

## **The Post-colonial Indian State and the Political Economy of Development: An Overview**<sup>1</sup>

The national liberation struggle that gave birth to an independent India in 1947 left a deep imprint on the nature of the post-colonial Indian state. Its legacy has seen the nation through for more than sixty years, though now some of the forces against which the movement had stood so steadfastly have surfaced and threaten the nation's delicate fabric. The national movement or the liberation struggle was a multi-class popular movement of the Indian people. This century-long struggle led to a 'national revolution'; a revolution that was national in the sense that it cut across class, caste, religious community, gender, age, representing them all, even if differentially. Seldom has a revolution in any country attracted the finest of its people from such diverse spheres. Social and religious reformers, poets, writers, musicians, philosophers, traders, industrialists, political thinkers, statesmen, all joined hands with the common people, gave direction to and learnt from their initiative to bring about one of the biggest mass movements in human history. It is this character of the movement that lent the Indian nation state, which was 'new' in comparison to many others, a deep legitimacy and resilience.

Apart from the all-embracing, mass character of the national movement, there were certain other basic features of this remarkable occurrence which not only explain the survival of the nation state but its distinct character. These were its deep anti-imperialism, total commitment to secular democracy and an egalitarian, pro-poor orientation. Being a mass movement, as distinct from a cadre-based revolutionary movement, meant that these ideas were carried to the deepest layers of Indian society, making any reversal from these basic features an extremely difficult process. The kind of strong resistance governments in India faced in any move to distance themselves from these principles (witness the response to the temporary restriction on democratic rights during the Emergency, 1975–77) makes an interesting comparison with the ease with which the Soviet Union and China were able to do a virtual about-turn from the legacy of their socialist revolutions.

The extent to which the basic ideas of the Indian liberation struggle or national movement permeated into or impacted upon the governments or regimes that came to power after independence and on other state apparatuses such as the bureaucracy, police, judiciary, legislature, education system, media, political parties, etc., as well as on civil society, or among the people in general, was to play a critical role in determining the nature of the postcolonial Indian state. It is important to clarify at this stage that 'government' is not to be confused for the state, as is done often in common, day-to-day usage, though 'government' is an important, even critical, apparatus or organ of the state. Sole emphasis on the government may lead to hasty and inaccurate characterizations. For example, a government may be headed by a staunch socialist like Jawaharlal Nehru, it may get parliament and even the constitution to declare socialism as an objective, it may have the most radical laws for the protection of the poor, the landless, oppressed castes, tribals, bonded labour and other such sections, and yet the state may closer fit the definition of a bourgeois rather than, say, a socialist one, because the power balance in the other

state apparatuses and in society as a whole may be very different from that reflected in the leadership of the government. It may determine how the laws, the constitution and other institutions are interpreted, implemented or used.

Building or transforming a state structure involves much more than just the government. Gandhiji understood the complex nature of the state. In his successful attempt to overthrow the colonial state he did not focus only on critiquing and changing the colonial government but on gradually corroding the power of the colonial state. This he sought to do by countering the colonial influence in the education system, media, bureaucracy, police and most importantly among the people. It is such an understanding, we shall see, which was missing among many who wanted to give an alternative direction to the post-colonial Indian state, if not to transform or overthrow it.

### **The Nationalist Legacy and the Post-colonial State**

The legacy of the national movement resulted in the formation of a popular democratic, sovereign, multi-class 'national state' after 1947. The precise class balance in the state or its class character was to be moulded by the strategies of political mobilization and garnering of social support evolved by the constituent classes. Just as the open-ended nature of the national movement made it possible for its class orientation to be altered in favour of or against any class or group of classes, so was this the case in the popular democratic national state that it gave birth to. More on this later.

Second, a fundamental legacy of the national movement was anti-imperialism and maintenance of national sovereignty. The founding fathers of the Indian national movement had already by the last quarter of the nineteenth century developed a comprehensive and sophisticated critique of imperialism and the colonial structure. They were perhaps among the first, worldwide, to do so. They made an important shift in the understanding of how modern imperialism was keeping the colonies underdeveloped rather than deepening or creating the conditions for the development of capitalism, roughly at the same time as did Marx; even before Hobson and Lenin they worked out a detailed economic critique of colonialism. The long struggle against imperialism, the continuous updating and refining of its critique and the carrying of these ideas to the masses has had a lasting impact and it is perhaps in this sphere that the post-colonial state has stood most firm.

The model of a ruling coalition consisting of a 'triple alliance' between international capital, state (i.e., the indigenous government) and local capital, which was seen as central to dependent capitalist development in Latin America and even to parts of East Asia, though the role of international capital there was seen to be relatively less, did not apply to India.<sup>2</sup> In India, a foreign bourgeoisie or international capital did not constitute a part of the ruling class coalition or the Indian state after independence. The bargaining with international capital did not occur within the state or the ruling coalition of which international capital was a part, as is argued to be the case in many other post-colonial countries, but between an independent state, with an entirely indigenous ruling class coalition, and international capital—an important difference in terms of

autonomy.

An Indian variant of the 'triple alliance' model, that is, that the Indian state after independence is dominated by the bourgeoisie/ big bourgeoisie and landlords who are increasingly collaborating with foreign finance capital/imperialism/TNCs as subordinate partners, has been supported for a long time by a section of the orthodox left. It is also argued that the Indian bourgeoisie or the capitalist class 'which came to power' at independence was comprador or compromising with imperialism and consequently the post-independence Indian state was neocolonial or dependent. In fact, having assumed the dependent nature of the colonial bourgeoisie, it has been argued that post-colonial countries like India cannot develop independently unless they overthrow their bourgeoisie and the capitalist system in favour of socialism. These views have been challenged and the overwhelming evidence to the contrary has by and large pushed such views to the fringes though there are a few loyal adherents surviving even in mainstream left scholarship.<sup>3</sup>

We have demonstrated at length elsewhere the political and economic independence of the Indian capitalist class and how it not only imbibed the anti-imperialist ethos of the national movement but was at the forefront of evolving an economic critique of imperialism since the 1920s.<sup>4</sup> The capitalists were very much part of the Nehruvian consensus at independence which was to put India on the path of planned, self-reliant economic development without succumbing to imperialist or foreign capital domination. In fact, one of the central objectives of the Nehru–Mahalanobis strategy was to free the Indian economy of foreign domination and dependence—an objective which was realized to a much greater degree under the leadership of Indira Gandhi when, *inter alia*, the role of foreign capital in India was brought down to negligible levels. Also, it may be noted that though the working class unionized on a large scale it increasingly moved in a corporatist direction. The left as a political alternative suffered a decline even among the working class. In other words, it never came close to posing a serious enough threat to the system, leading to the creation of the often-predicted classic situation where the bourgeoisie would go over to imperialism or seek external help for its survival. As for the feudal landlords, their power had been much weakened during the national movement itself and the land reforms after independence marginalized them completely except in a few pockets.

Critics belonging to the orthodox left, with some influence in Indian academia, have only grudgingly accepted that 1947 did not mean a transfer of power from a colonial to a neocolonial state with Nehru as 'the running dog of imperialism' (a view held by a section of Communists at independence). They periodically see in any move towards liberalization or opening up to the outside world the 'inherent' pro-imperialist, dependent nature of the Indian state 'finally' and 'inevitably' coming to the surface. This was the argument used, for example, during the mid-1960s when, faced with a major economic crisis, the rupee was devalued and some trade liberalization was briefly attempted. This criticism remained buried for some years with Indira Gandhi's sharp turn towards economic nationalism in the late 1960s and 1970s, only to resurface (for example, in a statement signed by a number of left economists) with the attempts at liberalization and the large IMF loan taken by India in the early 1980s (a loan which was eventually not even fully drawn and went a long way in helping India reduce her critical dependence on oil imports by massive increases in indigenous oil production). Again the recent,

post-1991, efforts at reforms involving liberalization and a more active participation in the globalization process have been seen as 'a reversal in the direction of policy since decolonisation', a policy which had 'pointed toward relative autonomy from metropolitan capital'. It has been seen as virtually an imperialist project where 'the policies of the nation-state, instead of having the autonomy that decolonisation promised—are *dictated by the caprices of a bunch of international rentiers*.' [5](#)

The broad consensus that has emerged in India in recent years, however, does not take such a dim view of the reforms. The commonly perceived need for a shift away from the excessively dirigiste, inward-looking and protectionist strategy, which was leading to a dangerous fall in efficiency and productivity levels and the urge to participate in the globalization process in the altered circumstances of world capitalism in recent decades, where major possibilities have emerged of utilizing global capital and global markets for indigenous development, has led to the emergence of a broad consensus in favour of reform. This was a consensus reminiscent of the Nehruvian phase, both in terms of the objectives and width of support. The desire to achieve the goals set out at independence—of self-reliance, rapid growth and removal of poverty—and not their abandonment, now drew support for reform and the adoption of the new strategy.

In this context, it is interesting to see the major shift made by the former Left Dependency thinker F.H. Cardoso (as President of Brazil he guided the country through economic reforms and participation in the globalization process) from his earlier position. He pointed out how the nature of foreign capital had changed and could be used for indigenous development of underdeveloped countries. He argued that globalization was a fact that could not be ignored, and thus the issue is not whether to globalize, but how to globalize so that a better bargain is achieved for the backward countries and a proper cushion provided to the poor so that they are not made to bear the cost of the initial transition—a view which the supporters of reform from the left in India as well as the more sagacious business leaders have generally accepted. Very significantly, Cardoso had added that popular mobilization and community work would be necessary to ensure that the poor will be fully protected. He felt that the traditions created by Mahatma Gandhi in this respect give India a clear advantage over many other underdeveloped countries. [6](#)

The third major legacy of the national movement has been the adoption of democracy as a fundamental value by the Indian state. By any international standards, India has a fully thriving democracy, and not merely a 'formal' or 'partial' one, as argued by some. It is not a 'top-down' democracy which is a 'gift of its elite to the masses', nor is it a gift of the British. It is a product of a long-drawn struggle of the Indian people during the national movement and hence has firm roots in Indian society. The democratic base has been enlarged with a relatively high percentage of popular participation in elections and newer groups and classes getting actively involved in democratic institutions. In fact, the struggle for expanding the democratic space continues—witness the current vigorous campaign for greater transparency in government and other institutions and the people's right to information.

It is creditable that India has attempted its industrial transformation within a democratic framework, a unique experiment for which there is no precedent. The initial phase of 'primitive

accumulation' (i.e., raising of surplus for investment and releasing of labour for industry), which was critical for the industrial transformation of all the industrialized countries, whether the advanced capitalist countries of the West, the socialist countries or the newly industrialized countries of East Asia, occurred in circumstances bereft of full democratic rights. The paths, for example, of enclosure movements (Britain), forced collectivization (Soviet Union), high land tax (Japan), slavery (US), total suppression of trade union rights (East Asia and others), and colonial surplus extraction (several countries; Britain, for example, received as unilateral transfers from colonies in Asia and West Indies a stupendous 85 per cent of its Gross Domestic Capital Formation in 1801), etc., were not open to democratic India.

Democracy ensured that in India the transition to industrialism was not to be on the back of the working class and the peasantry, drawing surplus for investment from them. The working class made major advances through collective bargaining and there was by and large a net transfer of resources to agriculture after independence rather than vice versa. Democracy and a free Press made inconceivable, what happened in China, where the world came to know many years later of an estimated 16 to 23 million famine deaths between 1959 and 1961. In India a free Press (with 8,600 daily newspapers and 33,000 periodicals today) has kept governments on their toes to help avert any scarcity situation and major famines, a regular feature in colonial times.

Democracy has given a voice to the poor in the process of development. Their interest cannot be bypassed. Democracy has, for example, made it unviable for any government since independence to pursue an inflationary strategy which hits the poor the hardest. The early 1950s saw falling prices and the trend rate of inflation did not exceed 8 per cent per year between 1956 and 1990 despite two oil shocks and several droughts. Even when necessary stabilization and structural adjustments were undertaken during the post-1991 reforms, these being measures which make the poor particularly vulnerable through contraction of public expenditure, democracy ensured that they were not left high and dry. Anti-poverty measures were expanded and a quick reversal of the rise in poverty that occurred during the first two years of reforms was achieved. In the dilemma between fiscal prudence and egalitarian commitment (a dilemma which, as Amartya Sen points out, is not a choice between good and bad but a genuine dilemma between two goods), democracy ensures (that it does not get resolved without adequate weight to the latter).<sup>7</sup>

The fourth major legacy of the national movement has been its equity and pro-poor orientation. The Indian state was certainly influenced by this legacy, though its full potential was far from realized. The impact of this legacy can be seen in the fact that each of the nine Five-Year Plans since independence treated removal of poverty as a key objective though the extent of focus on poverty removal varied between Plans. It is not accidental that even the right-wing political formations have repeatedly found it necessary to swear by the poor. Witness the BJP, in one of its incarnations in the early 1980s, wishing to bring about Gandhian socialism.

The Indian state was committed to wide-ranging land reforms at independence. The peasantry was essentially freed (except in some pockets) from the power and domination of the feudal-type landlords. Though it was indeed very creditable that India achieved land reforms within the framework of democracy, nevertheless the reforms occurred in a manner that initially the

relatively better-off sections of the peasantry got unequal advantage from it compared to the poorer sections. This happened partially because the class balance at the ground level and in the perspectives of many state apparatuses such as the judiciary, the police and bureaucracy, particularly at the lower levels, was not in tune with that of the government. It was far less favourable to the poor, and the government in a democracy could not force its way. Over time, various governments, however, persisted with these measures and from the early 1970s there was a second wave of land reforms accompanied by several targeted efforts to reach the benefits of the Green Revolution strategy to the poor. The results were commendable though much still remained to be done. There is no comparison between the abject poverty faced by the rural poor all over the country where even two meals a day were not guaranteed and what prevails today in most parts of the country. Radical scholars like Daniel Thorner and other observers reported, on the basis of field surveys, a qualitative change in the lives of the rural poor. The land reforms, the spread of the Green Revolution to most parts of the country, and targeted anti-poverty programmes, particularly since the late 1960s, have provided succour to vast masses of the rural poor in India.

Even using the rather inadequate indices available for measuring poverty, it is seen that the proportion of the rural population below the poverty line declined from 58.75 per cent in 1970–71 (estimates for the 1950s when it would be much higher are not available to us) to 37.3 per cent in 1993–94. The corresponding figures for the total population, including both urban and rural, were 56.25 and 36. The total population below the poverty line fell further to 27.8 per cent by 2004–05. The average life expectancy, which was a miserable 32 years in 1950–51, nearly doubled, to over 63 years by the 1990s. The per capita income in 1996–97 was two and a half times higher than what it was in 1950–51 even though the population too had multiplied rapidly, showing an increase of more than 158 per cent over the same period. The literacy rate had risen from an abysmal 18.3 per cent in 1951 to 62 per cent in 1997. Infant mortality had come down from 146 to 71 per 1,000 between 1951 and 1997. Food self-sufficiency and public action have made famines a thing of the past.

### **Poverty, Democracy and the Indian State**

Considerable achievements these—yet despite all this progress India still faces the intolerable situation where more than 300 million of its people continue to remain below the poverty line and nearly half the population is illiterate. The continuation of poverty despite considerable advances is partly a result of relatively slower growth (East Asia, particularly Indonesia and China, are good examples of high growth enabling dramatic reduction in poverty) and is partly reflective of the nature of the Indian state and the failure to sufficiently alter its class balance in favour of the poor through popular mobilization. However, increasingly it appears that the latter is the more important cause for the continuing poverty. It is significant that despite rapid growth for over twenty years, especially in the new millennium, India's ranking in the global Human Development Index actually fell between 2000 and 2004.

The sovereign, democratic national state that came into existence at independence was multi-class in nature and was open-ended in the sense that the class balance among the constituent

classes could be altered. The Indian national state in other words constituted the arena in which several classes contended for influence, the capitalists in trade, industry and finance, the upper sections of the peasantry, a broad middle class consisting of professionals, clerical and managerial staff or 'knowledge workers', the organized working class and the rural and urban poor consisting of agricultural workers, poor peasants, petty artisans, unorganized urban workers and so on. (As argued above, the feudal landlords and the metropolitan bourgeoisie or international capital were not contenders in this internal struggle for hegemony over the state.) The manner in which this competition for influence would get resolved was to depend on how the various classes were politically mobilized and which class perspective was able to exercise a greater ideological hegemony or influence over society as a whole.

From the very beginning the Nehru-Mahalanobis strategy of growth with equity had assumed that popular mobilization from below would be necessary to effectively implement radical measures in favour of the poor (such as land reforms, cooperativization, universal education, and so on) initiated by the government led by Nehru. The problem, however, was in locating an 'agency' which was going to perform this task. With independence, the Congress party with Nehru at its head got transformed from a party of struggle and movement to a party of governance. Efforts to make Congress workers perform the former role, rather than try to learn the ropes of the latter, proved essentially unsuccessful. (Gandhiji anticipating this denouement had unsuccessfully called for the disbanding of Congress at independence and forming of a separate organization to struggle for people's causes, to be distinct from the one which governed.) Nehru tried to fill the void by creating a developmental bureaucracy from the local village worker to the highest level, and unwittingly created a byzantine institution whose main purpose increasingly appeared to be that of multiplying and feeding itself.

The task was essentially political and the bureaucracy could not be expected to act as a substitute. In fact, Nehru had expected the left would perform this task and he tried repeatedly, though unsuccessfully, to garner its support so that radical government programmes could be implemented and a gradual social transformation and an altering of the nature of the state could take place. The left had, however, initially characterized Nehru as 'the running dog of imperialism' and hence naturally to be opposed and overthrown. Later, after the left gave up this position, it still refused to cooperate as it saw such a task as 'reformist', which would only strengthen the 'bourgeois' state, while their role was to sharpen the contradictions and prepare for its overthrow. The left thus abandoned the space provided by the open-ended democratic structure of the Indian state (dismissing it as 'bourgeois' democracy), and did little to either try and alter the class balance in various state apparatuses such as in the bureaucracy, media (dismissed as the bourgeois Press), judiciary, education system etc., or to mobilize the poor so that they had a greater say within the existing state structure. Not recognizing the transformative possibilities of the Indian multi-class national state, it waited, and still waits, at least in theory, endlessly for the maturing of the contradictions so that an insurrectionary overthrow of the state can occur. This failure of the left, and a superior understanding of the nature of the democratic state by other forces such as the Indian business leaders, has led to a capitalist developmental perspective with an inadequate pro-poor, welfare orientation prevailing over the state apparatuses and society as a whole. It has also led to the democratic space increasingly getting occupied by

casteist and communal tendencies which hurt the poor, even though the poor are often mobilized by communal forces.

The political space for mobilization in favour of the poor has thus largely remained untapped—though simple democratic arithmetic has secured the poor several concessions as all political formations have to seek their votes. Sporadic and scattered nongovernmental organizations have often provided idealistic youth fora for such activity but these efforts, in the absence of their generalization through wider political intervention, can have only limited results. The recent efforts to empower the local self-governing institutions with the Panchayati Raj amendments to the constitution offer much promise. Recent popular mobilizations leading to progressive legislations like the National Rural Employment Guarantee Act and the Right to Information Act created the conditions for further deepening democracy and held out much promise of reaching out to and empowering the poor and underprivileged. How far that promise gets realized will depend on what extent the progressive political forces try to occupy this democratic space available at the grassroots level.

While persisting poverty has been the most important failure in India's post-independence development, the survival of the democratic structure has been its grandest success. The further deepening and maturing of this democratic structure is an important step in the direction of meeting the needs of the underprivileged.

However, a major political development that threatens the pursuance of a viable developmental path may be highlighted. The very success of India's democracy has led to growing demands on the state by various classes and groups including the poor. To accommodate these demands all political formations, since the late 1970s, began to indulge in competitive populism using state resources to distribute largesse to the various constituent classes of the Indian state including the poor. Subsidies (often reducing costs to the consumer to zero) for food, fertilizers, diesel, exports, electricity, to name just a few, proliferated to unsustainable levels pushing the country to the brink of default and economic chaos.

The survival and growth of the sovereign, democratic Indian state, requires a 'strong' state. Strong not 'as counterpoised to democracy, decentralization and empowerment of the people' but strong in the sense that it can, while accommodating moderate deviations, suppress forces that threaten democracy by operating outside its limits—viz., terrorists, separatist insurgencies, fanatical, fundamentalist and violent casteist or religious communal forces and so on.<sup>8</sup> A strong state can discipline capital which does not perform competitively (as Japan and other East Asian states have successfully done) as well as discipline sections of labour which do not perform at all or perform below societally accepted standards of productivity. A strong state, without resort to populism but keeping social justice as one of its central objectives, can guide the economy on to a path of rapid development and modernization, based on the advanced scientific breakthroughs of the contemporary world. A strong state can participate in the globalization process in a manner which not only does not diminish its sovereignty but increases it. A tall order but certainly not beyond the genius of the Indian people who have crossed some of the most difficult milestones creditably over the past sixty years.