help provide employment? Even if this turns out to be marginally correct, any jobs that it does create will be at starvation rates of pay and under daily threat of instant termination.

I hope that you will use your stay in India, as I did for many years, to talk to people at all levels, stay with workers' families, sleep on floors and roofs, shower with buckets of cold water, contend with rats and mosquitos, languish under power cuts, witness first-hand the hardships and struggles of ordinary people, and look at life from their standpoint too, as well as those of well-fed business economists.

And do travel outside India's "Silicon Valley" to get a more rounded picture of the real Indian society; although even

Bangalore suffers from more fundamental problems than mere “conservatism in women’s dress codes”.
I am reading Luce’s book (Edward Luce: In Spite of the Gods: The Rise of Modern India), and will give you a fair and balanced appraisal of it once I have finished it. But I have to warn you that so far my impressions are not favourable.

Roger Silverman, June 2014[/threecolumns]

Cracks recently appeared in the edifice of world capitalism

By *Balazs Nagy*
First published in *Lutte des Classes* No. 11, September 2013.[threecolumns]We really ought to draw our readers’ attention to two major current events which – each in its own political and economic way – testify to a considerable deterioration in the painful death-agony of capitalism-imperialism. On the one hand, there is the current stage reached in the breakdown of its arrangements in the Middle East with the in itself unusual and surprising but real political blockage affecting this system in relation to the civil war in Syria; on the other, the fresh upsurge of world crisis in the – for many – unexpected shape of a general fall in the rate of growth in production among more or less all the so-called “emerging” countries: India, Russia, Indonesia, Brazil, South Africa, etc., including China. This fall is expressed and accompanied by a real upheaval in their financial system through a brutal fall in the values of their currencies, excepting China. As luck would have it, all of

these serious problems of imperialism have matured and are concentrated at the Moscow meeting of the 20 countries which are considered to be the most important, the famous G20 on 7 and 8 September 2013.

The attempt to consolidate imperialism's rickety mechanism in the Middle East has turned into its opposite in Iraq and Afghanistan, accelerating its decomposition throughout the region. This historical set-back has laid bare its congenital weaknesses and its contradictions to such an extent that, faced with the rise of the proletarian revolution, even in its incomplete and unfinished form, in North Africa, and the Middle East, it finds itself almost completely impotent and incapacitated. The civil war in Syria has completely paralysed it; its leaders no longer have a clue what to do or how to do it to win back dominance. And that is their only pre-occupation. Their breast-beating about the miserable fate of the Syrian people is merely a hypocritical facade to mask their real concerns. To put it more exactly: the existence of a near-unanimous camp of those who advocate inactivity and abstention shows their disarray in the face of uncertainty. Imperialist war-lust has been reduced to the roaring of a toothless lion. But beware – it is still a ferocious predator!

On the other hand, there few better indications of the notable shortcomings and retreat of the workers' movement than the total absence of its voice and independent initiatives on this whole question.

Under these conditions, the process of decomposition will go on, as we can already see in Libya and Turkey. But this disarray is also an opportunity which the various oppressed peoples (like the Palestinians and Kurds) will seize in order to break free from the imperialist yoke and its local satraps, who will not give up easily, so that there is a risk the whole region will become the seat of a future inter-imperialist war. The charges are already laid and the fuses lit.

* * *

The other event of considerable international import is the sudden economic deterioration in the so-called “emerging” countries, with a significant and rapid drop in their economic growth, which since the beginning of the new century had been spectacular. The basis for this fall was when the US central bank (the Fed) decided to stop the artificial issue of millions of dollars not backed by actual production. It is common knowledge that in the last six months alone, this bank has bought back worthless bonds to the value of $86 billion a month (!) in order to bolster the sickly US economy.

As soon as this policy was announced, US interest rates started an irresistible rise, so much so that capital massively deserted the economies of India and other “emerging” countries. At the same time their currencies depreciated dangerously, thus expressing the fact that the value of their production was actually rather modest. At a stroke, their real growth was shown to be quite a lot lower than it had appeared to be previously. Even China’s growth rate fell because her exports are marking time. At a general level, what we are dealing with is a persistent phenomenon which lays bare the organic inter-dependence of national economies within the contradictions of the system as a whole. Despite what the proponents of so-called “globalisation” say about the economic levels of these countries as a whole tending to converge, with the more backward ones catching up with the more advanced (really?), following the same scheme of development as the advanced countries, this inter-dependence actually makes the differences between their levels greater and more obvious. As it happens, the massive displacement of dollars – the expression of the economic dominance of the US – has placed the “emerging” countries at a disadvantage and caused their fictitious growth to evaporate. In place of growing “equality” or “catching up” harmoniously, what we have is the development of contradictions. In place of the fantasy of the everywhere

uniform and even capitalism that was an article of faith for those who swore by “globalisation” or “mondialisation”, we see an ever greater accentuation of capitalism’s internal contradictions. The problems of China, which still has a non-capitalism system, are at a different level, even if, overall, she cannot absolutely escape the constraining effects of international economic interdependence and its contradictions.

All of this also drives forward and exacerbates international competition, which contains within itself the germ of a new international conflagration, the warning signs of which are already visible. We shall have occasion to return to its various aspects in greater detail in future.[/threecolumns]

INDIA: WHAT DOES MODI’S VICTORY MEAN?

[threecolumns]

By ***Roger Silverman***, June 2014

(Cde. Silverman is one of the founders of Workers International Network. This article, which was specially commissioned for Workers International Journal, has also been posted on https://groups.yahoo.com/neo/groups/socialistdiscussion. WIN also has a Facebook Group: https:// www.facebook.com/ WorkersIntlNetwork)

The sweeping electoral victory of the BJP under the leadership of Narendra Modi has been greeted worldwide with a mixture of euphoria and alarm.

For big business, the justification for the euphoria lies in Modi's record as chief minister of the state of Gujarat between 2002 and 2010, when he presided over an average growth rate of 16.6% a year. However, Gujarat's rapid growth actually pre-dates Modi by a whole decade: it had already been the fastest-growing of India's fourteen major states between 1991 and 1998. Moreover, even during Modi's tenure of office, Gujarat was not in fact India's fastest-growing state: its record was exceeded by Uttarkhand and Sikkim.

Gujarat's rapid rate of development was based mainly on Modi's policy of sweeping away the few remaining vestiges of state regulation to attract foreign direct investment. Modi calls his state the global gateway to India. But even by the measure of FDI inflows, Gujarat's economy remains dwarfed by other traditional havens for foreign investment, such as Maharashtra and Tamil Nadu.

There is even greater justification for the alarm felt especially by India's minorities and lower castes, and above all by India's 176 million Muslims, in the horror of the Gujarat pogrom of 2002, which was orchestrated by Modi's government. Up to 2,000 Muslim men, women and children were hacked, burned or bludgeoned to death in an orgy of communal rioting, and 200,000 made homeless, while the police stood aside. Modi's considered response to this bloodbath is that he feels the same level of regret as he would if a puppy had been run over by a car.

THE INDIAN MIRACLE

India and China are often bracketed together as the powerhouse of the world economy. However, this coupling is deceptive. Both India and China offer huge reserves of cheap labour; but India cannot match the incomparably more developed and efficient infrastructure provided in China by decades of state investment and planning. The fact is that India's economy is still only one-fifth the size of China's, and falling fast

behind it.

From a high point in 2010-11, when GDP rose by 9.3%, India's growth rate has slumped in just three years to 4.4%, and inflation is running above 8%. Despite its huge reserves of cheap labour and its desperate adoption of deregulation, the truth is that India with its rickety infrastructure and unstable administration is still an unattractive proposition for international investors. In World Bank league tables, India ranks 60th in the world in terms of productivity and competitiveness (China is 29th), 134th for ease of doing business, and 179th for suitability for inward investment.

Information technology and business process outsourcing are among the fastest growing sectors of the economy, contributing 25% of the country's total exports in 2007-08. The growth in the IT and software sector and of course the proliferation of call centres are largely attributable to the availability of a huge pool of cheap, skilled, English-speaking workers. Thus, where Indians had in the past largely performed the services of cooks, housemaids and washerwomen for the British raj, globalisation and digitalisation had now elevated them to the worlds typists, receptionists and filing clerks. By 2009, seven Indian firms were listed among the top fifteen technology outsourcing companies in the world.

As for India's manufacturing industry, it relies on a combination of cheap labour and new technology, with its textile industries especially dependent on child labour, from the fields to the mills to the clothing and carpet workshops.

With a middle-class population now estimated at 300 million, India offers a perfectly viable domestic consumer market capable of sustaining the booming growth of recent years. However, the economic miracle still leaves a vast majority of peasants and urban poor destitute and living at subsistence level, with about 400 million people in India one third of India's population, and one-third also of the worlds total

poor barely surviving below the poverty line of $1.25 per day. Far from bringing prosperity to the people, India's boom has been confined to a small affluent minority. On the contrary: there has been a substantial widening of the gap between rich and poor, dating from the demolition of price controls and subsidies along with the rest of the economic reforms dictated at gunpoint by the IMF and the World Bank in 1991.

DEREGULATION

It should always be remembered that before colonisation, in 1700 India's share of world income had equalled that of all Europe combined, at almost a quarter. By the time it had gained independence in 1947, India was among the very poorest countries in the world in terms of per capita income.

From independence in 1947 to the new economic turn in 1991, India's economy had been based upon a high level of state ownership; protectionism; high tariff walls; import and exchange controls; import substitution; interventionist policies; a system of state rationing; and a dependence on favourable trade terms with the Soviet Union. There were even nominal five-year plans. At one point, income tax levels which were always treated in practice as purely hypothetical were fixed at a maximum of 97.5%. The inevitable outcome was cheating on a massive scale, smuggling, and a wholesale evasion of regulations, exchange controls and taxation a carnival of rampant bureaucratism, corruption and inefficiency, in which the ruling class routinely violated the rules of its own administration.

The USSR had been India's major trading partner, and its collapse in 1991, together with the spike in oil prices precipitated by the first Gulf War, created an immediate balance-of-payments crisis for India. Teetering on the brink of an outright overnight default on its loans, India was forced to beg the IMF for a $1.8 billion bailout. The price was instant de-regulation.

There followed a bonfire of state controls. Whether under the Congress governments of Narasimha Rao and Manmohan Singh, or the BJP government of Vajpayee, regulations and subsidies were demolished and India thrown wide open to penetration by the multinationals. An influx of hot money flowed into India, and for a few years it became one of the world's fastest-growing economies. On the basis of purely abstract fantastical hypothetical projections, it was predicted that India could overtake France and Italy by 2020, Germany, UK and Russia by 2025 and Japan by 2035. It was even projected that India was on course to overtake the USA.

THE BJP AND CONGRESS

Under the patronage of the British raj, a narrowly-based indigenous capitalist class had already begun to take root in the decades prior to independence. Today such families as the Tatas, Birlas and Mittals are world-stage tycoons. But in the early period of independence, it had suited the Indian ruling class to shelter behind a political aristocracy posing as protector of the minorities; champion of the poor; secular, democratic and even socialist. The flimsy pretext for this was its dependence on nationalisation, protectionism, state subsidies, friendly relations with the USSR, and above all its need to secure a home market safe from the constant risk of communal disintegration and national fragmentation.

This was always largely a cynical and hollow facade, though, long abandoned in practice even by Congress. Congress was little more than the cynical political exploiter of the insecurities of the minorities. This can be seen in its true criminal record: the formal and legal institutionalising of caste rivalries; the dictatorial Emergency regime; the regular dismissal of opposition state governments; suppression of national revolts; tolerance of caste atrocities; periodic fostering of communal riots; brutal military repression in Kashmir; successive wars with Pakistan; explicit endorsement of the massacre of Sikhs in 1984, etc

Narendra Modi's political vehicle the Bharatiya Janata Party is an explicitly communal Hindu outfit, the political voice of a conglomerate of reactionary and sinister forces. These include the Vishva Hindu Parishad, the Hindu communal movement which provoked conflict throughout India in 1992 by mobilising 150,000 rioters to storm the Babri Masjid mosque at Ayodhya; Shiv Sena, an overtly fascist party modelled on the Nazis and based in Maharashtra, which in early 1993 perpetrated a massacre of 3,000 Muslims in Mumbai in a pre-planned act of ethnic cleansing; and the Rashtriya Swayamsevak Sangh (RSS), a five-million strong paramilitary Hindu communal mass movement of which Modi is a lifelong member.

The RSS has five to six million members and over a million organised volunteers who hold regular public paramilitary drills. It was founded in 1925 as a conscious counter-weight to the growing influence of socialist ideas within India's national liberation movement. It openly praised the ideology of Mussolini and Hitler and identified the Nazi holocaust as its model in its mission to destroy the Muslim community. (India has the second largest Muslim population in the world: more numerous than Pakistan or Bangladesh, and exceeded only by Indonesia.) In the words of one of the founders of the RSS, Golwalkar: To keep up the purity of the race and its culture, Germany shocked the world by her purging the country of the Jews. Race pride at its highest has been manifested here. It was an RSS member who assassinated Gandhi in 1948.

COMMUNALISM AND NEOLIBERALISM

For the BJP, a combination of communalism and neoliberalism is nothing new. The previous BJP government under Vajpayee (from 1998 to 2004) had presided over wholesale privatisation of state enterprises. Meanwhile, along with the VHP and RSS, BJP cadres had instigated the provocative destruction of the mosque at Ayodhya and the subsequent pogrom in Mumbai in 1993, prior to the Gujarat massacre.

However, the hands of India's traditional ruling party Congress are hardly much cleaner. The IMF-imposed programme of privatisation and budget cuts was first introduced under the Congress administration of Narasimha Rao and further promoted under the world banker Manmohan Singh. Congress had meanwhile long abandoned in practice its always at best ambiguous and hypocritical secular stance. To take just one glaring example: in 1984 it was Congress politicians who had ordered the assault on the Golden Temple at Amritsar and then deliberately orchestrated the massacre of thousands of Sikhs in Delhi and throughout India.

In a society graphically polarised between a narrow plutocracy and the destitute masses, a class so manifestly parasitic as the Indian capitalist class has somehow to whip up an artificial mass base. Like every ruling class in its epoch of decay, ultimately its survival depends upon the magical power of myth. Today the symbol of homespun self-sufficiency represented by the spinning wheel is giving way to age-old epic Hindu mythology. True, riots and massacres are messy affairs that tend to get in the way of business. But such passions have a momentum of their own; they cant be simply switched on and off. It is unfortunate that random eruptions of communal violence may sometimes destabilise order and discipline, but these are the political price paid by the ruling class to stay afloat.

There is a difference in the rhetoric of the two rival parties; but hardly nowadays a trace of difference in policy. The process of wholesale privatisation gained momentum under Congress and BJP governments alike. Similarly, the storming of the mosque at Ayodhya, the worst communal riots since 1947, and the pogrom in Mumbai all took place under the Congress government of Narasimha Rao.

A NEW MASS PARTY

Under capitalism, the population of India face horror without

end: the daily rape and slaughter of women, the degradation of the lower castes and untouchables; the constant threat of communal pogroms against the Muslims and other minorities; police brutality and victimisation.

The Communist Party of India (Marxist) and its precursor the Communist Party of India have utterly discredited themselves over decades of unprincipled political manoeuvring with the respective rival reactionary parties of the ruling class. There will be no way forward for India out of the dual torture of poverty and repression until the emergence of a new mass party voicing the needs and aspirations of the workers from call centres to textile mills, the landless peasants and farm labourers, the exploited and unemployed of the shanty towns, the women and the downtrodden.[/threecolumns]