THE CRISIS IN NEOLIBERALISM:
A CASE STUDY OF HINDU RIGHT-WING NATIONALISM IN INDIA

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THE CRISIS IN NEOLIBERALISM:
A CASE STUDY OF HINDU RIGHT-WING NATIONALISM IN INDIA

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Abstract

of

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This work is a critique of neoliberalism, and approaches the subject from the political economic crisis developing in late capitalism. I contend that the expansion of neoliberal policies during the 1980s and 1990s was a contributing factor to the rise of new forms of nationalist struggle that emerged in a variety of countries around the world. The deregulation of the national economy and the privatization of many state sponsored services have eroded the authority of the modernist nation-state, creating a space where the emergence of neonationalist discourse becomes a possibility.

The following work will develop a theoretically informed framework that contextualizes the conflict in neoliberalism within the broader crisis existing in capitalism. A discursive analysis of the Hindu Right-wing nationalist party, Bharatiya Janata Party (BJP), is provided as a case study to demonstrate how the crisis in neoliberalism has affected the political economic development in India. While the discourse of Hindu fundamentalism has always existed as a marginal discourse since the colonial period, it did not gain traction as a movement until the beginning of the 1980s, a period marking the start of large-scale political economic transformation in India.
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Chapter 1

INTRODUCTION

The imbrications of nationalism in capitalist developments meant that it was infected with the temporality of capitalism, with its fractured and undulating timespace, its cycles of bust and boom, and its rhythms of expansion and consolidation. [Gupta 2007:273]

This study is an examination of the unfolding crisis in late capitalism. The expansion of neoliberalism on a global scale throughout the 1980s and 1990s became observable from the high frequency of various political movements taking place in different parts of the world. Of these movements, three major forces have come to power: the Bolivarian Revolution in Venezuela, the Scottish National Party in Great Britain, and the Hindu Right-wing in India. By articulating a discourse of indigeneity and tradition, these movements are in stark contrast to the anti-colonial nationalist struggles that preceded them.¹ This new and very different strategy demands that several questions be asked and addressed. What is it about the political and economic environment that enables a space for such movements to emerge? What role does culture play in

¹Many postcolonial scholars have noted that the discourse of culture (tradition, indigeneity, ethnicity, etc.) played a highly significant role in early independence movements (see Chatterjee 1993, Chakrabarty 2008). While this may be so, I agree with Jonathan Friedman’s (2003) argument that the cultural aspects of nationalism played a secondary role to the project of creating a modernist nation-state. As Friedman argues, “The modernist state is one in which the ethnic content of the nation is usually secondary to its function as a citizenry-based development project, in which cultural assimilation is a necessary by-product of the homogenization of regional and ethnic differences that might weaken the unity of the national project” (2006:9). This argument allows us to delineate the above-mentioned movements from those that came before them.
motivating popular support for these movements? What kind of objectives do they hope to achieve?

In his essay, “Imagining Nations,” Akhil Gupta critiques contemporary scholars of the nation who argue that nationalism is a single “event” in history. He argues that imagining the nation is a hegemonic process that reflects the unstable conditions that make up the historical development of capitalism. Hegemony is never a complete process, and one way of imagining the nation can, after a while, contribute to competing forms of imagining the nation (Gramsci 1985). That is, the ensuing crisis in capitalism (characterized by “bust and boom”) creates conditions where hegemonic relationships will continuously be re-articulated. Using Tom Nairn’s (1977) theory of neo-nationalism allows us to recast the above movements as neo-national movements. He argues that neonationalist movements are capable of producing both progressive and regressive forms (Nairn 1977). Nairn states, “Both progress and regress are inscribed in its genetic code from the start. This is a structural fact about it” (1977: 347-348). The variety exhibited among different neo-national movements is the result of historically specific class struggles against dominant imperial forces.

This study is an attempt to address the above questions to understand how the crisis occurring in late capitalism materializes in historically specific societies. I contend that the rise of neonationalist forces in various societies around the world is a response to neoliberal policies implemented by respective governments. There is a direct correlation between these policies and the global crisis in the reproduction of capital, starting in the
late 1960s (Harvey 2007). The deregulation of national economies in the 1980s and 1990s, and the transfer of state sponsored public resources into private ownership, has resulted in a political crisis. While this transition has made many elites around the world very rich, it has led to disenfranchisement among a significant portion of the population. The overall lack of representation available to this group disaffected by neoliberalism has made neonationalism a political possibility.

Postcolonial India is used as an example in this study to examine the particular effects of this crisis on the political and economic development of India. The rise of the Hindu Right-wing nationalist party, Bharatiya Janata Party (BJP), is a significant moment in the modern history of India because of the short period of time in which the party came into power (1999-2004), and its current status as the leading opposition party. The popularity of the BJP has rested on the party’s ability to use the discourse of Hindu cultural superiority as a means of mobilizing mass support (Nussbaum 2007). In brief, the discourse of the Hindu Right-wing is a regressive form of neo-nationalism, which imagines the Indian subcontinent essentially belonging only to Hindus. This means that Hindus are the organic citizens of India, and all other religious and ethnic groups, for example, Muslims and Christians, come from the outside and are second-class citizens (Corbridge and Harriss 2000). While these beliefs have been around since colonialism, they were never able to get a foothold in popular culture, until recently (Patwardhan 1994).
The BJP’s victory in national elections in 1999 made them the first party to defeat the Congress Party, which had been in power since independence from Britain in 1947. The BJP, however, began in 1980 when the Party was formed out of various right-wing fringe groups. The party continued to gain popularity throughout the 1980s and 1990s (Nussbaum 2007). This period of time is of critical importance; because it is at this same time that India began to transform from a heavily state regulated national economy to an international economy (Corbridge and Harriss 2000). The opening up of India’s economy occurred through a series of neoliberal policies that had the aim of limiting the role of government in public life, while expanding it to protect the movement of private capital. Neoliberalism did not develop organically in India, and had to be imposed from the outside (Chandrasekhar and Ghosh 2004). For India, this meant neoliberalism had to make its case against an expansive public industry, strong trade unionization, and government imposed restrictions on the development of domestic and foreign capital.

The onset of high levels of inflation throughout the 1980s created class tensions, causing the state to intervene on behalf of India’s elites (Corbridge and Harriss 2000). The fiscal crisis of 1990-91 encouraged the government to take out loans from the International Monetary Fund (IMF) in exchange for Structural Adjustment Programs (SAPs) (Chandrasekhar and Ghosh 2004). In an attempt to absolve inflation, the SAPs cut state spending by privatizing many welfare programs while liberalizing the movement of foreign and domestic capital. The rapid success of the BJP during this period is evident in the increasing support provided by middle-class Hindus who had worked in the public
sector, and experienced widespread unemployment. In 1989, the BJP won 88 seats out of 552 in the parliamentary elections. By 1991, Martha Nussbaum notes, the BJP had become a “major oppositional party” in secular Indian politics (2007:342).

My research presented below is divided into three further chapters. In Chapter 2, I develop a theoretically informed framework to analyze the political economy of neoliberalism in historical perspective, and the class tensions it has produced. This historical background will be particularly useful, because it allows us to understand the trajectory of the crisis in neoliberalism, as it began among developed capitalist nations, and has been reproduced in a variety of societies around the world. Chapter 3, is an application of this framework, using the rise and decline of the BJP as a case study to understand the effects the global economic crisis on the historically specific society of India. The arguments in these chapters are summarized in Chapter 4, along with a call to develop much needed research concerning other forms of neonational movements.
Chapter 2

THEORIZING NEOLIBERALISM

But still there is a fourth mode of power, power that not only operates within settings or domains but that also organizes and orchestrates the settings themselves, and that specifies the distribution and direction of energy flows…I will refer to this kind of power as structural power. [Wolf 1990:586]

The purpose of this chapter is to critique the crisis in neoliberalism, historically and structurally. Eric Wolf’s concept of “structural power” allows us to evaluate the formation of new crises as they develop in capitalist society by paying particular attention to the various institutions and discourses that characterize each phase of capitalist development. To fully understand this crisis, I direct focus at the state as an active participant in both society and economy (Gramsci 1985). While neoliberalism has existed as an economic philosophy since 1947, it remained a marginal discourse for a little over three decades (Harvey 2007).² In brief, the economic crisis of the 1970s sent serious ripples around the world, making it difficult for many states to continue funding social programs and services. Looking for alternate forms of revenue, many governments

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² Neoliberalism has its origins in the ideas of economist Alfred Von Hayek, and the formation of the Mont Perlin Society in 1947. David Harvey (2007:20) notes that the group adopted the name “neo-liberalism” to “depict themselves as ‘liberals’ (in the traditional European sense)” and to show “their adherence to neoclassical economics.” The group defends laissez-faire capitalism, and argues that limiting government’s role in society and expanding consumer choice would greatly enhance individual freedom. Neoliberalism received its first trial run in Chile, after General Augusto Pinochet had disposed of the elected socialist president Salvador Allende in the 1973 coup d’état. It was here that fellow member of the Mont Perlin Society and founder of the Chicago School of Economics, Milton Friedman, trained a group of Chilean born economists (known as the Chicago Boys) to implement neoliberal reforms for the first time (Yergin and Stanislaw 2001; Harvey 2007).
adopted the neoliberal doctrine. Neoliberalism allowed the state to deviate from its social responsibility through the privatization of public services (Harvey 2007). The problem with this was that these services were critical to the creation of the nation-state, and the effect of creating a sense of national belonging (Clarke 2004). From this crisis, neonationalist movements emerge as a strategy to recapture the state (Friedman 20003; Appadurai 2006).

During the period following WWII, the state was a crucial factor leading to the internationalization of capitalism. The War had destroyed much of the capitalist infrastructure in Europe, and the decline of colonialism created barriers for the free flow of capital from the advanced capitalist nations of the world. The era gave rise to states that oversaw the development of an expansive public sector, national industry, and the expansion of wage labor. The alliance between labor and capital, made possible through the discourse of modernization, created stable social conditions necessary to resurrect capitalism after the crisis inflicted by colonialism and the destruction caused by WWII.

The fiscal crisis of the late 1960s originated as a crisis among developed capitalist nations to accumulate capital (Harvey 2007). Those relationships that had previously been responsible for stable growth in the post War years, had come to restrict economic growth. Capital had become capital’s own worst enemy. The situation necessitated the creation of new space for capital to expand and accumulate (Harvey 1990). Neoliberal policy created the structural framework for which governments could escape the immediate crisis through a dramatic deregulation of the national economy, reflected in
the flight of capital and the elimination of social programs. The global infusion of wealth aided by the proliferation of neoliberal policies, and the shift of economic control from public actors to networks of private entities has resulted in marginalization of a significant segment of the population worldwide (Harvey 2007).

In this chapter, I will use Wolf’s idea of structural power to develop a theory of neoliberalism. First, I will explore the ongoing “crisis in the accumulation of capital,” describing how the systemic crisis in capitalism leads to the creation of new space for capital to expand (Harvey 1990:103). Secondly, I will explore the way in which “the organization of capital responds” to accommodate corporate entities in new environments (Ferguson and Gupta 2002). Lastly, I will examine how the above-mentioned factors contribute to the “crisis of the nation-state” (Friedman 1998).

**Crisis in the Accumulation of Capital**

To understand fully the emergence of neoliberalism, we must recognize that it is a product of capitalism. Capitalism is an economic system where the organization of production is geared toward the accumulation of capital (Harvey 1990; Wood 2005). In economic terms, accumulation occurs whenever the process of production exceeds the average rate of returns (Fine and Leopold 1993). Since accumulation is taken from the production process itself, capitalism seeks to maximize profits by actively creating suitable conditions for sustained levels of growth and expansion (Harvey 1990). By this same virtue, due to the tendency for the rates of return to equalize, capitalism is prone to the periodic crisis in accumulation. This occurs when production becomes restricted and
is unable to offset a decline in the rate of profit (Harvey 1990; Roseberry 2002). Crisis pushes capitalism to seek new strategies of accumulation through undergoing dramatic changes in the structural organization of production, circulation, and consumption.

In, “Understanding Capitalism-Historically, Structurally, Spatially” (2002), William Roseberry provides a useful model for understanding the transformation of post war national economies-commonly theorized as ‘Fordism’-to more contemporary models of ‘flexible accumulation’ (Harvey 1990; Harvey 2007). Each development in a mode of capital production requires a particular arrangement of space and time, which is historically situated among the previous patterns of capital accumulation. The construction of time and space is significant because it shapes the scope of human experiences in relation to material processes (Harvey 1990; Roseberry 2002; Lefebvre 2003). Time forms the basis for how we structure our “daily routines,” and is important for the scale by which we measure our movements in the world, from a day’s work to the last vacation, from youth to old age, etc. (Harvey 1990:201). Space is a “malleable” concept and refers to the “complex mapping of local, regional, ethnic, national, and global spaces in relation to an equally complex mapping of cross-cutting spaces and flows” (Roseberry 2002:73). The survival of capital is reliant on a continual reorganization of time and space.

Russian economist, N.D. Kondratieff was perhaps the first one to focus on the broad trends within the economic life of capitalist society (Gordon 1980; Roseberry 2002). Now incorporated as critique and practical business application, Kondratieff’s
study, “The Long Waves in Economic Life,” focuses attention on the circular nature of expanse and decline during short waves (2-3 years) and long waves (40-60 years) of economic expansion. Doing a statistical analysis of the economies of Britain, France, and America, from the turn of the 18th century and concluding in 1927, he argued that two complete long waves occurred, from 1789-1849 and 1849-1896, with another cycle halfway in progress from 1896 to 1920 (Kondratieff 1935:106-107). Each long wave was divided into two phases. The first, ‘Phase A,’ is marked by an expansion of productive growth and markets. Peak growth reached its limits in the form of recession, beginning a downturn in growth-‘Phase B.’ At the end of this turbulent downturn (often characterized by conflict), a new structure of accumulation could be established that would mark the beginning of a new cycle. Key to Kondratieff’s argument was that the laws of the market would inherently lead to a crisis in the ability to accumulate capital, that would in turn, spark the beginning of a new cycle of accumulation.

Roseberry has argued, “The theory of long waves is at basis a theory of crisis,” and that, “the crises were linked to the formation and collapse of specific structures through which accumulation is organized and instituted” (2002:69-70). Each cycle could be determined not only by the technology that characterized it (textile industry in the first cycle, steel and trains in the second, etc.), but also the pattern of production. “Circulation” is relevant because it is the basis for which economic life structures itself during any extended period of capitalist development. The circulation of capital defines “the movement” that takes place between “the sphere of production” and “the sphere of
exchange.” (Fine 2005:81). This defines a structural relationship between producer and consumer where the value assigned to production, and the rate of consumption is subject to the value of exchange (Fine 2005). Sites of production and sites of consumption can expand large geographical spaces given the modes of transportation and can operate together in a localized space.

The national economy of the post-war era is a pattern of circulation that proposes that individual nations can in large part consume what they produce. ‘Fordism’ is the name given to this structure, and indicates a centralized form of intensified industrial production through the application of a set of managerial practices used to balance mass production and mass consumption (Gramsci 1985). Fordism could be imagined spatially within the terms of assembly line production that took place in specific cities within core industrial countries. In other words, industrial production occurred in specific geographic locations so the production of surplus could be consumed first and foremost by local, i.e. national markets, and then traded among non-industrial peripheral nations (Harvey 1990). This form of spatial organization was only possible through a class alliance between capitalist and laborer that came to fruition with the formation of the Keynesian state at the end of WWII. Both laborer and capitalist were forced to cede a certain amount of power to the state in return for state protections. The state directed capital toward public and private projects—those not deemed profitable for private capitalists—by guaranteeing a rate of return on capital investments. For labor, the state created and enforced a series of labor laws and welfare programs that increased state control over the
affairs of labor (Aronowitz 1973). The Keynesian state entered the role of capitalist, seeking to make investments in public industry that would create jobs, thus giving individuals “purchase power” to recycle money back into the economy.

The manifestation of Fordist-Keynesian relationships in underdeveloped nations followed a strong trajectory of state guided industrialization, many times in areas where none had previously existed. Development strategies were the result of various polices of import-substitution industrialization (ISI), beginning in the 1930s to curb the level of dependence on imported industrial goods and develop an industrial base at home (Haggard 1990). By gradually becoming economically self-reliant, it was theorized that a developing country could obtain sovereignty. Similar to developed nations, these national governments would be the primary arbiters in the flow of capital entering and leaving the country. “Development strategies,” Stephen Haggard argues, “are packages of policies aimed at steering economic activity into a particular mixture of ownership and sectors” (1990:23). A developing nation, for example, could choose to liberalize some sectors of their economy through the reduction of trade barriers or by devaluing the national currency to attract foreign industry. At the same time, that country may also choose to protect more established and traditional sectors of the economy through the use of protectionist policies in the form of tariffs and strong trade laws (Haggard 1990).

In retrospect, the development of the national economy was a stepping off point for market expansion. While the Keynesian state had been successful in stabilizing capitalism after WWII, serious conflicts began to emerge among developed capitalist
nations. U.S. hegemony over capitalist relations was largely the result of being the only power with an infrastructure left intact after the war. This was challenged in the late 1960s by the reemergence of Japan and Germany, who, thanks to Keynesian policies, had recuperated their industrial base and came back online as global competitors (Wood 2005). The competition among industrial nations drove down the values of commodities being produced, resulting in layoffs and inflation that ran rampant throughout the 1970s. The downward spiral that began in the 1970s was the result of the stagnation of American capital, a phase B decline spurred by the overaccumulation of capital. In order for capital to survive, it becomes necessary for capitalists to channel their energies towards increasing the turnover rate for capital investments (Harvey 1990:156). In other words, this requires a greater flexibility for the individual capitalist to move capital from one place to another for the purpose of increasing the rate at which profit can be obtained. In *The Condition of Postmodernity*, David Harvey has argued, that since the 1970s there has been a greater “flexibility with respect to labour processes, labour markets, products, and patterns of consumption” (1990:147). This meant that businesses could cut production costs by having a more flexible range of options concerning the production process itself.

Capitalist relations under the Fordist state had locked up capital in a certain configuration of time and space that blocked capital movement in some directions while promoting its movement in others. In America, for example, Japanese and German automakers searching out export markets were able to access the American South and take advantage of anti-union laws while increasing their accessibility to consumer
markets. U.S. industrial capital, on the other hand, was confined to Northern cities where labor was strongly organized. While GM and Ford have never been able to develop successful industry in the South, they were, however, able to flank Japanese and German capital in the 1990s by transplanting their manufacturing base to the Northern desert of Mexico.

Mutations in the circulation of capital were facilitated by the passage of neoliberal reforms that targeted inflation by overcoming state regulations and creating a more flexible terrain for capital to navigate. Neoliberalism could accelerate the internationalization of capital through policies that enabled a deployment of capital by increasing access to consumer and producer markets. ‘Post-Fordist,’ ‘Post-Industrial,’ or ‘Flexible Accumulation’ are terms often used to describe the flexibility and mobility in the rearrangement of capitalism since the 1970s (Harvey 1990; Comaroff and Comaroff 2001; Roseberry 2002; Rupert 2003; Appadurai 2006). The terms themselves indicate the ambiguity of meaning in describing this arrangement. Diametrically opposed to Fordist relationships, flexible accumulation has relied upon cutting back state regulations to increase capital competition within and across national boundaries. Capital in the global age has been given a new modality of organizational techniques that allows the movement of capital, across cities, regions, and nations (Roseberry 2002).

The side effects of these processes result in furthering the reach of capital, through what Harvey famously argued, was a “time and space compression,” in which “compression” signifies the “speed-up in the pace of life, while so overcoming spatial
barriers that the world sometimes seems to collapse inward upon us” (Harvey 1990:240).

Developments such as satellite T.V. and the internet, allow the transmission of a wide array of events--symbolic, cultural, and financial--that take place thousands of miles away. These events are launched into circulation across global spaces that now shape our understanding of the world in often complex ways—ways that are increasingly ill-defined. Globalization has placed into motion the flow of “ideas and ideologies, people and goods, images and messages, technologies and techniques” (Appadurai 2001:5).

While never a complete system, the spheres of production and consumption that characterize the national economy were disseminated across a fractured landscape of uneven development. Technological advances enhanced the speed in which goods and materials traversed vast distances of time and space to bring commodities from distant locales into our everyday experience.

The crisis in the 1970s began a chain reaction marked by the increasing effectiveness in the organization and power of capital, for example: the proliferation of multinational corporations (MNCs), the formation of transnational corporations (TNCs), and ultimately, the neoliberal state. That most of these transformations reached fruition in the 1990s is significant because of the historical landmarks that characterized that era. The fall of the Soviet Union in 1991, marked the end of any governmental voice for regulation in the U.N. that had serious political power to limit market expansion into Eastern Europe and much of the developing world (Wood 2005; Harvey 2007). The anticipated demise of the Soviets two years before had spurred the Washington
Consensus, a plan to restructure the developing world under a regime of neoliberal accumulation using structural adjustment packages (SAPs) to open up nationally protected economies to foreign markets. In the thick of neoliberal reform, ‘opening up’ the national economy included those services provided by the state, i.e. welfare, public utilities, etc. (Harvey 2007). In other words, neoliberalism focused much more on the dissemination of production but also targeted the state as a source of further capital accumulation.

By the mid 1990s, these ideas were enacted through a series of international agreements that forged a new terrain for capital by eliminating the trade barriers between nations and regions. In 1994, the Uruguay round of GATT (General Agreement on Trade and Tariffs), imposed a series of trade laws that greatly reduced the use of tariffs by individual countries to regulate trade. This agreement was fundamentally different from earlier GATT rounds (see below) and highlighted a new, more active role for international forms of government through the creation of the World Trade Organization (WTO) to monitor and control the internal development trajectories of individual nations (Klein 2000; Rupert 2003). When GATT was first created following WWII, it represented a multilateral agreement between nations, and it was well understood that national governments retained control over internal decisions of economic development. Joining the WTO, on the other hand, meant forfeiting governmental control over the movement of capital in and out of one’s own country. That control over the movement of capital is orchestrated by multi-national corporations (MNCs) emanating from those few
developed nations indicates a unilateralism in decision making that is extremely beneficial to the capital gains of individual corporations (Henwood 2001).

In, *Fat Cats and Running Dogs: The Enron Stage of Capitalism* (2003), social historian Vijay Prashad chronicles the history of the Enron Corporation from boom to bust, as a context for which to discuss accumulation under the regime of neoliberalism. I want to discuss Enron here (as opposed to other cases) because it provides a striking example of the fusion between corporate sensibility and political power, both characteristic of a model neoliberal corporation. What distinguishes “the Enron stage of capitalism” from previous times is the intense focus placed on converting public services into tradable commodities. Enron was largely a product of GATS (General Agreement in Trade in Services) which came out of the 1994 GATT conference. GATS proposed that services offered by the state, i.e. water, energy, education and healthcare, could be offered at a more affordable price to the consumer if they were traded as commodities. The opening of these markets worldwide created vast opportunities for corporate entities to accumulate wealth through trading public services once administered by the state.

Within this context, California is certainly not unique when one considers the legacy of Enron’s exploits around the globe. In Mozambique, for example, the government of Joaquim Chissano during the mid 1990s came under pressure of the U.S. National Security Advisor, Anthony Lake, to accept a bid from Enron to develop a natural gas field in the nation’s southern region of Pande (Prashad 2003:38). Logically, Mozambique should have accepted the more competitive bid that was being offered by
South Africa as an affordable alternative that could bolster cooperation in the region, but the threat of withholding $13.5 million in much needed U.S. foreign aid, pressured the government to choose Enron (Prashad 2003:38). In another example, following a series of structural adjustments in the early 1990s, the Indian state of Maharashtra entered into high stakes negotiations with Enron subsidiary, Dabhol Power Corporation (DPC) to begin work on the Dabhol energy project (Prashad 2003:100-113). The deal signed by the Maharashtra State Energy Board (MSEB) guaranteed Enron an annual fixed payment of 430 million U.S. dollars, paid over twenty years, regardless if the energy was delivered; the project was sold to the Indian tax payer on the grounds that it would produce up to 2400 MW of energy, when in reality, the first phase of production could only yield 695 MW (Prashad 2003:101). In other words, Indians were paying for energy they could not possibly receive. The social and economic consequences were immense as MSEB entered massive debt allocating funds to farmers so they could buy the inflated cost of energy being sold by DPC (Prashad 2003:107).

What was basically the result of a neo-imperial formula of using government power to open economies and claim resources, returned home to sack the developed and expansive energy market of California. In 1996, the Californian legislature removed the last of its regulation over the purchase and sale of electricity, allowing the popularly known, “Confederate Cartel” (Houston firms Enron, Dynegy, and Reliant Energy along with North Carolina’s Duke Energy), to enter California’s wholesale market and begin trading (Prashad 2003:52-53; see also Berman 2001). Enron’s story in California began
to gain attention during the energy scams that spurred over-inflated prices for consumers that culminated in the 2001 black outs across the state. The conflict began in 2000 when California’s legislature capped the sale price at $250 per megawatt-hour as a response to record high prices (Prashad 2003:53). Enron reported that the high prices were a result of the state government’s unwillingness to pay the inflated price of electricity. At the time, prominent politicians, like Texas Senator Philip Gramm, backed Enron and blamed the blackouts on “environmental extremism” on the part of Californians (Prashad 2003:55). The high price for energy contradicted the worldwide decline in the value of natural gas throughout the 1990s. As Prashad notes, this was “a sign Enron should have deflated” (2003:12). Rather, Enron sought to maintain its high rates of profit through controlling the price of distribution.

That the blackouts occurred months before Enron’s crash indicates the contradictions of the Enron Corporation as they tried to manage the declining rates of profit. The fall in the value of Enron’s stock shares was built on projections of a sustained rate of high accumulation against the declining value of natural gas in world markets. This spurred Enron to aggressively pursue accumulation in California, through what Prashad terms, “megawatt laundering” (2003:52). Enron did not own a single power plant in California, but had control for the most part over distribution. To overcome the price cap posed by California, Enron continued to raise the price in sales through buying energy produced in California, selling it to a subsidiary in another state, only to buy it back at a higher price. Enron embarked on this adventure precisely because they could.
Senator Gramm, for example, had helped to push forward a federal law in 2000 that “allowed Enron to trade electricity without any disclosure of its practices” (Prashad 2003:54). When the deluge broke, and Enron’s shares began to crash, corporate executives prepared their escape to the tune of $1 billion a share for their holdings while all lower level employees received pennies (Prashad 2003).

Enron’s political connections gave them the privilege of traversing space in the hot pursuit of new venues of capital accumulation, even when it was well beyond their capabilities. Herein lies the contradiction of accumulation under the regime of neoliberalism, and the source of political friction in the global age. Pushing people out of public space does not bode well, as the bulk of the population cannot shake residual sentiments that they are somehow entitled to the services that they themselves pay for. How these conflicts are resolved, however, sheds light on the variables produced in the decision making process. “What was criminal at Enron,” Prashad reminds us, “was that the safety net applied differently to different classes. As the share price started to drop, the management refused to allow the low-level employees to sell their shares, to walk away with anything before the Emperor stepped out for his parade in the clothes of the New Economy” (Prashad 2003:15).

In summary, there are a few additional observations to be made on the subject of space. It is worthwhile to approach those services that were provided by the state for the

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3 Dually noted Ken Lay had been appointed chief energy advisor to the White House by President George W. Bush (Prashad 2003). This demonstrated the increasingly powerful role business was playing at the Federal level of government.
common good of the people as representing various forms of “public or “social” space (Rose 2005). Public space is a product of the Keynesian state, and being such, developed quite outside the rational of the “free market.” In the era of neoliberalism, model TNCs developed ways to penetrate social space and reconfigure it within the dominant logic of the market. Because of the uneven nature of the market, neoliberalism has created havoc with former public spaces, marginalizing the masses and pushing them out of these new spaces. That is, relationships predicated on a market-based logic will only provide services based on the ability to turnover profit for the corporation at hand, rather than focus on the needs of the people.

**How the Organization of Capital Responds**

Changes in organization are due to the immediate crisis posed by the declining rate of profit experienced by capital, met with contradictions produced in different parts of the world. These changes are reflected in the various strategies deployed by corporate entities to become stakeholders in the operations of governments around the globe. On the one hand, this represents developments on a macro-scale, a type of global governmentality where the individual subject is targeted by the corporation as a transformative agent in a nexus of global market interactions (Ferguson and Gupta 2002; Ferguson 2006). On the other hand, this requires the corporation to overcome social and economic barriers that occur on a micro-scale with specific regard to region and place.

One may argue that the organization of capital is contingent upon the capitalist developing an extensive repertoire of information about the people and resources that it
sets out to “conquer.” Drawing from this knowledge, capital begins to engage with the local economy through a fundamental principle of organization that involves allocating rewards to some while punishing others (Wolf 1990). Organization is a key point of this section and allows us to examine the following questions. How do corporatist entities respond to the ongoing crisis in capital accumulation in various contexts around the world? Who in society do these shifts in the relations of production reward? And, more importantly, who do they proceed to harm?

Henry Ford was perhaps the first to toy with the idea of a planned economy as it applied to the specific conditions required for assembly line production. Long ago, Antonio Gramsci called attention to Ford’s ambitious plan to apply a set of scientific and managerial techniques aimed at rationalizing the worker in the new environment of mass production and mass consumption (Harvey 1990). “In America,” Gramsci argued, “rationalization has determined the need to elaborate a new type of man suited to the new type of work and productive process” (1985:286). Ford’s idea was to create an ideal society premised on the power of the corporation to regulate the economy through the allocation of high wages in exchange for a high rate of worker productivity. High wages were an essential aspect of Fordism and created the basis for which labor could be disciplined within the new restraints set by industrial life both on and off the assembly line. As Harvey notes, “The purpose of the five-dollar, eight-hour day was only in part to secure worker compliance with discipline required to work the highly productive assembly-line system. It was coincidentally meant to provide workers with sufficient
income and leisure time to consume the mass-produced products the corporations were about to turn out in ever vaster quantities” (1990:126).

Off the assembly line, industrialists, like Ford, took a serious interest in making sure their workers spent their wages in a manner appropriate “to maintain the continuity of the physical and muscular-nervous efficiency of the worker” (Gramsci 1985:303). Research collected by Ford on his employees signified he was fully conscious of the effects of industrial life, namely, the relation between alcoholism and the disorganization of family life (Gramsci 1985; Harvey 1990; Gledhill 1996). To cope with mind numbing work involved in assembly line production, a noticeable increase in the abuse of alcohol and prostitution were evident, contributing to the general side effects of spousal abuse and broken families. As a counter move, industrialists imposed “puritanical imperatives” to encourage proper family life, not because they cared about the “spirituality and humanity” of their workers, but because such an ideology, “prevents the physiological collapse of the worker, exhausted by the new method of production” (Gramsci 1985:303). The “puritanical struggles” undertaken by the industrialists to control how workers spent their wages reflected a desire to control the “moral crisis” among workers (Gramsci 1985:303). It could also become institutionalized at the state level as it did with the passing of prohibition (Gramsci 1985:303).

The idea that corporate power could regulate the economy through the use of high wages was built on a serious contradiction: while high wages serve as a “persuasive” measure to encourage a steady rate of growth for the American corporation, high wages
were relative when weighed against the need for corporate industries to compete with each other. High wages (and everything that implied) were a temporary condition that established hegemony premised solely on the economic success of a single corporation. As Gramsci notes, “Monopoly wages correspond to monopoly profits. But the monopoly will necessarily be first limited and then destroyed by the further diffusion of the new methods both within the United States and abroad (compare the Japanese phenomenon of low-priced goods), and high wages will disappear along with enormous profits” (1985:311). The use of high wages was never implemented as a measure to be fair to the worker, but rather to encourage worker participation and a high production rate. This is made evident through the divisive measures high wages produced among labor: “Also it is well known that high wages are of necessity connected with a labour aristocracy and are not granted to all American workers” (Gramsci 1985:311). This contributed to the idea among workers that they were more deserving of their wages over others, and vice versa.

In many ways, Gramsci’s critique of Fordism was a telling example of what was to come. As the period preceding the stock market crash of 1929 showed, if the implementation of the formula becomes the responsibility of individual corporations it does not bode well for the economy. In the pursuit of independent capitalists to accumulate wealth they would slash costs in production (i.e. wages) to maintain competitive advantages among each other (suggestive of Ford’s own historical antipathy towards labor) (Rupert 2003; Harvey 2007). In the 1930s, Fordism began to resonate at
the state level, under Franklin Roosevelt, who was elected to office in an environment of class warfare and a country edging towards revolution. The state inserted itself at a pivotal point, as the only vessel in which a Fordist pact between labor and capital could be effectively instituted.

Keynesian supply-side economic policy with its heavy focus on employment was an extension of Fordist relations, but this time, secured through the active role of the state rather than private corporations. The Keynesian interpretation of Fordist relationships is very important to note, because it indicates the ascendancy of Fordism from the factory into state ideology. Keynes believed that the key to economic stability was through first improving the overall conditions of labor. This implied the creation of high rates of employment by directing capital towards public projects. The Keynesian state entered the role of capitalist, seeking to make investments in public industry that would create jobs, thus giving individuals “purchasing power” to recycle money back into the economy. Where Keynes differed from Ford was in his recognition that since the economy was prone to instability, the state was the only viable source of security against market pitfalls. To correct these mistakes, state-planned economies built an expansive social industry to accommodate those needs otherwise ignored by Ford’s cost effective production model. The post WWII nation-state accomplished this task by creating a wide range of welfare programs that provided aid to the unemployed, accompanied by an expansive system of public education and socialized healthcare.
The Keynesian state brought the interests of labor in line with those of capital through a hegemonic framework based on what was best for the nation (Comaroff and Comaroff 2001). The concept of the modern nation was built on the idea of political citizenship, crafted through the relationship negotiated by the state for services that were paid for by taxes for the presumed benefit of the nation. This created the idea that people were working towards their own improvement based on an idea of certain equalities and rights that were endowed to them as citizens. Capital, embedded in these social networks, discovered an opportunity to reengage labor through appealing to national progress and development. In the context of the U.S., Mark Rupert (2003) notes that the political alliance forged between labor and capital under the supervision of the state established a potent regime of national accumulation.

By 1950, Walter Reuther, the president of one of the most militant and progressive industrial unions in America, and Ford Motor Company, formerly one of the most violently intransigent anti-labor firms in America, had constructed political common ground on the basis of an ideology of global anti-communism, individual freedom, and prosperity secured through a modified capitalism in which corporations and unions would cooperate to increase productivity and deliver rising real standards of living for American workers and other peoples who would follow the American model of Fordism. [Rupert 2003:26]

Stable wages and job growth secured the idea that ‘buying American’ was empowering labor through consuming the fruits of national labor (Comaroff and Comaroff 2001). From this perspective, the Keynesian state was an effective measure in fulfilling Gramsci’s observation that hegemony “born in the factory” would “succeed in making the whole life of the nation revolve around production” (1985:285).
Outside of the West and Japan, the Fordist/Keynesian state provided national movements, struggling for independence, with the definitive model for rebuilding their societies after colonization. It was during this era, that the ideology of “development” itself came to hold serious credence in the politics of the third world. Commonly referenced by Prashad in his writings (2000:175; 2003:75), the Bandung conference in 1955 hosted in Indonesia was a pivotal moment in the history of the newly independent nations of Asia and Africa because it laid out a plan for which developing nations could obtain sovereignty through the creation of national industry to guide the course of their own development (Armstrong and Prashad 2006). The conference drew from the theories of Import Substitute Industrialization (ISI) first theorized by Latin American structural economists in the 1930s, which suggested that the route to self-reliance for poorer countries rested on developing industries to curb dependence on industrial imports (Haggard 1990). During colonization, access to industrial modernization had always been held at arm’s length while the steady flow of food and raw materials continued to be appropriated by developed countries in exchange for goods assembled in European factories. Keynesian policies in the form of ISI sought to bridge the gap in inequality through state guided development projects that would close the gap existing between developed and underdeveloped nations (Haggard 1990).

Since all industrial capital was organized in the developed world, policies of ISI at some level or another required foreign investment either through Foreign Direct Investment (FDI) from developed nations or through international institutions, like the
IMF and World Bank. While metropolitan capital continued to play an active role in the developing world by directing itself towards receptive governments, the state remained the sole arbiter in decisions concerning the allocation of funds as it saw fit. At the specific level of states, ISI strategies were championed by the emerging domestic capitalist class. This relationship was economic as much as it was ideological. Development strategies among the national elites were modeled after a dominant perception that placed Western civilization at the forefront of what it meant to be “developed and modern” (Donham 1999:25). To achieve industrialized modernity required a degree of technological and scientific know-how that remained in the control of the West (Scott 1998). Industrial agriculture, for instance, required the use of tractors, which in turn necessitated the multitude of factories to produce parts for final assembly in a plant.

Critics of modernity have argued that projects to ‘develop’ the nation had the effect of greatly expanding the role of capital in the developing world. Whether socialist or capitalist, modernization projects in the Third World attempted to manifest a vision of “modern society” through engaging the nation in large-scale capital-intensive projects. Newly formed national governments, shared the obstacle of creating industrial production where there was none before. In most cases this required the forced breakup of local forms of production; for example, village and peasant economies that would otherwise undermine the state’s ability to “encompass” various municipalities into the project of a national economy (Ferguson and Gupta 2002:982). This was accomplished through the
use of the state to shape society within a dominant class view of what the nation should look like. James Scott has labeled this structure the “high-modern state,” a term that indicates the plans of bureaucratic elites to rationalize nature and society within a homogenous order of administrative effectiveness (1998). Centralized governments assigned a value to land (and the people on it) based on the efficient use of both to carry out large-scale projects that would envelop the whole of society into a system of regulated mass production and mass consumption.

Scott uses Tanzania as an example of the state’s role in targeting the country’s “scattered peasant population” as a site for the government’s modernist projects (1998:223). In 1974, the communist party under the leadership of Nyerere engaged the country in the “Ujamma Village Project” to relocate peasant populations onto collectivized farms where they lived in state constructed housing projects and engaged in industrial forms of agriculture. The project sought to discipline society within a “bureaucratic aesthetic vision” of society developed by the dominant class. This was imagined as a system of collectivized farms that would produce a surplus to be equally distributed by the central government. In part, collectivized farms were a social project rooted in a Leninist ideology, strongly adhered to by party members. Relocating peasantry into state built housing communities was engineered to allow the government the ability to administer a wide array of social programs. As Scott notes, “Only by radically simplifying the settlement pattern was it possible for the state to efficiently deliver such development services as schools, clinics and clean water” (1998:224).
More important, collectivization served the needs of capital-intensive agriculture, oddly enough, modeled on a U.S. design. There are many reasons for this, and many of them have to do with the state’s desire to grow mass quantities of food with the help of mechanized forms of agriculture. This required, on the one hand, a readily available work force to tend to the new forms of production, and on the other, people to consume the product. 4 Existing peasant economies in developing nations challenged this system because they were not reliant on the full extent of the market for obtaining all their day-to-day needs. To this extent the Leninist ideology shared by the government offered a helping hand in motivating the government to action. Lenin argued that in Russia, where there had been a substantial population of peasantry, the state was the best instrument in laying the foundation for a proletariat revolution. Similar to Lenin’s Russia, a real proletariat revolution in the developing world meant first and foremost the proletarianization of the masses. Collectivization provided the state a model to force the peasantry to be reliant on the market (though administered by the state) for all their basic needs. For the Tanzanian elite, to turn away from industrial agriculture, would be to give up on the “revolution”.

While the international system of nation-states did, for a while, stabilize capitalism worldwide following WWII, it became challenged by a crisis beginning with the inability of U.S. capital to accumulate. The hegemony awarded to U.S. capital

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4 This is reminiscent of Ford’s desire to control how his workers spent their wages (talked about above) where the transition to mass production required that somebody was on the other side to consume the products.
following the post-War years was due to the fact that it had emerged as the main exporter of industrial goods worldwide. Americans could continue to boast a higher standard of living and “the American dream” as long as the American corporation retained its monopoly on global exports. Similar to Gramsci’s critique of high wages (1985:311), U.S. monopoly over production was challenged by the reemergence of other capitalist countries, namely Japan and the countries of Western Europe that began to vie for control of markets. Harvey argues, that “the period from 1965 to 1973 was one in which the inability of Fordism and Keynesianism to contain the inherent contradictions of capitalism became more and more apparent” (1990:141-142). That is, the same regulatory system used to build and sustain post-War growth now restricted the ability for U.S. capital to accumulate.

To manage the contradiction posed by the Fordist/Keynesian model, a strong case had to be made by capital to free itself from the precedent set by “big government.” Sweeping neoliberal reforms have allowed capital to bypass the regulations imposed by states and to move freely among nations. This meant coming up against diverse forms of social and political organization. Reflected in transnational governmentality are the ways capital has targeted various regions in specific ways (Ferguson and Gupta 2002). The following examples will illustrate the ways in which corporate entities have become stakeholders in a variety of cultures around the world.

First, in Indonesia, the activities of tobacco conglomerate Philip Morris during the 1990s illustrate the ability of American MNCs to introduce a “cosmopolitan specificity”
that establishes a transnational connection with Indonesia’s aspiring middle class (Tsing 2005:122). In her book, *Friction*, Anna Tsing, argues that Philip Morris, realizing a drop in consumer demand in the U.S. during the 1980s, sought to break into Asian markets with the help of U.S. trade regulation that would punish nations that practice “discriminatory trade regulation” (2005:143). To undercut Indonesian loyalty to national brand cigarettes, Philip Morris followed a strategy of what Tsing calls “contingent lineage,” where knowledge of previous advertising campaigns could be borrowed to build customer loyalty (Tsing 2005:145). Prior to Philip Morris, advertising campaigns launched by national cigarette brands worked to encourage smoking as an emotional link to Indonesia’s new found love of eco-tourism. This campaign itself was built on a previous advertising campaign that associated smoking with nationalism and an appreciation for the homeland (Tsing 2005:145). “Philip Morris,” Tsing argues, “was able to draw from the success of each of these Indonesian campaigns in presenting their cigarette as an element of outdoor adventures. Meanwhile, each of the campaigns popularized Indonesian nature loving, and they created new opportunities for consumer-oriented identity formation for would-be cosmopolitan youth” (Tsing 2005:145-146).

American MNCs are not the only ones that have taken root in Southeast Asia. My second example concerns the emergence of China as an expanding capitalist power in the region. Whereas American MNCs relied on their position as a modern global power to develop an image of cosmopolitanism, the Chinese MNCs have used a strategy of Diaspora politics for the spread of Chinese capital (Ong 2002; 2006). In many Southeast
Asian countries, the discourse of national assimilation has dominated the political landscape since independence, at times violently suppressing other ethnic identities (Chua 2004). The rise of several highly successful business families throughout the region during the 1980s and 1990s, are explained in the stereotype of the “successful Chinese,” who masterfully applied the age-old wisdom of Confucius (Ong 2002:315). In her paper, “The Family Romance of Mandarin Capital” (2002), Aihwa Ong, explains that Chinese MNCs use a romanticized version of the Confucian ideal of family and brotherhood to establish social networks among Chinese Diaspora communities living across South East Asia, for example, in Thailand, Singapore and Malaysia. Media throughout East Asia helps to complicate the matter by reporting on the men of these powerful families, adding a gendered aspect of the Confucian business model. Ong argues, that the Confucian ideal provides a strategy of “fraternal flexibility that forms alliances across ideological, political, and ethnic borders” (2002: 316; See also Ong 2006).

Third, in South America, multinational oil corporations have sought to tap the region’s most guarded natural resources. In the case of Ecuador, oil magnate ARCO,

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5 During the 1970s there were many ethnic riots that took place in Thailand, Malaysia, The Philippines, and were directed against the Chinese communities living within those respective nations. Because of the economic downturn that occurred in the 1970s, many Chinese became a scapegoat for their reputation as working in private enterprises and having wealth. For more on this subject one should read World on Fire, by Amy Chua (2004).

6 These countries are listed here specifically because Aihwa Ong conducted ethnographic research in Malaysia and provides strong research for Chinese communities in Thailand and Singapore.
secured rights to drill in the Amazon after the country had adopted a series of neoliberal policies that opened up the country’s resources to foreign companies. This also meant, however, that they had to engage the people who live on that land. In, *Crude Chronicles*, Suzana Sawyer offers an ethnographic account of the divisive measures implemented by ARCO in their negotiations with indigenous groups in the Amazon of Ecuador (2005). In order to run an oil pipeline through Indian lands, ARCO had to destabilize the political cohesiveness of OPIP (Organization of Indigenous People of Pastaza), a confederation of Amazon tribes whose members were antagonistic towards the company’s history of unsafe and unfair practices. ARCO created the offshoot group, DICIP (*Directiva Intercomunitaria de las Comunidades Independientes de Pastaza*), consisting of six tribes and 100 members whose land the pipeline would touch. ARCO defended DICIP’s right to bargain separately with the company on the principle of “multiculturalism” and the “democratic ideal” (Sawyer 2005:135). Deceptive tactics, for example, the allocation of material resources like tin roofs and the construction of schools were promised by ARCO to convince DICIP that they was on their side, and not the 15,000 members of OPIP.

Finally, the development of neoliberalism in Africa has led to the formation of “secured enclaves,” across the continent (Ferguson 2006:34). Similar to the case of South America, much of Africa is rich in natural resources. This has encouraged many governments to establish guarded areas (“enclaves”) within the borders of their respective countries for the free movement of foreign capital. In his book, *Global Shadows*, James Ferguson (2006) argues, that such enclaves represent the way market forces have set
claims to territories in Africa and impose a rule of law based on how the global market values Africa. As Ferguson notes, “In the midst of very hard times on most of the continent, mining and oil extraction have boomed in several countries” (2006:35). Among countries where mining and oil extraction are lucrative, i.e. the oil fields on Angola’s coast and Zambia’s copper belt, “enclave production zones”⁷ are established by foreign companies that import their own employees to work, while money is never circulated back into the general population (Ferguson 2006:36).

The Africans left outside of these zones create new enclaves due to the economic and ecological conditions that have begun to emerge. An example is the case of Sudanese poachers in the River Basin of the Central Africa Republic. The NGO, African Rainforest and River Conservation (ARRC), founded by Bruce Hayse of Wyoming, had a vested interest in maintaining environmental protections in the area. He hired former Rhodesian mercenary Dave Bryant to ward off Sudanese poachers, most of whom are groups trying to live off the land they had just been evicted from. When the NGO began to lose funds due to a recent “budget crunch” it responded “by selling diamonds” (Ferguson 2006:45).

**Crisis in the Nation-State**

The reorganization of state and civil society in the 1980s to accommodate the emerging regime of capital accumulation has created a crisis in the state’s hegemony over

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⁷ Ferguson is drawing a comparison to the Export Production Zones (EPZ) that began in China and has sprung up elsewhere in Asia, the Caribbean, and Latin America (Klein 2000). EPZs are sovereign territories established within a country’s borders. Foreign corporations are allowed to establish factories in EPZ and impose their own laws, while having unlimited access to the nation’s labor pool (Klein 2000).
prevailing forms of collective identity (Friedman 2003). Many theorists on the subject have described this new social formation as a “fragmentation,” “detachment,” or “de-hyphenation” of the nation from the state (Comaroff and Comaroff 2001; Turner 2003; Friedman 2003; Appadurai 2006). Such interpretations serve as conceptual tools for locating the state’s declining role in society, and its replacement by more “cultural” and “ethnic” representations of belonging. The previous system of nation-states represented, in varying degrees, a sense of social stability characterized by a willingness on the part of the state to champion the lower strata of the population through the allocation of social programs. This served to increase loyalty, and in many cases, to cultivate democratic participation. Neoliberalism, on the other hand, places pressure on the state to dismantle its social programs and public resources leaving the majority of society exposed to market forces. This complicates the state’s ability to conform to the free market, while continuing to command loyalty from its subjects. In the space between a declining state and advancing market, alternate forms of discourse emerge as powerful forces that give meaning to new political struggles.

The state plays an integral role in these struggles, because it reflects the alignment of class relationships that secure and unify the interests of the ruling classes within and among particular state formations (Wood 1995; Wood 2005). Antonio Gramsci’s concept of the “relations of force,” is a useful tool in locating the transformations in the social and political internationalization of capital (1985:175). Gramsci sees the political sphere as a nexus of relationships that help or hinder capital’s drive to accumulate. He focuses on the
internal struggles that shape the life of a particular state formation, and demonstrates how international forces effect and transform the political terrain on which these struggles are waged.

For Gramsci, the political and economic organization of specific states develops through the internal struggles waged historically by dominant and subordinate groups. The alignment of these groups into a state formation is made possible by the elite’s ability to advance their own goals by construing them to be in the best interest of the nation. The dominant group struggles within certain limitations imposed by the “subordinate classes” who are struggling on their own behalf, and must be coerced by the dominant class (Gramsci 1985:181). These overlapping conflicts are played out historically in a push and pull dynamic, each time resulting in a continuation of power by dominant elites. “The life of the State is conceived of as a continuous process of formation and superseding of unstable equilibria (on the juridical political plane) in which the interests of the dominant group prevail, but only up to a certain point, i.e. stopping short of narrowly corporate economic interests” (Gramsci 1985:182).

The dominant group uses the state as a way to advance its own interests, but these interests cannot fall too far outside current political reality before they are challenged by other classes competing for power. Such a decline in hegemony allows for the emergence of competing forms of discourse. If one recalls Marx’s, *The Civil War in France*, the idea of defending the sovereignty of a secular French republic enabled the ruling elite to
engage in an imperialist war with Germany, while at the same time, the idea of national sovereignty motivated the Paris workers to revolt (1968).

The development of capital is not a smooth process and is complicated by the evolution of political alliances that often span various social and economic interests. This process is complicated by the interplay of international forces with the internal power struggles occurring within nations. As Gramsci notes:

> It is also necessary to take into account the fact that international relations intertwine with these internal relations of nation-states, creating new, unique and historically concrete combinations. A particular ideology, for instance born in a highly developed country, is disseminated in less developed countries, impinging on the local interplay of combinations. This relation between international forces and national forces is further complicated by the existence within every State of several structurally diverse territorial sectors, with diverse relations of force at all levels. [1985:182]

Take for example, the internal struggles waged by different dominant forces to gain economic and political leverage over each other. Certain groups will see a strong advantage in aligning themselves with international forces, if it provides an opportunity to advance their own cause. Together they displace previous state actors and allow for the emergence of new ones.

Contemporary applications of Gramsci are particularly useful in understanding the development of neoliberalism as a phenomenon that develops organically in advanced capitalist nations, like Great Britain and the U.S., and then implemented as a policy intervention for developing nation-states (Gledhill 1996; Gledhill 2000; Friedman 2003; Harvey 2007). In, “Globalization, Dis-integration, Re-organization,” Jonathan Friedman launches a particularly useful argument that identifies broad trends in the crisis afflicting
the cultural, political, and economic composition of nation-states under the regime of globalization (2003). Friedman identifies two “parameters” with which to assess structurally the fragmentation of older hegemonic orders and their re-organization into newer and often conflicting social groupings.

Friedman’s first parameter of globalization is the “horizontal fragmentation” of national and cultural identities (Friedman 2003:9). This fragmentation follows as a result of what he has argued in earlier works as a “decline in the hegemony of the world system,” spurred by the decline in power once occupied by industrial nation-states (Friedman 1998:234). From this perspective, it is possible to argue that the crisis of the nation-state developed from a crisis in the ability of advanced capitalist nations to accumulate capital during the 1970s. The trajectory of the crisis necessitated an expansion of capital that targeted the underdeveloped world as an outlet for further accumulation. To expand, however, meant that capital had to align itself with state actors to subvert entrenched labor movements in those places where labor had grown strong.

Starting in the mid 1970s, a neoliberal elite began to emerge from the ranks of the dominant classes (Harvey 2007). Their movement into power is marked by key events that signaled their triumphant revolution through the subversion of labor’s hold on the state. This period witnessed, for example, Augusto Pinochet’s violent coup against communist elected president Salvador Allende in Chile; Margaret Thatcher’s victory over the British coal miner’s union; Ronald Reagan’s crushing of the Professional Air Controller’s Organization; and the Congress party’s victory in the Bombay textile strike.
In other parts of the world, the financialization of markets during the 1980s among developing nations allowed for large, unchecked sums of capital to be borrowed by developing nations at a speculative rate disproportionate to GDP. This gave rise to the peculiar emergence of many populist regimes that led their countries into serious debt crisis. By the end of the decade, such restraints put pressure on governments to accept bailouts from the IMF in return for structural adjustment packages (SAPs). In each of the above scenarios, labor was portrayed as the culprit responsible for slowing down economic progress. Evidence for this is found in sweeping neoliberal reforms that took specific aim in downsizing state expenditures by cutting funds to social programs and deregulating the movement of capital across national borders.

The fragmentation that Friedman mentions occurs from the displacement of the state within society. That is, the state has not disappeared, as some have argued in the past, but rather, takes a role secondary to the global market. With the state no longer present, a path is cleared for a business friendly environment. The emancipation of the state from its social obligations works against its ability to command loyalty from its citizens. As Friedman notes,

> If the modernist nation-state is based on the identification of a subject population with a national project that defines its members, in principle, in terms of equality and political representativity, and which is future oriented and developmentalistic, when this project loses its power of attraction, its subjects must look elsewhere. [2003:7]

Friedman notes a shift from a “national state,” characterized as a top down project where states move to assimilate diverse regions, people, and cultures into a homogenous
understanding of the nation, to a state that is increasingly transnational in character. That is, the state recedes from its interactive role in society, while transnational agencies—corporate and governmental—fill the vacuum.

The horizontal movement of transnational capital that now flows across the porous borders of nations creates “blockages” that cripple the state’s ability to manage groups that threaten its legitimacy. In Mexico, for example, the Zapatistas declared independence from Mexico in January of 1994 as a response to the signing of NAFTA. In preparation for NAFTA, the government had reduced its restrictions on the movement of NGOs into the country. Ironically, it was these same groups advocating indigenous and human rights that blocked the response from the Mexican government (Gledhill 1996:10). “Horizontal fragmentation” creates a push and pull dynamic between groups who either cling to what is left of the state, or connect themselves to global communities with similar agendas. This is captured in Friedman’s critical observation that, “National identity has become increasingly ethnified in this period as well, in parallel with the ethnification of immigrants” (Friedman 2003:8). In other words, the decline of the state’s role pulls those in society toward ethnic nationalism in order to reassert their identity with the state, while pushing outsiders to connect with communities abroad.

The second parameter of globalization mentioned by Friedman is the “vertical polarization” of class relationships (2003:10). Neoliberalism’s assault on the state has been characterized by a “downward mobility” that takes specific aim at the laboring class through the reduction of state welfare programs (Friedman 2003:11). In the U.S., for
example, the Aid to Families with Dependent Children (AFDC) program was replaced by Temporary Aid to Needy Families (TANF), a program designed to wean people from their dependency on the system by encouraging them to seek employment (Mink 1998; Clarke 2004). It assumed certain economic realities that didn’t exist, and it had the effect of widening the disparities between rich and poor (Mink 1998; Clarke 2004: 22).

Whereas AFDC was designed to offer a level of protection to working class parents against market fluctuations (i.e. job cuts, job relocations, etc.), TANF shifted responsibility onto the individual to become competitive and get a job (Clarke 2004:22).

Neoliberalism is also responsible for the mass transfer of wealth into the hands of dominant elite. As Friedman notes, “Downward mobility and deindustrialization have been accompanied by an upward mobility in the upper echelons of society. It is reflected in reports of enormous incomes among the capitalist elite as well as increasing incomes among political and cultural elite” (2003:12). This resultant change in income distribution has “liberated” elites from responsibility from the larger society (Friedman 2003:14). This liberation creates a friction among those members of society who are now thrown into a competition for resources. This creates class alliances that often manifest themselves in the form of neo-nationalist movements. An understanding of these class relationships is important because it gives depth and meaning to the processes that form what Arjun Appadurai has identified as vertebrate and cellular structures (2006:21).

In, *Fear of Small Numbers*, Appadurai argues that vertebrate structures are those members of the state who belong to a national “ethnos,” i.e. an identity that describes,
and in most cases essentializes, the majority of the population tied to the territorial boundaries of the state (2006:8). Cellular structures, on the other hand, are those minorities that are an equally recognizable component of any nation-state; however they are distinguishable because they are linked to a community outside of the boundaries of the nation. The bulk of Appadurai’s argument is an attempt to understand how the images of the majority and minority are being reconfigured in the age of globalization. The growing tension between vertebrate and cellular structures is most recognizable in the extremely violent events of the last two decades; for example, the Bosnian and Rwandan genocides, and pogroms such as those instituted by the Hindu right in India, wherein a majority identifies its “rightful” claim to the state while attempting to completely eliminate the minority(Appadurai 2006). These roles also work in reverse through the creation of global terrorist networks that challenge the security of vertebrates, as they did in New York on 9/11 (Appadurai 2006).

The competing nature of these “two dominant forms of social organization” has much to do with the possibilities that have been freed up in the movement of “images, ideologies, goods, people that now circulate across national borders” (Appadurai 2006: 29). Each of these flows represents what in earlier work, Appadurai has labeled “disjunctures:” items of circulation that flow within separate “escapes” of time and space (2001:5; 2002:50; 2006:29). That these disjunctures seldom line up in a coherent pattern are the result of a “crisis in circulation” (Appadurai 2006:30). New technologies, like
satellite T.V. and the internet, allow minorities to become absorbed into global circuits of communication, while dislodging suppressed anxieties among majority groups.

There has been a concentrated shift in production that has led to de-industrialization and service sector employment in the developed world, while creating new sites of intensified production in developing countries. There is nothing inherently stable about these forms of production, and the free range of capital to move between regions and countries creates tensions among the lower strata to compete for access to land, resources, and public services. These schisms in society are felt more acutely in the developing world where there has been an explosion of industry that has necessitated the mass movement of people within and between countries to work these new jobs, while being placed in environments where basic social services, i.e. education and healthcare, are simply not met (Joseph et. al 2003). The state’s inability to provide basic services while being a player in the free market erodes its ability to command loyalty from its subjects. As the state recedes and the market advances, this creates political cleavages where other forms of discourse become possible.

In the case of India, state authority has been eroded in the sense that the state is no longer the primary overseer in the administration and provision of many social services to the Indian people. Health services, especially those offered to meet the needs of women and children, are now administered by NGOs that are headquartered outside of local settings in India, including in entirely different countries (Ferguson and Gupta 2002; Joseph et. al 2003). This makes it unlikely that they will be able to accommodate the
specific health needs of a given community. Similarly, education has been refitted to meet the demands of the global economy. While the state continues to finance public education, the role of education now operates to train middle class Indians for new jobs in information technology and call center support (Aneesh 2006). This is a real contrast from previous decades when the educated middle class went to work in public-sector employment (Fernandes 2006). These developments have led to growing insecurities among many Indians who feel that the state is no longer capable of meeting their basic needs (Appadurai 2006). The subservient role of the Indian state to transnational capital has weakened the position of the Congress Party, creating a space for Hindu neo-nationalism to emerge and recapture the state. These notes on India will be expanded in greater detail in the following chapter.
Chapter 3

NOTES ON INDIA

_Garv se kaho hum Hindu hain!_ (Say you are a Hindu, and say it with pride.)
[Guha 2007:584]

In Chapter 2, I argued that neoliberalism emerged in the 1970s as a solution to a crisis among developed capitalist nations to accumulate capital. The expansion of these policies on a global scale since the 1990s has eroded state sponsored public services, expanding the space within which capital is able to reproduce itself. In this chapter, I will use India as an example to explore how the ferment existing within the crisis in the accumulation of capital has influenced the political economic development in India. The adoption of neoliberal policies to deregulate India’s heavily guarded economy has posed challenges to the existing social order established since independence. As a response to these changes, neonationalism in the form of the Bharatiya Janata Party (BJP) emerged out of the desire to reconfigure the nation-state to benefit a Hindu majority. The above quote, shouted at many Hindu right-wing rallies since the 1980s, illustrates this desire. Hindu fundamentalism has always existed as a marginal discourse since the colonial period. It did not, however, gain traction as a political possibility until the beginning of the 1980s (Corbridge and Harriss 2000; Rajagopal 2001), a period marking the start of large-scale political economic transformation.

In what follows, I will first discuss the “crisis in the accumulation of capital” describing three of the major developments in the economic history of postcolonial India: the period of Nehruvian Socialism and state planned economic growth (1947-1970s), the
struggle by capital to liberate itself from the restrictions imposed by state regulations (1981-1991), and the validation of capital through neoliberal reforms of the Indian state (1991-present). Following this, I will describe how the transition from a national economy to an international economy has destabilized modernist forms of representation in India, creating a “crisis in the nation-state.” This is most apparent in the cultural turn in Indian politics, and the xenophobic attitudes expressed by the Hindu right-wing against India’s Muslim minority. The subject of gender will also be discussed in this section, because of the critical role it plays in Indian national discourse (See Patwardhan 1994, Hansen 1996, Chowdhry 2000, Rajan 2003).

Following independence from Britain in 1947, the Indian government began an aggressive campaign of planned development that had the specific aim of protecting the growth of Indian capital (Corbridge and Harriss 2000). As a reaction to centuries of colonial domination, the state imposed barriers to the free flow of capital coming from advanced capitalist nations. During this period the state oversaw the rapid development of an expansive public sector, the creation of national industries, and the expansion of wage labor (Chandrasekhar and Ghosh 2004). The alliance between labor and capital, made possible through the discourse of development, created the stable social conditions necessary for the continued expansion of capitalism in the postcolonial period.

By the 1970s, the Indian state experienced a decline in the rate of returns on public investments alongside increasing pressure to pay off loans accrued from the IMF (Corbridge and Harriss 2000). The capitalist class, who was now feeling significant
economic pressure, saw the crisis as an opportunity to assert its position over labor. By January of 1982, these tensions erupted into the Great Bombay Textile Strike, where Union leader Datta Samant led 200,000 of Bombay’s textile workers on strike to obtain bonuses and higher wages (Guha 2007:551). Government’s complete support for the capitalist class was represented in the rigid stance taken by Prime Minister Indira Gandhi to stand down labor. After a year long struggle, labor was dealt a severe blow ending in the loss of 150,000 jobs and the relocation of many factories to areas outside the city (Guha 2007:551). The results of the strike modeled a monumental shift in the relations of production that were occurring elsewhere in the world during the same era, for example, Margret Thatcher’s victory over the British Coal Miners, and Ronald Reagan’s triumph over the Air Traffic Controllers.

The defeat of labor in Bombay meant an erosion of the dominant form of political representation for many Indians living in urban settings. For almost three decades, Congress’s dedication to the development of modernist institutions, in the form of democratic socialism, had allowed the party to consolidate support among India’s marginalized classes (Guha 2007). In the process, the growth of trade unions were allowed to flourish, giving way to a class based politics. The 1980s, however, were characterized by a growing lack of representation for the laboring class, and disillusionment with the Congress party. Policies of import substitution allowed foreign capital to have a greater presence in the country, as evidenced by the increase in foreign
goods entering the country. The disorder created a space to be temporarily occupied by the discourse of Hindu fundamentalism.8

The demolition of Babri Masjid, a 16th century mosque in northern India, is often cited as a pivotal moment of decline in the power of the Indian National Congress Party and the triumphant entry of the Hindu right into Indian secular politics (Corbridge and Harriss 2000; Hansen 2001; Rajagopal 2001; Guha 2007; Nussbaum 2007). The conflict began officially in 1986, when the newly formed government of Rajiv Gandhi sought to widen its base of support by unlocking the doors to a Hindu shrine to the deity Lord Ram, located within the mosque (Rajagopal 2001; Guha 2007). To further aggravate the situation, the Hindu right began to acquire national support by contesting the site of the Babri Masjid as the location of the former temple and birthplace of Ram.

What made this conflict different from earlier ethnic and religious conflicts was that it gave rise to a centralized interpretation of Hinduism embodied in the image of Ram. Historian and journalist, Ramachandra Guha notes that Hinduism “is a religion that was decentralized like no other. Each district has its own holy shrines, each run by its own, locally revered priest” (2007:584). While this had always been the case, the Vishva Hindu Parishad (Hindu World Council) and the Rashtriya Swayamsevak Sangh (National Corps of Volunteers) helped to summon volunteers from across the country for the purpose of resurrecting a temple to Ram at the Mosque’s location in Ayodhya, Uttar

8 Jean and John Comaroff have argued, “the labile relations of labor to capital may have intensified existing structures of inequality, but it is also eroding the conditions that give rise to class opposition as an idiom of identity and/or interest” (2001:11).
Pradesh (Guha 2007). As Guha argues, “it was the Ayodhya controversy that opened up the possibilities of bringing these far-flung traditions together into a unified movement” (2007:584).

Popular support for the Ayodhya project had attracted such a mob, that by December 1992, temple volunteers stormed the mosque and destroyed it (Oza 2007; Guha 2007). The incident is significant in that it reflects a crisis in the hegemony of Congress leadership over the production of political and public life in India. The Congress party platform had always been to modernize India through various development projects designed to champion the cause of the minority, as a rudimentary aspect in advancing the cause of secular liberal democracy (Bose and Jalal 2004). Religious disputes, that had plagued the nation since independence, were settled by the state’s ability to suppress them in favor of pursuing a strategy of democratization, characterized by a rhetoric of providing equal rights to all citizens (Nussbaum 2007). This, however, had the effect of establishing special laws to protect minority communities from persecution, while assuming governmental representation for a majority, whose ethnic identity was subsumed under a nationally constituted self. This resulted in a contradiction that the Hindu right came to exploit in the 1980s. By portraying Congress leadership as pandering to minority groups, the Hindu right was able to consolidate support among middle and working class Hindus. Ayodhya was perceived as a reinstatement of the nation’s essential “Hindutva” (Hinduness) that was in danger of being eroded by Congress’ support for Muslims (Guha 2007:584).
Crisis in the Accumulation of Capital

The gradual development of neoliberalism in India is highly significant in its restructuring of the Indian welfare state. Following developments elsewhere, the state played a key role in directing resources toward projects that were tied to social and economic development and progress. Democratic socialism was a key factor in shaping many of the policies of the ruling Congress Party that had governed India for most of the period after independence (Guha 2002). India’s first president, Jawaharlal Nehru, spearheaded the nation’s first modernist development programs. These consisted of state planned projects to alleviate poverty and hunger that had plagued India since the colonial era (Bose and Jalal 2004). These included the beginning of a series of “five year plans,” first implemented by Nehru, aimed at creating a robust agricultural sector through developing irrigation and power, heavy industry, and a scientific database of knowledge (Gupta 1998:48). In complete disagreement with Gandhi, who argued for “simple home production of basic goods, self sufficiency, and a spinning wheel in every hut,” Nehru argued for “heavy engineering and machine-making industry, scientific research institutes, and electric power” (Yergin and Stanislaw 2002:53). After Gandhi’s assassination by Hindu fundamentalists, the Congress party under Nehru engaged heavily in social reforms and industrialization to improve the conditions of India.

The success of the Congress before and after independence was in creating an elaborate democratic system that attempted to provide equal rights for India’s marginalized classes. Social programs provided by the state and guaranteed by the
constitution, supported the inclusion of all Indian citizens into the democratic process. The state provided government aid to help bring the marginalized classes into Indian society. For example, the state implemented affirmative action programs to establish “reservations” (quotas) for “public employment, in higher education, and in the legislature” (Nussbaum 2007: 137). Welfare provisions afforded to women were greatly expanded during this era through the implementation of new laws; for example, Code 125 allocated financial support for “wives, children, and parents who are destitute and unable to sustain themselves” (Chowdhry 2000:110). The support for these projects by the bulk of the Indian community endowed Congress with a surplus of social capital, largely contributing to their hegemony over other parties.

During the 1970s, many of these social programs were threatened by the onset of the crisis in global capitalism. This resulted in systemic inflation throughout the period. The 1980s saw a process in which the Indian state began to borrow from the IMF to keep afloat the social capital it had accrued since Independence (Panagariya 2004). The state found itself in the role of trying to balance between sustained rates of profit for the capitalist class while actively maintaining the social programs that had been a hallmark of its platform. Rather than take on low interest loans and slow down growth, the Indian state continued to borrow extensively from the IMF and foreign lenders (Corbridge and Harriss 2000; Chandrasekhar and Ghosh 2004). During this time the GDP rose significantly and the period saw an increase in government spending as well as an increase in imported commodities. The problem rested in the fact that India’s GDP had
been expanded based on an imbalance of debt accrued through the IMF. Public debt increased during the 1980s with no concentrated effort to pay it off (see Appendix). Rather than restructuring the economy to meet the demands of export markets, loans were used to increase the profits of India’s elites (Corbridge and Harriss 2000).

The inability of Congress to balance these roles was obvious, and by the crisis of 1990-1991 India descended into fiscal disaster. Aid came in the form of SAPs offered by the IMF. Neoliberalism offered the tools to solve public debt by way of directing attention away from public spending. Economists Chandrasekhar and Ghosh have argued, “It is important to bear in mind that these were not inevitable strategies rather, they were options that were chosen because of essentially political choices about which groups in society would have to bear the burden of adjustment” (2004:21). Solving the fiscal deficit required a slowdown in the accumulation of wealth by India’s industrial capitalists in the urban centers and the entrenched rural elites in control of industrial agriculture. The middle class was most affected by this slowdown in the accumulation of wealth. It meant a reduction in a lifestyle that the middle class had become accustomed to since the 1980s, increasingly characterized by better job possibilities, and access to foreign goods, such as, the many new electric appliances that found their way into global circulation during this era (Chandrasekhar and Ghosh 2004). Embodied in neoliberal policy, was the idea that the unrealistic demands of the middle class and the welfare demands of the marginalized could be compromised by advocating a market-based model.
Structural changes in India’s mixed economy to meet the needs of global capital have been anything but a pleasant chapter in Indian history. Trade liberalization since the 1980s has allowed key resources, like water, to be privatized, allowing bottled water companies to gain a lucrative foothold in the countryside (Aiyer 2007). This has resulted in an “agrarian crisis,” in the countryside, as India’s traditionally large agricultural sector has been eroded to create a more favorable environment for transnational corporations (Patnaik 2004:10). Ananthakrishnan Aiyer, has explained, “Agriculture, once the backbone of the economy and the key source of capital accumulation, now only contributes to 25 percent to the national GDP even as 75 percent of the population is dependent on it. Seventy percent of this rural population faces daily hunger in terms of caloric intake” (2007:650). Conducting ethnographic research in the state of Kerala, Aiyer, argues that TNCs, like Coca Cola and Pepsi, have found an accommodating environment to conduct business (2007). Banned from Indian markets until the 1980s, American corporate giant, Coca Cola Company, was granted access to buy up land rights in India’s rural countryside for the purpose of establishing bottling plants. Water was extracted from the land for next to nothing, to manufacture bottled water and soda for India’s burgeoning middle class living in the cities (Aiyer 2007). In a twist of irony, however, these issues have recently begun to weigh in with the Indian middle class, who has come to realize that toxic chemicals have been recycled back into their own drinks (Aiyer 2007:644).
At the local level, these transformations have had an impact on cities, for example, Bombay and Calcutta, \(^9\) where former centers of industrial production have shifted their economic base to accommodate foreign capital investment. These new centers of global finance are characterized by a landscape of upward mobility among the small percentile of India’s elites given access to record levels of growth, while lending itself to a downward mobility resulting in an expanding lumpenproletariat. The ripples have been felt in cities like Bombay, where as Thomas Hansen has noted: the economy of the city has moved from its traditional economy in textile manufacturing to “become dominated by financial transactions, construction, real estate speculation and organized crime and smuggling” (1996:56). In various urban centers, the educated middle class is encouraged to join the ranks of “a reserve army of programming labor,” for such companies as Microsoft and Naascom, while those who have occupied careers in India’s public sector are recently threatened by job losses (Hansen 2001). Workers, once protected by the city’s entrenched labor unions, find themselves competing for scraps in a piecemeal economy. The movement of migrants from the countryside into the city, along

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\(^9\) In the 1990s, these cities underwent a name change to Mumbai and Kolkata after surmounting pressure was launched by the cities’ middle class to rename them using their pre-colonial names. The decision remains a contested issue in India, because it is argued that the renaming of the cities is an expression of the xenophobic and ethnic pride among the right wing (Hansen 2001). In Bombay, Hansen (2001) has argued that the name change was a result of the social and economic transformation of the city. After the stunning defeat of the Bombay Textile Strike, the politics of the city shifted in support of the rightwing party, Shiv Sena. Known for their xenophobic attitudes and Marathi ethnic pride, Shiv Sena pushed to change the name of Bombay to Mumbai to accent the city’s Marathi heritage. Showing sensitivity to these issues, I have chosen to refer to the cities by their original names.
with the feminization of labor\textsuperscript{10} further exacerbates the problem by intensifying competition among the working class (Hansen 2001). These sites have provided a focal point for the “grassroots” movement of the Hindu right.

\textbf{Crisis in the Nation-State}

In many ways the Bharatiya Janata Party (BJP), guided by the Rashtriya Swayamsevak Sangh (RSS), and Vishva Hindu Parishad (VHP), has turned localized conflicts into national issues. The Shiv Sena (“Shivaji’s Army”), for example, operates predominantly in Bombay, and was more regional and ethnic in their outlook. Although the group’s political campaign is focused on the superiority of Marathi people, they now share with the BJP outspoken attitudes toward the threat of a homogenous Muslim community that is believed to be robbing Hindus of their jobs and contributing to overall crime and poverty (Hansen 1996; Hansen 2001). Right-wing Hindu organizations have emerged in other locations, for example, the nearby state of Gujarat where they have successfully mobilized young Hindu males toward acts of communal violence (Oza 2007). These cases share in common the perception that Muslims in India pose a serious

\textsuperscript{10} This was a popular term used in the 1990s to signify the increase of women in export-oriented manufacturing jobs in East Asia, and especially in India. Though there were positive effects that came out of increased female employment, the reasoning was inherently exploitative. As Chandrasekhar and Ghosh have noted, “This preference for women was typically a reflection of their inferior status, because of lower reservation wages, acceptance of worse working conditions and willingness to work under much more fragile casual contracts whereby they could be hired and fired at will” (2004:146). This did, however, generate a greater sense of economic empowerment among women. While the feminization of labor was a greater deal in the 1990s, by the end of the decade, demands by workers for fair wages and safe working conditions made the employment of women “less attractive” for businesses (Chandrasekhar and Ghosh 2004:146).
threat to the nation’s essential Hindutva. The Hindu right in India has transformed this issue into a subject of national concern as evidenced in the events following the Babri Masjid incident; for example, the 1993 bomb blast in Bombay by a radical Muslim group, that was quickly followed by ethnic riots that destroyed whole neighborhoods and displaced thousands. There was also the Gujarat massacre in 2002, in which 2000 individuals, mostly Muslim citizens, lost their lives (Nussbaum 2001; Oza 2007).

The BJP emerged with a successful political platform during the 1990s, despite their role in committing violence, because of their ability to bridge the gap between the interests of the Hindu middle class, and the insecurities of the destitute Hindu working class. Despite the party’s emphasis on *swadeshi* (self-rule) the BJP has adopted free market reforms as a fundamental aspect of its political platform (Mazzarella 2003). Yergin and Stanislaw have noted that “part of the electoral support has come from the merchant classes inhabiting the densely populated northern Indian cities-- India’s so called Hindi Belt. These voters, hostile to bureaucracy and to bureaucratic prerogatives, brought visceral support to the economic rationale for greater liberalization and less government intrusiveness” (2002: 223). Hindu elites, however, had to overcome the demands of the working class, who were antagonistic toward the prevailing business climate and the decline of the state. The discourse of Hindutva enabled Hindu elites to divide the working class, by scapegoating the portion of Indian workers who were Muslim as the cause of stagnant economic growth and job loss experienced throughout the 1990s (Hansen 2001). By thinking that they are working toward the creation of an all
Hindu nation-state, a large number of poor and working class Hindus were deceived into thinking they were reclaiming a state that belongs to them. In reality, they were working toward their own disempowerment.

In *The Power of Ideology*, Istvan Meszaros, has argued, “What determines the nature of ideology more than anything else is the imperative to become *practically conscious* of the fundamental social conflict-from the mutually exclusive standpoints of the hegemonic alternatives that face one another in the given social order – for the purpose of *fighting it out*” (1989:11). The subject of ideology is crucial, because it indicates the way a ruling class engages in class exploitation through manipulating the categories of ethnicity, religion, and gender for the purpose of acquiring power. From this perspective, the Hindu right draws from the historical tensions between Muslims and Hindus as a source for dividing one part of society from another for the purpose of acquiring power. Gender too, factors heavily into these conflicts and creates a strategic opportunity to reconfigure the nation-state.

The Hindu right has always struggled to manipulate the relationships that govern the inner sphere of family life (Chowdhry 2000). The way in which family relationships are manipulated can determine the manner in which the nation survives. The most visible example of this is the BJP’s platform to push forward a Uniform Civil Code (UCC) that would force the Muslim community to conform to the same rules as the majority,¹¹ regarding marriage and family life. The idea of a UCC dates back to the 1950s and was understood in the early discourse of the state as Hindus, Buddhists, and Sikhs (Sangari 1999).

¹¹
originally considered a progressive policy of Congress to reform Personal Laws.\textsuperscript{12} In the bloody aftermath of Partition, Muslim leaders questioned the neutrality of the state, and clung to their personal laws as a means of representation in a society dominated by a Hindu majority. Beginning in the 1980s, the BJP campaigned for a UCC as a way of forcing the Muslim community to conform to the laws of the majority. By doing so, the BJP was trying to erode the conditions by which the Muslim community defines itself (Chowdhry 2000).

The Shah Bano case is one instance where the BJP attempted to alter the fundamental engagements in society (Rajan 2003). In 1978, a successful lawyer in the state of Madhya Pradesh divorced his sixty-two year old wife, Shah Bano. As was customary through Muslim Personal Law, the husband paid back the dowry, but was not held legally responsible for providing additional support (Rajan 2003; Nussbaum 2007). Shah Bano, like many women before her, filed her case under Section 125 of the Criminal Procedure Code. “The code guarantees the maintenance of wives, children, and parents who are destitute and unable to sustain themselves” (Chowdhry 2000:110).

\textsuperscript{12} The creation of personal laws originates in the projects of the Congress Party to draft an Indian constitution predicated on a democratic pluralism between India’s diverse religious communities. Personal laws allowed a level of autonomy for individual groups to govern their communities according to their own cultural practices, while gaining legal protection from the state. In the 1950s, Hindus had passed the “Hindu Code Bill” that opened Hindu religious practices to a legal and constitutional interpretation by the state (Sangari 1999:29). Muslim’s, however, retained autonomy over most decisions affecting the Muslim community, by having it pass through a religious council (Nussbaum 2007; Sangari 1999).
Arguably, Section 125 was a loophole in the system, and one that had created a stable balance of power between the two groups.

The courts, following this provision, ruled initially in favor of Shah Bano, granting her alimony (Rajan 2003). Immediately following the ruling, however, there was a strong backlash from the Muslim community against the decision, arguing instead, that state intervention was a direct breach of Muslim personal laws (Nussbaum 2007). The reaction by the conservative religious elements of Muslim society was fueled by Chief Justice Chandrachud’s comments, made public after the court ruling, where he “wrote a lengthy opinion in which he criticized traditional Islamic practices and even ventured interpretations of sacred Islamic texts to demonstrate that the maintenance was consistent with Islamic law” (Nussbaum 2007: 146).

Muslim religious groups put pressure on the newly formed government of Rajiv Gandhi, threatening protests in many cities. Rajiv Gandhi, stepping into power after his mother, Indira Gandhi’s assassination by her Sikh body guards, was eager to look for support among religious groups (Guha 2007: 581). He moved to appease the more fundamentalist Muslim voices by overturning Section 125 and by passing the “Muslim Women (Protection of Divorce) Act” that ceded direct power over divorce cases to the Ulema (Sangari 1999; Chowdhry 2000).

The Shah Bano controversy was an example of Muslim and Hindu patriarchies competing to claim Muslim women as an “object” to obtain more power. On the one side, the BJP used the Shah Bano case as evidence for the need to establish a UCC. By doing
so, they were attempting to subordinate Muslim women to a Hindu formulated legal
description (Chowdhry 2000). This move forced a strong reaction from the side of the
Muslim religious leaders, who felt their own definitions regarding women’s role in
society being challenged (Nussbaum 2007). This is reminiscent of Simone de Beauvoir’s
famous argument launched in *The Second Sex*: “Woman is something that is claimed by
man who is the ‘subject’ and woman, who is the ‘Other” (1997:13). Women occupy a
space in the world dominated by male ideology, in which they are forced to actively
engage through acquiring the language of patriarchy. As the two patriarchies struggled
against each other, Muslim women were coerced to perform a less flexible role handed to
them by the Ulema. As Nussbaum has noted, “Shah Bano herself was pressured to recant
her views; in a statement signed with her thumbprint, she stated that she now understood
that her salvation in the next world depended on not pressing her demand for
maintenance” (2007:146-147).

There is something of a global connection that was portrayed in how the BJP
treated the Shah Bano court ruling. First, building on an awareness already given to cases
of extreme brutality occurring in neighboring Pakistan, the BJP used the case “to make
generalizations” about the practice of Islamic law as inherently backward and archaic
(Appadurai 2006:72). Secondly, the BJP’s focus on the mistreatment of Muslim women

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13 In 1983, for example, the court case of a blind sixteen-year-old, Safia Bibi had
gained popular attention in India. Safia had become pregnant from the result of a
“double-rape” leaving her to be tried as an adulterer under Pakistani laws created by then
dictator Zia ul-Haq (Thakur 1993:649). Since Safia was unable to “identify the rapist”
and “have four male witnesses,” was “sentenced to 16 public lashes and three years in
jail” (Thakur 1993:649)
allowed them to create the image of a progressive organization adopting the banner of universal human rights. As Geeta Chowdhry has argued, “The discourse of the Hindu right co-opts the languages of feminism, using the exclusion of the Muslim community from the UCC to highlight the state of Muslim women and, at the same time, to spearhead an attack on a ‘backward Muslim community’” (2000:113). The use of “feminism” and “universal rights” within the discourse of the Hindu right demonstrates the problems and confusion that often emerge within global linkages. At the same time, such a rhetoric helped to conceal the BJPs own backward and fundamentalist politics.

This compression of time and space explains the sense of disorientation and confusion that is created when highly localized events are transported and magnified as though they are happening right outside one’s own door (Harvey 1990:240). Media, like satellite T.V. and the internet, has been used to shape public opinion, creating both a sense of suspicion and awareness of the “Other” (Appadurai 2006). Briggs and Bauman (1992) have described this type of cultural meaning-making as a process where information, i.e. facts or news stories, are borrowed from their original context (“decontextualized”), and then reinstated in a different context (“recontextualized”) for the purpose of creating new forms of meaning about the present.14 The Hindu right has seized on these new forms of media to decontextualize local narratives from the

14 Indeed, the social construction of the present contains goals, strategies, and power relations that can be implemented in the ways language is decontextualized and recontextualized to meet these new conditions. A complete and detailed history of this argument can be found in Bauman and Briggs’ book, *Voices of Modernity* (2003), where they develop a theory to explain how modern power is constructed through language.
international arena, and recontextualize them to make broad generalizations about Muslims living in India. Many stories, for example, began to focus on the flood of immigrant labor to work in the booming oil-producing economies of the Middle East during the 1980s. Appadurai has pointed out that, “There was a great deal of attention paid to the growing practice of marriages arranged between richer (and often older) Arab men from the Gulf and Muslim women (often very young) from poor families in impoverished Muslim communities” (Appadurai 2006:71). While such stories helped to stereotype the “sexual depravity” of Muslim men, they also aided in establishing a connection between a global Muslim community outside of India, and the one inside India (Appadurai 2006:71).

These purported links have produced a high level of anxiety, as well as a sense of insecurity among India’s Hindu majority. The Hindu right has consistently claimed that the leadership of Congress panders to Muslims, allowing them to maintain their cultural traditions, while Hindus are forced to give up their own traditions (Hansen 2001). Throughout the 1980s and 1990s the Hindu right targeted the lack of government involvement as evidence of the very decline of India, and the onset of a global Muslim takeover. The outrage among Muslims around the world at the release of Salman Rushdie’s *The Satanic Verses*, for example, caused a ban on the book in India. This reinforced the argument of the Hindu right that Congress had succumbed to the demands of Muslims (Hansen 2001; Appadurai 2006).
Many of these fears and anxieties are expressed in a highly gendered discourse that portrays Hindu men as “impotent” and Muslim men as “overtly masculine.” Muslim women are specifically targeted as “hyperfertile and hyperbodily” manifestations that are part of a grand scheme to overpopulate India with Muslims (Nussbaum 2007: 208). This sentiment was explicit in Narendra Modi’s campaign slogan for governor of Gujarat: “We are two and we have two, they are five, theirs are twenty-five” (Quoted in Nussbaum 2007:203), since Muslim men will wed five women and each will bear him five children.

In his revealing documentary, “Hero Pharmacy,” Anand Patwardhan, discusses the use of sex and violence in Mumbai’s public culture and its connection with the rise of the Shiv Sena (1994). Using globalization as a backdrop for his discussion, Patwardhan shows how advertisements for curing male sexual disorders play into a colonial stereotype of an emasculated Hindu male. “Sexual disorders” are said to be the result of the many modern movies and advertisements that show women undressing in provocative ways. Young men who are “vulnerable” to these images deplete their “life force” by masturbating too much. The insecurities are acted out by adopting a version of masculinity built on western extremes, for example, body building competitions to commemorate the lord Shivaji and broadcasting the World Wrestling Federation on Star TV. More important however, is that the feeling of male inadequacy is explained as a deprived right to “national fulfillment” (Hansen 1996). “Hero Pharmacy,” for example, derives its name from a billboard advertising Hindutva as the only prescription one needs.
to recapture masculinity. That is, the quest to recapture and secure one’s masculinity sets the individual on the path of Hindutva. Or, as Shiv Sena leader, Bal Thackeray said, “Hindutva is creating men” (Patwardhan 1994). The implication being that men can reclaim their manliness by engaging in acts of violence against Muslims, and through sexual control over women’s bodies and their reproductive capacities. That Hindutva constitutes an unattainable reality, has resulted in many cases of extreme violence in modern day India.

An example of this occurred in 2002, under the watch of a recently elected BJP state government, when a violent pogrom was carried out in the West Indian state of Gujarat. A train returning with “temple volunteers” from a recent brick blessing ceremony in Ayodhya caught fire shortly after its stop at the Godhra train station in Gujarat (Oza 2007:163). The incident was blamed on Muslims from a nearby slum, and in response, the Gujarat state governor, Narendra Modi, issued a “Bandh” (closure) of all business within the state (Oza 2007:164). This was ample time for organized mobs of volunteers, largely headed under the BJP’s more militant faction Vishva Hindu Parishad (VHP) to stage a pogrom aimed at Gujarat’s Muslim minority. When the conflict came to a close it was estimated that 2000 individuals, mostly Muslim, over half of whom were women, had been brutally slain (Nussbaum 2007:2). BJP government officials treated the event as a “natural” reaction delivered by a Hindu society long antagonized by Muslims. The sentiment was echoed in a statement made by Defense Minister George Fernandes, on the floor of parliament shortly after the event happened: “All these sob stories being
told to us, as if this is the first time this country has heard such stories—where a mother is killed and the fetus taken out of her stomach, where a daughter is raped in front of her mother, of someone being burnt. Is this the first time such things have happened (Quoted in Nussbaum 2007: 202)?” This would seem to belie the concern of the Hindu right for women.

At the time of writing, the BJP has been defeated by Congress for the second time in national elections.15 The party now suffers from a crisis in leadership, characterized by in-fighting among the party leaders. Shortly following the May election in 2009, party officials began to turn against each other, blaming their losses on corrupt morals. The party, for example, was shaken by a controversial book, written by veteran party leader, Jaswant Singh, on the history of Mohammad Ali Jinnah and the partition of Pakistan. His praise for the founding father of Pakistan was considered “ideological heresy;” he was expelled from the party.16 In December 2009, L.K. Advani stepped down as president of the BJP, voicing a concern that the Rashtriya Swayamsevak Sangh (RSS) had too much influence over the affairs of the BJP. Advani’s supporters are now poised against the new BJP president, Nitin Gadkari, who began his political career when he was recruited by the RSS as a young volunteer.17 This was amid allegations that Gadkari was put in power by

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15 Congress defeated BJP in 2004 Lok Sabha elections, and again in May 2009.
the RSS in order “to repair the organization, and correct the “ideological deviations” of the BJP.\textsuperscript{18}

The decline of the BJP can be interpreted as an inability to transfer their popularity toward bringing about a shift in policy. If we recall, the rise of the BJP developed as a response to the insecurities produced by the adoption of neoliberal reforms. The discourse of Hindutva, as we have seen above, transformed these insecurities into a xenophobic attitude expressed by the Hindu majority and directed at the Muslim minority. The demolition of the Babri Masjid, for instance, allowed many Hindus to imagine for a moment that they were taking back their nation. Once in power, however, the BJP exacerbated the problem by expanding the role of neoliberalism. This is evidenced in a massive campaign toward privatization,\textsuperscript{19} accompanied by a very sudden increase in the amount of Foreign Direct Investment entering the country in 2000 (Chandrasekhar and Ghosh 2004: 131). In this way, Hindutva proved unable to bring about real political economic change in the living conditions for many Indians (Appadurai 2006:105). With no other room to expand, Hindutva leaders compensated for these inefficiencies by turning toward large-scale acts of violence, as expressed in the incident in Gujarat.


\textsuperscript{19} In 2001, government decided to liberalize regulations on foreign shareholding and begin a “big ticket’ privatization drive” to bring FDI back up to the level it was in the mid 1990s (Chandrasekhar and Ghosh 2004:129).
In today’s India, Hindu right-wing neonationalism has been eclipsed by a middle class culture of consumerism (Vanaik 2004; Fernandes 2006). Well over two decades of trade liberalization has expanded consumer choice in India, supporting a growing market of goods, such as color T.V.’s, cellular phones, washing machines, and automobiles. The accepted view is that owning such items indicates one’s elevated status in society, and is thus imbued with envy (Fernandes 2006; See also Comaroff and Comaroff 2001). While conditions have not improved for the majority of Indians, and the privatization of public resources continue to make it hard to live, the attraction to record high levels of accumulation and the drive to consume satisfies the angst that was earlier articulated by Hindutva.

In a way the rise of the BJP served to prepare India for the transition to an internationally regulated economy (Rajagopal 2001). While the middle class has always occupied a privileged role in society, their position has never been more visible (Fernandes 2006). In part, this is because the middle class is internally divided by different interests.20 The BJP, for instance, was energized by state workers and public officials who became disaffected by neoliberal reforms that took specific aim at cutting back government spending. By the time Hindutva was in decline, the stage was set for the rise of a new kind of middle class. It materialized from the growing ranks of middle management, and was formed by the new workers from various I.T. industries, computer

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20 Ellen Wood, for example, argues that class is a “process and relationship” (2000:93). “Class as a relationship actually entails two relationships: that between classes and that among members of the same class” (Wood 1995:93).
programming, and advertising agencies (Mazzarella 2003; Aneesh 2006). The emergence of these new elites will undoubtedly continue to shape the conduct of political economic reform in India.
Chapter 4

CONCLUSION

Events, by definition, are occurrences that interrupt routine processes and routine procedures; only in a world in which nothing of importance ever happens could the futurologists’ dream come true. [Arendt 1970:7]

My thesis has been an examination of neoliberalism as an event that has developed from the crisis in late capitalism. Events for Hannah Arendt, are anything but usual. They develop out of unique historical and structural circumstances, and are directed at creating a new environment of rules and conditions to live by. Events, also give us the added advantage of focusing our attention on a historically specific moment, for the purpose of making sense of it. I have drawn attention to the political and economic environment of the 1980s and 1990s as a critical moment in the expansion of neoliberal policies worldwide. I argue that we can measure society’s response to these policies by examining the multitude of neonational movements that began at the same time in a variety of places around the world. The elimination of state sponsored social programs and the privatization of natural resources has created a crisis for the majority of the population around the world who were dependent on those resources. The emphasis on culture, tradition and religion in many of these neonational movements is part of a strategy of increasing visibility and entitlement among those segments of the population that have been marginalized by neoliberalism.

By way of concluding, I would like to take a few moments to argue for the relevance this work may have on understanding the future of neonationalism.
Neonational movements share a common objective of resolving the crisis in neoliberalism, as it materializes in historically specific societies. Like the case of the BJP, this does not always mean that these movements will be successful. For some neonational movements, however, the verdict regarding their success is still out. At the beginning of this study, I listed a few examples of neonational movements, the Scottish National Party (SNP) and the Bolivarian Revolution (BR), respectively. Whereas the BJP is an example of a regressive form of neonationalism, these movements are distinctly progressive and left leaning (See Nairn 1977). They, too, began to gain traction in the 1980s and 1990s, and are very energetic movements today. While these movements are very different in their social, political, and economic backgrounds, they share a common rhetoric of anti-neoliberalism that is bound in a process of cultural meaning-making. Hugo Chavez, for instance, has named his socialist revolution of the state, the “Bolivarian Revolution,” after 19th century independence leader, Simon de Bolivar (Ali 2006). Similarly, the SNP, now the majority party in Scotland since 2007, continues to capitalize on the historic idea of a Scottish nation as a call for constitutional independence from Great Britain.

In 1997, with the help of the Scottish National Party (SNP), Scotland voted overwhelmingly for political autonomy and the right to establish its own parliament. This was a reaction to British neoliberalism using the British parliamentary system to divest itself from the responsibilities of civil society (Nairn 2001). Michael Keating (1998) has argued that “the rise of neoliberal ideology, has undermined many of the instruments of territorial management, including tariffs, diversionary regional policies, and state-
directed investment strategies” (221-222). It was perhaps the implementation of these ideologies, started by “Thatcher’s attacks on the self-governing institutions of civil society, including the trade unions, universities, and local government,” that spurred the 1987, non-partisan, “Campaign for a Scottish Assembly” (CSA) (Keating 1998:223).

Before becoming president of Venezuela in 1998, Hugo Chavez had launched a failed military coup in 1992. Venezuela, like many countries in Latin America during the 1980s, came under pressure by the IMF to restructure its economy in order to fight debt inflation (McCoy and Smith 1995). President Andres Perez was elected for a second term in 1989, for the symbolic value of his populist presidency (1974-79). In an attempt to fight debt inflation accruing since 1982, Perez took the options extended to him by the IMF and implemented neoliberal policy by deregulating the controls on the country’s resources. This resulted in urban riots that occurred in the same year; often referred to as the caracazo (Sylvia and Danopoulos 2001:65). “An unexpected hike in bus fares,” that had followed a “long-term decline in real income” sparked the riots (McCoy and Smith 1998:133). “The situation was further aggravated by a growing perception that speculative hoarding by retailers, combined with ineffective action by the government placed basic foodstuffs beyond the reach of the many consumers” (McCoy and Smith 1998: 133). The military was called in immediately to quell the violence.

The example of the rise of the BJP in India was selected for this study because it allows us to look back at a neonational movement in its entirety. The BJP came to power out of the turmoil caused by India’s transformation into an international economy. The
adoption of neoliberal policies in India in the 1980s and 1990s aided this transformation and was the result of an economic crisis that began outside of India, among advanced capitalist nations. The contours of neoliberal reform in India were shaped by its status as a developing nation and a former British colony (Chandrasekhar and Ghosh 2004:129). For this reason, I believe, the BJP played a highly important role in effecting the development of neoliberalism in India. The politically powerful Hindu middle class had an established position in the expansive state programs that helped to establish India as a modernist nation-state (Fernandes 2006). The neoliberal assault on the state left a strong feeling of vulnerability among members of this class, causing many to join the BJP (Corbridge and Harriss 2000). While although the discourse of Hindutva expounded a nation only for Hindus, it had the effect of creating a forum for the Hindu middle class to exercise power. During the period the BJP was in power (1999-2004), massive neoliberal reforms were passed using the façade of Hindutva to hide the scores of Indians who were being disaffected by these policies (Chandrasekhar and Ghosh 2004:129). In an ironic twist, these policies empowered the middle class, leading them to eventually abandon the BJP and the message of Hindutva.

If neonationalism is a response to neoliberal policy, than we should be able to tell a great deal about the way neoliberalism has materialized in a variety of historically specific societies around the world. There remains a need to conduct comparative analysis of these events as they unfold in a variety of ways in the 1990s, and continue to impact today’s world. We can begin by extending the framework outlined above to
formulate specific questions for future research regarding these various neonational movements. That the BJP, SNP, and Bolivarian Revolution are movements occurring in democratic republics, and through democratic processes, encourages us to rethink the role of democracy under the regime of neoliberalism. We can examine the articulation between the development of democratic institutions in the post WW II world, and new developments within the reproduction of capital that challenge and contest the legitimacy of these institutions. What is the future of these movements? And, what is the role neonationalism is playing in many democratic societies?
APPENDIX

Indian Fiscal Indicators: 1990-81 to 1989-1990

<table>
<thead>
<tr>
<th>Fiscal Indicators: 1980-81 to 1989-90</th>
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<tbody>
<tr>
<td>(as per cent of GDP)</td>
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<tr>
<td>Revenue  18.1 19.5 20 20.1 19.6 20.9 19.5 20</td>
</tr>
<tr>
<td>Current expenditure  18.6 21.4 22.6 23.1 22.7 24.8 23.9 23</td>
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<tr>
<td>Defence  2.7 3.3 3.8 4 3.8 3.6 - 3.7</td>
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<tr>
<td>Interest  2.6 3.3 3.5 4 4.2 4.6 4.8 3.9</td>
</tr>
<tr>
<td>Subsidies  2.6 3.3 3.4 3.5 3.6 4.2 - 3.6</td>
</tr>
<tr>
<td>Capital expenditure  7.5 7.4 8.3 7 6.3 6.5 6 7.1</td>
</tr>
<tr>
<td>Total expenditure  26.1 26.8 30.9 30.1 29 31.3 29.9 30.1</td>
</tr>
<tr>
<td>Fiscal deficit  8 9.3 10.9 10 9.4 10.4 10.4 10.1</td>
</tr>
</tbody>
</table>

*CSO Estimates.
Source: Indian Economic Statistics – Public Finance (Joshi and Little (1984, Table 7.5)), Ministry of Finance (various issues), Government of India.
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