

Capitalism and the Throttling of Democracy in India

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The deregulation of international capital flows (financial liberalisation) has effectively turned the planet into a free-for-all bonanza for the world's richest capitalists. Under the post-World-War Two Bretton Woods monetary regime, nations put restrictions on the flow of capital. Domestic firms and banks could not freely borrow from banks elsewhere or from international capital markets, without seeking permission, and they could not simply take their money in and out of other countries.

Domestic financial markets were segmented from international ones elsewhere. Governments could to a large extent run their own macroeconomic policy without being restrained by monetary or fiscal policies devised by others. They could also have their own tax and industrial policies without having to seek market confidence or worry about capital flight.

However, the dismantling of Bretton Woods and the deregulation of global capital movement has led to the greater incidence of financial crises (including sovereign debt) and has deepened the level of dependency of nation states on capital markets.

If we turn to India, we can see the implications very clearly. The increasing deregulation of financial capital flows means that global finance is in a position to dictate domestic policy. Successive administrations have made the country dependent on volatile flows of foreign capital and India's foreign exchange reserves have been built up by borrowing and foreign investments. For policy makers, the fear of capital flight is ever present. Policies are often governed by the drive to attract and retain foreign capital inflows.

The author(s) of a [recent article](#) by the Research Unit for Political Economy (RUPE) notes that instead of imposing controls on flows of foreign capital and pursuing a path of democratic development, the Indian government has chosen to submit to the regime of foreign finance, awaiting signals on how much it can spend, giving up any pretence of economic sovereignty.

Anxious to shore up foreign exchange holdings, the Modi-led government is trying to attract even more risky foreign investments. Moreover, in a time of economic and social crisis, resulting from the draconian coronavirus-related lockdown, public spending to ameliorate the desperate situations of those affected has been abysmally low. This falls into line with the imperatives of global capital, which requires nation states to curb spending so that private investors can occupy the arena left open.

RUPE notes that the Indian government is also appealing to the US for help in addressing India's foreign exchange conundrum (its foreign exchange reserves are largely based on borrowing which could exit). This will require some kind of 'payback'.

Such payback could come in the form of a future trade deal. India is currently involved in ongoing trade talks with the US. If this deal goes through and India capitulates to US demands, it [could devastate](#) the dairy, poultry, soybean, maize and other sectors and severely deepen the crisis in the countryside.

Ranil Salgado, mission chief for India at the IMF, says that when the economic shock (resulting from the coronavirus lockdown) passes, it's important that India returns to its path of undertaking long-term reforms. This would mean global conglomerates being able to further hollow out the remnants of nation state sovereignty.

Foreign capital is in the process of displacing the prevailing agrifood model before bringing India's food and agriculture sector under its control. Millions of small-scale and marginal farmers are already suffering economic distress and leaving farming as the sector is [deliberately made financially non-viable](#) for them. The Modi administration is fully on board with the World Bank's pro-corporate 'enabling the business of agriculture' and other such policies aimed at further incorporating nation states into the neoliberal fold and which equate neoliberal fundamentalism with 'development'.

Recent developments will merely serve to accelerate this process as we see with regard to the Karnataka Land Reform Act, which will make it easier for business to purchase agricultural land (resulting in increased landlessness and urban migration) and the undermining of the Agricultural Produce Market Committees (mandis), part of an ongoing process to dismantle India's public distribution system and price support mechanisms for farmers. These 'reforms' are ultimately about 'liberalising' agriculture to further ease the entrance of foreign agribusiness interests like Cargill – even as ordinary Indians suffer.

And have no doubt, they are suffering. A recent [news analysis report](#) claims India let 65 million tonnes of grain go to waste in four months, even as the poor went hungry as a result of the coronavirus lockdown. The authors claim that this resulted from the government being wedded to neoliberal ideology and the dogma of 'fiscal prudence'. They also ask why the Food Corporation of India has been holding such a large surplus of grain and conclude that it is because the government has been unwilling to expand the public distribution scheme.

In effect, US agribusiness wants India to tighten 'fiscal prudence', reduce subsidies and public sector spending on agriculture. The aim is to further displace peasant farmers thereby driving even more people to cities and ensure corporate consolidation and commercialisation of the sector based on industrial-scale monocrop farms incorporated into global supply chains dominated by transnational agribusiness and retail giants.

This runs counter to what is actually required. The various lockdowns around the globe have already exposed the fragility of the global food system, dominated by long-line supply chains and global conglomerates – which effectively suck food and wealth from the Global South to the richer nations.

What we have seen underscores the need for a radical transformation of the prevailing globalised food regime founded on one which reduces dependency on global conglomerates, external proprietary inputs, distant volatile commodity markets and patented technologies.

[Practical solutions](#) to the (global) agrarian crisis must be based on sustainable agriculture which places the small farmer at the centre of policies: far-sighted and sustained

policy initiatives centred on self-sufficiency, localisation, food sovereignty, [regenerative agriculture](#) and [agroecology](#).

On a macro level, [economist Prabhat Patnaik](#) argues that India must delink from neoliberal globalisation via capital controls; manage foreign trade and expand the domestic market through the protection and encouragement of petty production, including peasant agriculture; increase welfare expenditure by the state; and commit to a more egalitarian distribution of wealth and income.

Rather than have transnational agribusiness corporations determining global and regional policies and private capital throttling democracy, we require a system of healthy food and sustainable agriculture that is run for human need.

In fact, what may actually be required is an alternative to 'development' because, as post-development theorist [Arturo Escobar](#) explains, global inequality remains severe, both between and within nations, and environmental devastation and human dislocation, driven by political as well as ecological factors, continue to worsen. These are the symptoms of the failure of 'development', a concept based on capitalism's overproduction-overconsumption 'growth' logic with all that follows in terms of environmental degradation and the economic plunder of nations and peoples.

Looking at the situation in Latin America, Escobar says development strategies have centred on large-scale interventions, such as the expansion of oil palm plantations, mining and large port development. And it is similar in India: commodity monocropping; immiseration in the countryside; the appropriation of biodiversity (the means of subsistence for millions of rural dwellers); unnecessary and inappropriate environment-destroying, people-displacing infrastructure projects; and state-backed violence against the poorest and most marginalised sections of society.

Perhaps we should be taking our cue from the world's indigenous peoples whose societies display a deep connection with and respect for nature. Their economics and cultures often represent the antithesis of capitalism and industrialisation: the promotion of long-term sustainability through restraint in what is taken from nature, rather than hierarchy and competition.

This was echoed by Noam Chomsky during a [2014 interview](#):

"There are sectors of the global population trying to impede the global catastrophe. There are other sectors trying to accelerate it. Take a look at whom they are. Those who are trying to impede it are the ones we call backward, indigenous populations - the First Nations in Canada, the aboriginals in Australia, the tribal people in India. Who is accelerating it? The most privileged, so-called advanced, educated populations of the world."

With this in mind, soil, water, seeds, land, forests and other natural resources must be [democratically controlled and recognised as common wealth](#) and the [scaling up](#) of agroecological approaches should be a lynchpin of genuine [rural development](#), which in turn must be modelled on the notion of food sovereignty.

Renowned agronomist MS Swaminathan [says](#):

“Independent foreign policy is only possible with food security. Therefore, food has more than just eating implications. It protects national sovereignty, national rights and national prestige.”

Genuine food security in principle derives from food sovereignty, which, in a very broad sense, is based on the right of peoples and sovereign states to democratically determine their own agricultural and food policies.

The struggle to assert genuine self-determination and democratic development in India involves challenging the dominance of private (international) capital. It also entails disputing the authority of a central state and its machinery that, at independence, was designed to consolidate power at the centre, quell dissent, divide the masses and, with the undemocratic and unaccountable influence of foreign interests like the Ford Foundation and more recently the Bill and Melinda Gates Foundation, ultimately serve the interests of both old and new colonial masters.

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