Managing the Corporate-Communal Alliance*

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The corporate-communal alliance that came to power after the 2014 elections needs careful management by its promoters, because within each of the partners of the alliance there are elements that are not altogether comfortable with the other.

Within the Hindutva fold there are some trade unions, and outfits like the Swadeshi Jagaran Manch which experience a degree of disquiet over the fact that their parivar is promoting a corporate agenda. Likewise within the corporate fold, there are some honchos who find communalism difficult to swallow. Even more importantly, there are several pro-corporate "intellectuals", whose job is to defend the neo-liberal trajectory in public discussions, and to serve on various "expert committees" to produce the "slot-machine" reports that the government needs from time to time for hastening this or that pro-corporate "reform", who find the communal shenanigans under the NDA a matter of some embarrassment. These recalcitrant elements on both sides have to be "managed" to keep the corporate-communal alliance going.

A set of methods however have been devised for this. To keep the critics of neo-liberalism within the Hindutva fold silent, an occasional high-profile official of neo-liberal persuasion is sacked. Since there is a plentiful supply of such officials from the stables of the IMF, the World Bank, and sundry international financial institutions, not to mention the Finance or Economics departments of prestigious American universities, sacking an occasional official and replacing him with another is not difficult at all. While it makes no difference to the pursuit of the neo-liberal trajectory, it keeps down all disquiet within the Hindutva fold, giving the dissenters a spurious sense of victory.

This is what has happened in the case of Raghuram Rajan who has been sacked (for all practical purposes) as the Governor of the Reserve Bank of India. Replacing him by any of the people, whose names are doing the rounds for the job, will make no difference either to RBI policy or to the pursuit of the neo-liberal trajectory; but there is quiet jubilation among the dissenters within the Hindutva fold that he has been sacked. And the louder the noise that Rajan's exit will put off "investors" and "financiers", the greater is this sense of jubilation among dissenters.

This is not the first time that such a thing has happened. During the Vajpayee government, when the corporate-communal alliance was being forged, Montek Singh Ahluwalia, another high-profile neo-liberal official, had been sacked at the behest of the RSS to keep its flock happy. That sacking too had given the dissenters within the parivar a spurious sense of victory; but it had made no difference to the neo-liberal trajectory, since his replacements were not difficult to come by.

On the other side, within the fold of pro-corporate neo-liberal "intellectuals", the trick is to draw a distinction between the Hindutva "riff-raff" and Narendra Modi the "development man". The communal agenda being pursued, so the narrative goes, is because of this "riff-raff"; Modi is above it all, committed to "development", and needs to be supported. The fact that Modi and Amit Shah are two sides of the same coin, the fact that Modi came to power on the basis of the Muzaffarnagar riots promoted by this very “riff-raff”, the fact that to this day Modi has not uttered a single word against those who are going around the country spreading communal poison, are all conveniently forgotten, and a guilty conscience is assuaged by the claim that “Modi-is-above-it-all”.

The latest such distinction is between Modi and the “gaurakshaks”, i.e. those who go around beating up dalits and killing Muslims with the avowed aim of protecting the cow! This “gaurakshaks-are-bad-but-Modi-is-good” charade has missed the basic point that Modi has not said a single word against the gaurakshaks. Indeed, his silence is a useful tactic: it plays a double role. On the one hand, it amounts to a quiet complicity with the gaurakshaks who effect a communal polarization that can deliver electoral dividends for the alliance; on the other hand it also allows pro-corporate “liberal” intellectuals the illusion that Modi is above it all, and can be supported with a “clear conscience”.

But such tactical manoeuvres, though necessary, are not enough. The corporate-communal alliance must “deliver” to the partners who constitute it. And here, while the Hindutva forces appear to have been more “successful” in their design of taking over outstanding cultural and academic institutions of the country and initiating a process of destruction of thought and creativity in such institutions, the corporate backers of Modi who had expected him to bring in big-ticket reforms, feel let down, which explains the urgency with which the NDA is pushing the Goods and Services Tax in the current session of parliament.

There are three immediate areas of “reforms” which the corporates want, apart from longer-term measures like withdrawing the government from foodgrain procurement (which was hinted at in Jaitley’s last budget speech). These are: the introduction of a uniform State GST and a uniform Central GST, in lieu, respectively, of existing State and Central commodity taxation; “labour market reforms” ensuring the complete freedom of employers to fire workers; and privatization of a substantial segment of the government-owned banking sector.

Each of these is an anti-people measure. But recent issues of newspapers, and popular journals and magazines are full of articles by neo-liberal economists and commentators, underscoring the necessity of these “reforms”. The anti-people nature of each of these reforms is worth recapitulating once more.

The GST takes away the most important revenue source from the state governments, while promising to compensate them for a period of three years. This raises two questions: one, what happens after three years? And, two, even if we assume, for argument’s sake, that states are fully compensated from now till eternity for any revenue losses they may incur compared to the present situation, by shifting from a sales tax regime to a GST regime, it still takes away their right to change tax rates which they enjoy under the Constitution, and therefore is an assault on our federal structure. It ties the hands of all future state governments, including of Left governments who would have an alternative development agenda, just for the sake of “unifying” the national market for the corporates (which even the largest capitalist country of the world, the United States of America, has not found necessary, as it has multiple tax rates across states).

As regards “labour market flexibility” the proportion of workers in the entire Indian work-force that enjoys some degree of protection from employers’ unrestrained right to fire them is a mere 4 percent! And even in the sectors where they work, employers have found it expedient to employ casual workers who enjoy no such rights. To imagine therefore that the country’s economic advance is being held up because of the rights enjoyed by these 4 percent of the work-force is utterly absurd.

There is not an iota of empirical evidence that supports the claim that the absence of unrestrained freedom on the part of the employers to hire and fire workers has held up economic growth. Indeed each and every publication purporting to show the contrary (and there is alas no dearth of economists attempting this) has been shown to be intellectually hollow. There is not even any sound theoretical argument why the absence of such freedom on the part of employers should at all hold up growth. And yet it is on the agenda.

The question naturally arises: if labour laws preventing free firing affect such a minuscule percentage of the work-force, and if employers can anyway get around such laws by employing casual workers, then why is there all this hullabaloo about doing away with labour laws? The simple answer is that such doing away would prevent the formation of trade unions. If anyone is seen organizing the workers into unions, then such a person will be sacked immediately.

“Labour market flexibility” in short is not necessary for growth; it is necessary only for strengthening the power of capital over labour by undoing the gains of a century and half of workers’ struggles which had earned them the right to form unions. It is a blatantly authoritarian act.

The third measure, privatization of the public sector banks, was originally advocated as being necessary to comply with the “Basel III norms”. It was argued that the capital-adequacy ratios that such “norms” prescribed required an expansion in the capital base of the public sector banks, and since the budget could not provide such additional capital it was necessary to approach the capital market by diluting the extent of public ownership. No government has had the courage as yet to advocate that public sector banks should be privatized; what they have suggested instead is that the government’s equity share should come down to 51 percent, claiming that such a dilution in government equity would not diminish the “public” character of these institutions. This however is a chimera; the private sector, if it owns 49 percent of the equity, cannot be expected to remain quiet when it comes to policy decisions. Such dilution in short would amount to creeping privatization.

More importantly, the argument about “Basel norms” is itself false. There is no reason why such “norms” should be followed at all; there is no reason why such “norms” should be followed for public sector banks which the government is committed to defending anyway; and there is no reason why, if such “norms” are to be followed, the additional resources for expanding the capital base of the public sector banks should come from the government’s budget. The government can always borrow from the Reserve Bank the amount needed for such capitalization, which would be deposited with the RBI anyway, causing only a book transaction with no possible adverse impact on the economy.

Interestingly, a new argument has started making the rounds these days. "Public sector reforms" are necessary because the "babus" employed in the public sector do not work. The public sector should be privatized to make the "babus" work; if they did not, when ownership was in private hands, then they would simply be sacked. (Ironically this argument is typically made by economics Professors who have "tenure" in American universities and therefore can themselves not be sacked).

It turns out that public sector banks, notwithstanding all their limitations, comply better with priority sector lending norms than the private sector banks. The definition of the "priority sector" no doubt has been getting diluted over time; but, even so, private banks still do not deign to lend to this sector.

The tendentiousness underlying all these arguments is quite staggering; the Left therefore has to combat these arguments relentlessly in the interests of the people.

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