

THE PUBLIC AND THE PRIVATE

Prabhat Patnaik

In the early 1950s, the then united Communist Party had led a famous struggle against the increase in tram fares in Calcutta *by one paisa*, and had succeeded in rescinding the increase. In the sixties, leaders like Ahilya Rangnekar and Mrinal Gore had led a remarkable struggle against price rise in Bombay when housewives came out to the streets beating their metal utensils. This period of price rise had also seen a wave of strike struggles, as inflation eroded the real wages of the workers, culminating in the great railway strike of 1974. From the mid seventies onwards there were impressive kisan struggles for remunerative prices, as the terms of trade got tilted against the peasantry as a means of combating inflation, culminating in mammoth rallies at the Boat Club in Delhi. In short, for many decades after independence, the expression of popular anger and resentment through public protests was a perfectly normal practice, and was accepted as an integral part of our democratic polity, so much so that the avowed tactics of the CPI(M), spelt out in its documents, was to “combine parliamentary and extra-parliamentary forms of struggle”, the term “extra-parliamentary” clearly referring to mass mobilizations for protest actions on issues affecting the peoples’ lives.

The contrast with the present cannot be greater. Prices are galloping now: the price of tur dal in Delhi has increased to Rs.90 or more per kg. by mid-August, compared to Rs.60 at the time of elections. The open market price of rice in Delhi has increased by as much as 16 percent in the course of the month of August alone, and further increases are predicted. And yet, there is hardly any street protest over this galloping

inflation. For many years now, strikes have been confined, with a few exceptions, to just one-day or two-day token strikes, even though the working class has suffered greatly in the recent period. And the great peasant movements and rallies are largely a thing of the past (except occasionally against local SEZs, or a few other localized movements like in Rajasthan or Andhra Pradesh). The entire period of the agrarian crisis has been marked by an enormous wave of *peasant suicides* rather than *peasant struggles*. Of course, protest movements are there, but they no longer acquire, or even threaten to acquire, the dimensions that such movements used to acquire in the past. The question that obviously arises is: why this difference?

Three possible explanations can be immediately advanced, each of which has some validity, but is insufficient, either on its own or conjointly with the others, to explain this difference. The first is the weakening of the socialist project that has followed the collapse of the Soviet Union. This explanation may be objected to on the grounds that the Communists, inspired by the socialist vision enshrined in the Soviet Union, were not the only ones who led such struggles, so that the collapse of the Soviet Union should not make that much of a difference. But it is only fair to say that the collapse of the Soviet Union has led to a collapse of socialist visions of *all descriptions*. It has been accompanied, if not strictly followed, by what Jurgen Habermas has called "a collapse of the utopian energies of the nineteenth century"¹. And since protest within any society always derives nourishment from a vision of a possible "beyond", this setback to the socialist project has had the effect of stifling protest.

While there is obviously some truth in this, it is insufficient. True, protest derives nourishment from a possible "beyond", but the sheer desperation of existence for large sections of the peasantry under the

¹ I say "accompanied" and not "followed" since it is possible to argue that the collapse of the Soviet Union itself was part of the process of the "collapse of the utopian energies", and not its originator.

agrarian crisis, or of the working people under the current raging inflation, should still have evoked major spontaneous struggles, even if the Left perforce had to spend some time licking its wounds in the post-Soviet era. Why did this not happen?

The second explanation focuses on the changed role of the middle class². The middle class has traditionally played a crucial role in highlighting peoples' distress, in carrying the message of struggle to the distressed, in making one group of the distressed aware of others like them, through its use of the pen and the media, and in providing leadership to protests and movements. In the neo-liberal era however, even as the other segments of the working population, such as the peasants, the workers, the agricultural labourers, the artisans and the petty producers, have suffered, the middle class, especially the upper segments of it, have benefited from the new dispensation. The message of protest that comes to the working people therefore is feeble and muted, which restricts the scope of such protests.

The problem with this explanation too is that, while containing an element of truth, it is inadequate. Leadership, either from middle class origins, or from peasant origins but with close contact with the middle class intelligentsia and substantial exposure to the world of theory, was undoubtedly crucial for the *revolutionary* kisan movements of the forties and the fifties, led by the Communists (which was in conformity with what Lenin had discussed in *What is to be Done?*). The obvious examples are the Telengana and the Tebhaga movements and the Worli uprising (though that could not be called a kisan movement). But the late-seventies peasant mobilizations on the price issue, which were far from having any revolutionary agenda, were often led by persons from the peasant stock itself, with little contact with the middle class intelligentsia

² I have put forward this argument in "Reflections on the Left", *Economic and Political Weekly*, 44 (28), 2009.

and little exposure to the world of theory, like Mahendra Singh Tikait. Why have such movements not come up in response to the agrarian crisis?

The third explanation would see the great protest movements of the post-independence period as a sort of natural historical sequel to the freedom struggle and the variety of uprisings it had unleashed. It would see the current quietude as an inevitable phenomenon that ultimately ensues, when a major social upsurge and the waves that come in its wake have finally subsided, and society has got back to "normalcy". It would see social revolutions as ultimately giving way to a settled society under the new order; likewise it would see the freedom struggle as ultimately creating a settled new order, where its reverberations in the form of protests have finally come to an end and "business as usual" takes over, though in an altogether new setting. In short, it would see the transition from contestation to "routinization", from collective popular assertiveness to an empirical atomism of individual *quotidian* existence, as inevitable, and a world of "permanent contestations" as "unnatural".

The fact of such a transition having followed major revolutions, including successful liberation struggles, cannot be denied. But why it happens needs to be explained; it cannot just be brushed aside as "inevitable". Indeed Jean-Paul Sartre in his *A Critique of Dialectical Reason* noted a change, from what he called "fused group" to "seriality", that followed the socialist revolution, and attributed it to "scarcity". Whatever one thinks of Sartre's explanation, and even of the aptness of invoking him in the present context (marked as many would argue by the fact that our freedom struggle itself sought to *restrict* the scope of mass action), that an explanation is needed for the change, or at least some turning point located that marks and facilitates this change, cannot be denied.

What I wish to argue in this paper is that the transition from a world of protests to a world marked by their relative absence is linked to another transition, namely from a *dirigiste* to a neo-liberal economic regime. The transition to a neo-liberal economic regime has often been viewed as entailing a loss of sovereignty on the part of the nation-State. The perspective underlying this view however is erroneous: it takes the nation-State as a *given*, and examines the degree of its autonomy vis-à-vis metropolitan States. But the real issue relates to a fracturing of the nation itself, and hence to a change in the character of the State that presides over it. It is not that the Indian State presiding over a *given* Indian nation loses its assertiveness vis-à-vis the metropolis; but, rather, a hiatus develops within the Indian nation itself, or what was hitherto the Indian nation, with the bourgeoisie increasingly “seceding” from it to form a strategic alliance with the metropolitan bourgeoisie, as Indian capital becomes increasingly integrated with global financial capital, and the State increasingly representing the exclusive interests of the bourgeoisie, *and thereby also becoming a strategic ally of the metropolitan State-system.*

What this leads to is an increasing *political exclusion* of the masses from even such power as they enjoyed in the period after independence, a coming to an end of the apparently inclusive nature of the post-colonial State, where it appeared responsive to the needs of all sections of the population (even while building capitalism under the umbrella of *dirigisme*). From being a State that appears to represent the interests of *all*, it becomes increasingly a State that represents the exclusive interests of the bourgeoisie, especially the big bourgeoisie, that is itself getting integrated with global capitalism, under the plea that *the interests of all are served by the promotion of the interests of the big bourgeoisie.* We do

not have to go far to seek an example of this changed perspective of the State: the Prime Minister of India himself stated on August 22nd that the two Ambani brothers, currently at loggerheads, should make up *in the interests of the nation*, and even offered to mediate between the two. *The Ambanis' interest in short is the nation's interest!* Of course, this disempowerment of the people, their political exclusion, occurs within a framework of parliamentary democracy, and is therefore constrained by this fact; it is nonetheless a real phenomenon.

An obvious consequence of it is to see all strikes, all resistance, all protests by the working people, which are directed either against big capital directly, or even against the State but raising demands whose satisfaction would undermine the State's ability to serve the interests of big capital, as being *ipso facto against the nation*. This is not necessarily expressed directly in these terms. The usual expression it takes is to say that such strikes and resistance will undermine the "growth performance" of the economy; by the same token, serving the interests of big capital is justified in the name of bolstering such "growth performance". *In short, promotion of the "growth performance" becomes a euphemism for serving the interests of big capital, and is apotheosized as such.* When the so-called "growth performance" is impressive, then that is supposed to justify the State's promotion of the interests of big capital; and when it is not, then the usual argument advanced is that more needs to be done by way of promoting these interests.

The relevance of "growth performance" for an improvement in the lives of the ordinary working people is scarcely ever discussed. What is more, the focus on "growth performance" itself increasingly gets justified not with reference to any improvement it brings in people's lives, but with reference to India's status and power in the emerging world. The need for the country to emerge as an "economic superpower", which is

increasingly taken as both self-evident and overriding everything else, is supposed to justify the emphasis on “growth performance”.

This “we-must-emerge-as-an-economic superpower” discourse is intrinsic to the ideology of finance capital and has always been so. Even as the “nation”, as it emerged from the freedom struggle, gets fractured, even as the bourgeoisie gets increasingly integrated with the metropolitan bourgeoisie, *it justifies this fracturing of the “nation” in the name of the “nation”!* Or putting it differently, it surreptitiously substitutes one concept of “nation” for another, pretending all the time that the two are identical: it moves from the concept of the “nation” as a unified entity against imperialism to the concept of the “nation” as a hegemonic entity, both vis-à-vis the domestic working people and vis-à-vis other smaller or neighbouring “nations”, under the umbrella of an overall strategic alliance with imperialism. The promotion of the interests of big capital is justified in the name of the “nation” in this latter sense, of an entity allied with imperialism exercising hegemony in the neighbourhood.

The fact that the interests of the people needs to be sacrificed for the sake of the “nation’s” emergence as an economic power is increasingly taken for granted. An example will illustrate the point. The Indo-ASEAN Treaty which has been criticized as being harmful to the interests of the petty producers in states like Kerala, has been defended by the government, and the bourgeois media, not on the argument that such claims are invalid, but on the grounds that this treaty is essential for India’s emergence as a big power, that without it China would steal a march over India in the big power race!

Intrinsic to this change which comes in the wake of neo-liberalism is a growing intolerance of protests by the people, which is symptomatic of their political exclusion. This intolerance is expressed by banning *bandhs* altogether; banning strikes in a whole range of activities which are not

confined only to essential services; pushing the venue of mass rallies far away from the city-centres; and withholding permission for demonstrations inside city limits. In all these moves, a crucial role is played by the judiciary. Since unlike the other organs of the State it is not accountable to anyone and does not have to win the support of the people, it has the “advantage” of being able to take measures, with impunity, to curb the assertiveness of the people, an “advantage” that was amply demonstrated when a judge of Calcutta High Court simply decreed a ban on demonstrations during certain specific hours, just because his car got held up by one!

But then, it may be asked: political disempowerment of the people may be ingrained in the structure of a neo-liberal economy; but why do the people accept it? How does this disempowerment get thrust on them without evoking massive resistance? This is because *the capacity for resistance is closely linked in our society to the balance between the public and private sectors which undergoes a fundamental shift under neo-liberalism.*

III

The argument can be stated as follows. The degree to which protests and resistance are common in any society is intimately linked to the degree to which *the working class* is effective in its strikes and industrial action. A society in which working class action becomes absent or ineffective also tends to be one where all forms of protest and resistance get progressively snuffed out. *Working class resistance in short acts both as a barometer and as a stimulus for resistance in general in society*, which is why those who want curbs on working class action in the name of

“freedom” (“the working class must not be allowed to hold society to ransom”) are, if not malicious, downright wrong.

The effectiveness of working class resistance in turn is greater in the domain of the public sector than of the private sector, and greater even in the private sector in an economy with a substantial public sector than in one where the public sector is minuscule. The first of these assertions derives its validity from the fact that economic action in the public sector can always be supplemented by political pressure that can be applied by the progressive forces upon a State that has the form of a parliamentary democracy, and hence has a degree of transparency and accountability. In the case of the private sector however no such supplementary pressure can be exerted. The second of these assertions derives its validity from the fact that in a society with a substantial public sector, and hence with an ideological commitment to the existence of a public sector, the private sector itself feels constrained by this very fact in its dealings with the workers. And the workers even in the private sector get emboldened by this fact: in a crunch situation if it is established that private employers are disregarding the legitimate demands of the workers, then the State can always be asked to step in; and a State with an ideology of commitment to the public sector, will not hesitate to do so.

Thus the capacity to resist on the part of the workers, and hence by implication, of the other sections of society, is greater in a *dirigiste* regime than in a neo-liberal one. The transition to neo-liberalism is associated with a decline in the capacity to resist on the part of the workers and other sections of the working people at the economic level, and hence at the political level too. This general decline in the capacity to resist at all levels fits in well with the objective of the neo-liberal project, which is to fracture the earlier “nation”, to redefine the “nation”, and to harness the State for the promotion, exclusively, of the interests of big capital allied to global

finance capital. Superimposed on this general decline in the capacity to resist that arises from the structural changes taking place in the economy is the set of specific hurdles set up by the judiciary and the executive against any form of resistance. (It is interesting that the same judiciary that sets up barriers against resistance by the people by banning strikes and bandhs, is very *humane* when it comes to directing the government to provide food security and other welfare measures to the people. The idea is to "do good" to the people, but deny them any "subject" role in the process of "good" being done to them).

There is yet another major contributory factor in a neo-liberal economy to the process of undermining of the people's capacity to resist. This inheres in the process of globalization itself. Centralization of capital always plays the role of weakening working class resistance. If a capitalist owns ten factories producing cloth, say, then the workers in any one factory will have more difficulty in taking action, since the capitalist can shift production to other factories, than if the capitalist owned only that one factory. Likewise, since workers are organized *nationally*, globalization tends to undermine their resistance. The free movement of goods across countries means that the possibility of imports replacing domestic production puts a limit to working class action. Likewise, the fact of globalization of capital means that workers' militancy in any one country threatens to make capital relocate elsewhere, and hence curbs itself. Most importantly, however, the process of globalization of finance forces the State to take actions that maintain the "confidence" of investors, a euphemism for speculators, in the economy. The State under neo-liberalism, we noted above, acts in the exclusive interests of the big capitalists who are integrated with globalized finance capital. But this is not just out of volition; even if the State had other intentions, unless it imposed controls on cross border financial movements, it would willy-nilly

act in a manner that conformed to the caprices of globalized finance capital, and these necessarily are such as to prevent the capacity for resistance among the people.

In short, the neo-liberal regime does not just victimize the people; it has automatic mechanisms to ensure that the people cannot resist their victimization. By contrast the preceding *dirigiste* regime was more conducive to popular resistance; and judging by that experience one may generalize that *dirigiste* regimes within a democratic polity are in general intrinsically more conducive to the creation of an ambience of workers', and hence people's, resistance.

There is a further consideration, namely a dialectics of political exclusion that is in some ways the very opposite of what is usually believed. Such exclusion, far from evoking resistance as is often imagined, has usually the very opposite effect of *sapping the capacity to resist on the part of the people*. Just as a state of starvation, at an individual's level, reduces the capacity to garner food; or a state of unemployment, at a social level, reduces the bargaining strength of the working class, likewise a state of political disempowerment, within and despite the formal framework of a parliamentary democracy, reduces the capacity for resistance on the part of the people, including the capacity for resistance against economic distress. In short, empowerment feeds upon itself, just as disempowerment feeds upon itself.

This disempowerment of the people has a mirror image in the dialectics of empowerment of the big bourgeoisie. The intervention capacity of the big bourgeoisie progressively increases as we move away from *dirigisme* to neo-liberalism. The greater power of the big bourgeoisie under neo-liberalism that we mentioned earlier has a concrete counterpart in greater direct corporate control over society and the State. The current scene in the United States, where corporate entities

opposed to the new healthcare plan of President Obama, are systematically creating mass disturbances at meetings ostensibly called to discuss these plans in small towns across the country, to a point where some are even talking about the U.S. being on the verge of "fascism", is instructive. Discussing this phenomenon, Paul Krugman has this to say: "We tend to think of the way things are now, with a huge army of lobbyists permanently camped in the corridors of power, with corporations prepared to unleash misleading ads and organize fake grassroots protests against any legislation that threatens their bottom line, as the way it always was. *But our corporate-cash-dominated system is a relatively recent creation, dating mainly from the late 1970s.*" (*The Hindu*, September 1, 2009, emphasis added). The late seventies, it must be remembered, mark more or less the emergence of "Reaganomics" and the decline of *dirigisme* in the united states.

Two caveats are needed here. First, to say that political disempowerment of the people facilitates further disempowerment should not be taken to imply that the class distribution of political power at any time, even within the confines of a bourgeois State, is a mere unstable equilibrium which may move one way or another depending upon chance factors; i.e. a chance displacement of the equilibrium at any moment would give rise to a cumulative movement away from it. Such is not the case. The proposition about disempowerment of the people feeding on itself does not refer to chance disturbances from some initial equilibrium; it refers to a context where structural changes in the economic regime, with adverse implications for the people which become apparent not necessarily immediately but only over a period of time, are being undertaken.

In other words, if privatization of public sector units is occurring, which increases the workers' insecurity, if employment in the public sector

is declining because “natural attrition” occurs against the background of no fresh recruitment, if public sector work is being outsourced to the private sector, i.e. if in general the balance between the public and the private sectors is changing against the former, where the workers enjoy more power *because their economic employer also happens to be open to political pressure because of its political accountability*, then in such a context the political disempowerment of the people would have a cumulative effect.

The proposition about disempowerment being cumulative (under circumstances just referred to) is the opposite of what is usually believed, namely that as far as the workers and peasants are concerned, their political exclusion leads to protest and resistance, instead of precluding it. The issue here is one of temporal frame. Political exclusion *does* call forth strong resistance *but only after a long period of time*. The classic example of this was the resistance against the oppression of the erstwhile feudal rulers that got built up in the 1930s and the 40s all over the country, which had immense force precisely because it had been suppressed for so long. Such resistance, when it comes, therefore has the force of a tidal wave; but it takes much longer to build up. But political inclusion has the effect of producing greater assertiveness and resistance among the people as part of an ongoing dialectic. The two contexts therefore must be distinguished.

IV

The foregoing has a number of important implications. The first concerns the entire issue of the private versus the public. The need for a public sector has been discussed in the past on the basis of the social goal of self-reliance, for keeping metropolitan capital at bay, since the

scale and nature of investment required for this task can be undertaken in an underdeveloped economy only under the aegis of the State. The need for a public sector has been discussed in terms of the fact that social objectives cannot be met, in the sphere of banking for instance, by relying on a private sector propelled by the profit motive. The need for a public sector has been argued on the grounds of "responsible decision making", not motivated by speculative considerations, an argument that has been revived strongly of late in the wake of the global financial crisis. The preference for a public sector has also been articulated on the grounds that it is accountable to society at large, not just to its shareholders (which private units are supposed to be, though they rarely are even this). But in addition to all these arguments, there is another powerful one that emerges from the foregoing, namely *the public sector is an important means of maintaining the capacity to resist of the working class, and hence by implication of the people as a whole*. Since such capacity is the essence of democracy, the public sector is needed above all for the preservation of democracy. It is no accident that France has seen some of the most determined resistance in recent years against neo-liberal policies: this has been inspired largely by the strike struggles of workers in the public sector which, in France, continues to remain very important.

The second implication is equally far-reaching. The Left in India runs three state governments. The outlook of these governments cannot clearly be the same as that of the other state governments on the question of "the public versus the private". Since the objective of the Left is to improve the conditions of the people, not just in the sense of making them materially better off, but of enabling them to capture the "subject" role in history instead of remaining mere "objects", even these state governments, despite the limited powers they have, must strive towards

this end, for which the promotion of the public sector as a major engine of growth must be an important means. Private sector-led growth not only does not improve the material conditions of the people, accompanied as it is by a process of primitive accumulation of capital, but it actually saps the capacity of the people to resist this primitive accumulation. The public sector therefore must play a leading role in the Left-ruled states' strategy for growth and industrialization even within the present order.

But the very property of the public sector that we have listed as its virtue would be seen by many, including some on the Left, as its biggest vice. We have argued that public sector workers, precisely because they can combine economic struggle with putting political pressure upon the State, have a greater capacity to mount struggles than private sector workers. But this, it would be argued, constitutes precisely the weakness of the public sector, since in a competitive environment, public sector products will get out-competed by the private sector's, because the former is more prone to working class militancy and "arm-twisting".

This is certainly a valid point, but what it implies is the very opposite of what its proponents advocate. What it shows is that "success", under capitalist conditions and in terms of capitalist criteria, is incompatible with assertiveness on the part of the workers, and hence with authentic democracy. This is a perfectly valid proposition. *Capitalism is fundamentally anti-democratic*. If democracy is to be preserved and promoted, then not only should capitalism be restrained by having a weighty public sector, and for that purpose having an economic regime that is different from neo-liberalism, involving for instance control over cross-border capital flows, but the public sector itself must be run differently from the way the private sector is run. Instead of bowing to the logic of neo-liberal capitalism and making the public sector a clone of the private sector, and for that purpose snuffing out the possibilities of protest

and resistance that exist for workers in the public sector, it is necessary to alter the neo-liberal regime itself in order to preserve a public sector that is not a clone of the private sector. This is essential for democracy.

To be sure, the nurturing of the capacity for resistance by the people must be accompanied by the development of an alternative work culture and work ethic. The public sector if it is to serve the needs of democracy must be different from the private sector, *by being the location both of resistance and of an alternative work motivation.*

Under feudalism the motivation for work came from the *monseigneur's* use of force, or reliance on "tradition" which again was backed up by force. In capitalism such motivation comes from coercion in another form, namely the threat of the "sack" which is always dangled over the worker's head, and which entails his or her being thrown to the reserve army and hence destitution. Authentic democracy requires an overcoming of all such coercion; it requires an alternative motivation for work. This motivation can only be working for the common good. And this motivation must find expression even within bourgeois societies in the work culture and work ethic of the public sector workers. Political awareness, class consciousness, not only expresses itself through resistance; it also expresses itself through an alternative work motivation.

Hence, instead of acquiescing in their rights being truncated for the sake of "competition" within a capitalist universe, and hence in an abridgement of democracy, the workers in the public sector, and indeed the workers as a whole, have to struggle for a regime change, away from neo-liberalism, to preserve their own rights, their own capacity to resist, and hence that of the people as a whole. I do not believe that capitalism will tolerate this state of affairs where a public sector continues to exist and remain a beacon for resistance for society as a whole. But that is only

another way of saying that I do not believe authentic democracy to be compatible with capitalism.

But whether or not this is compatible with capitalism, the duty of the Left must be to prevent the subservience of the workers to the logic of capitalism. There is a tendency even within the Left to apotheosize the so-called "growth performance", in whose name the State becomes an unabashed servitor of the interests of the big bourgeoisie. Sections of the Left often do so, despite their diametrically opposite class orientation, because of a belief that "the development of the productive forces" is historically progressive and hence a task that necessarily has to be carried forward. And the growth rate is seen as an index of the pace of development of the productive forces.

This belief on the part of sections of the Left however is wrong. The development of the productive forces is not something that happens "out there", independent of what happens to workers' rights and capacity to resist. There are no "productive forces" independent of the strength, motivation and consciousness of the proletariat. As Karl Marx had put it in his *The Poverty of Philosophy*: "The highest level of development of productive forces in a bourgeois society is the formation of a revolutionary proletariat." Not only therefore did he dissociate the concept of development of productive forces from any narrow economic meaning and from any *simpliste* material criteria, but he also suggested that socialism takes over this particular productive force from capitalism and builds upon it, *that the basis of the development of the productive forces in a socialist society is a revolutionary proletariat*. The obvious sphere where the revolutionary nature of the proletariat will manifest itself in developing productive forces in a socialist economy is in work motivation. This alternative work motivation can be already incorporated into the functioning of the public sector in a bourgeois underdeveloped

economy, provided that this public sector is not tied down with the logic of capitalism. For the Left of course, it becomes a base for launching the struggle for socialism. But anyone who cherishes authentic democracy, even if he or she does not believe in socialism and has nothing to do with the Left, must see the value not only of the public sector but also of its not being reduced to the level of the private sector.