

TRADE FOLLOWS THE FLAG

Nature of Indian Expansion

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Indian expansionism is at the stage where the export of goods rather than export of capital is its primary characteristic. It uses political privilege to acquire commercial supremacy which helps support an industrial structure that is not on the way to establishing relative supremacy.

Tamils in the north-east speak of "IPKF" shops in Batticaloa, Trincomalee and Jaffna where Indian goods are available aplenty.....(*The Sunday Observer, January 8, 1989*).

The Indian state and business are using economic, military and other political means to fashion for themselves a captive market in South Asia, a market in which they would be able to operate on almost the same terms on which they operate in India itself. While the Tamil areas of Sri Lanka have been virtually turned into captive markets and even rupee payment areas, in Nepal where Indian goods so far had preferential treatment, they have recently (July 1988 budget) been subjected to a 250 percent duty (*Commerce, March 10, 1989*). The Indian government has objected to this levy and demanded that Nepal restore the earlier position of preferential treatment for Indian goods. Obviously, the Indian government does not want to allow the neighbouring countries to follow the very tariff policies that India has followed.

The extent to which the Indian government can go to secure preferential access can be seen in the virtual economic blockade of Nepal in the last few weeks. The blockade is meant to force Nepal to its knees so that its weakness in the question of transit can be used to wrest concessions for Indian manufactures. That is why the Indian government is insisting on the pre-1978 position of transit and trade treaties being clubbed together, while Nepal is attempting to preserve its gains in having the two issues of transit and trade being decided separately.

What is the nature of this Indian expansion? How can it be identified in terms of its relation to the development of capitalism?

The exploitation, or super-exploitation of colonies and other such areas of political-military domination has been a feature of capitalism through the many stages of its development. In fact, even pre-capitalist systems have at times been of an imperial type; but capitalism, unlike pre-capitalist systems cannot go on reproducing on the same scale, and, consequently, capitalism is characterised by an inherent expansionary tendency. But it will not be enough to refer to the inherent expansionary tendency of capitalism as the meaning of colo-

nialism or imperialism. Such a general characterisation would not help understand the specific features of the various stages of capitalist expansion.

INDIAN EXPANSIONISM USES POLITICAL PRIVILEGE TO ACQUIRE COMMERCIAL SUPREMACY

The origins of capitalism in the world were themselves bound up with the plunder of colonies, which provided substantial amounts of the initial (i.e. pre-capitalist) accumulation of money hoards, that were transformed into capital proper in the course of the industrial revolution. The loot of India after the Battle of Plassey, for instance, provided a large part of the capital for Britain's industrial revolution. The first phase of capitalist expansion was then characterised by the political-military loot of colonies as a basis for primitive accumulation. "The discovery of gold and silver in America the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of blackskins, signalled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation." (Marx, *Capital*, 1, 292).

The role of colonies did not end with primitive accumulation. Trade monopoly in the colonies helped establish industrial supremacy and, in turn, resulted from industrial supremacy (Marx, *Capital*, 1, 195). Continuing capitalist production faced problems of accumulation. On the one hand, the relatively slower growth of capitalist agriculture and the imbalance of production resulted in some branches of production growing relatively faster and needing to find new markets. Along with imbalances in the production of different branches of production, there was the periodic imbalance between production and consumption. Overall, there were two ways in which such problems of accumulation could be met. First, development of capitalism in depth - the further growth of capitalist agriculture, technical transformation of production and the associated rise in wage rates and other such consumed incomes. Second, the development of capitalism in breadth - the extension of the sphere of capitalist penetration into new areas, a penetration

that while drawing these areas into the sphere of exchange did not, however, necessarily mean the growth of capitalist relations of production in those areas. We need not hold to Rosa Luxemburg's analysis (*The Accumulation of Capital, Monthly Review, 1968*), that capitalist accumulation is impossible without this relation between capitalist and non-capitalist systems, but it is certainly true that the extension in breadth has always been a feature of capitalism's attempts to overcome its accumulation crises.

In this phase of expanding capitalism the basic feature of the colony was some form of monopolistically-regulated trade. The aspects of monopolistic trade, including the use of various political instruments and concessions, were particularly pronounced in the first phase of the development of industry, before the economy concerned established industrial supremacy; and once again, in the phase of an industrial economy declining in competitiveness. In the former phase, commercial advantage established through political means acted as an aid to industrial predominance; in the latter phase, commercial advantage helped overcome the decline of competitiveness. In between the two, with industrial supremacy the feature of the economy, the more has been the clamour for 'free trade'.

The colony fulfilled yet another function - that of cheapening the elements of capital, chiefly primary products (either industrial raw materials or foodstuffs). This two-fold relation gave the classic colonial relation of an exchange of industrial commodities from the metropolis for agricultural and other primary commodities from the colonies. In terms of the internal structure of the metropolitan country, this was the period of industrial capital.

The transformation of industrial capital into monopoly capital led to the features of expansion that Lenin called imperialism in the modern sense. "In its essence imperialism is monopoly capitalism." (Lenin, *Imperialism, the Highest Stage of Capitalism*, Progress Publishers, 1978, 115). Though Lenin did not analyse the features of earlier imperialist policy, he emphasised the specificity of the features of imperialism he analysed as belonging to the monopoly stage of capitalism. "Even the capitalist colonial policy of previous stages of capitalism is essentially different from the colonial policy of finance capital" (78, emphasis in original). The growth of monopoly internally manifested itself in a tendency to monopoly on an international scale, to monopolise markets, sources of raw materials, avenues of investment. The characteristic feature of the monopoly capital stage of colonialism Lenin identified as the export of goods which characterised the industrial capital stage of colonialism.

While specifying the different features that

characterise the various stages of capitalist colonial policy (the primitive accumulation, industrial capital and the monopoly capital stages) it must be emphasised that the characteristic feature of any stage of colonial policy is not its only features. All the various features may exist together, but it is one of them that is characteristic. For instance, plunder of the primitive accumulation type, export of goods and export of capital may all exist together in the imperialism of monopoly capitalism. But of these, it is the export of capital that is the characteristic feature of monopoly capital, this export of capital itself being an indicator of the 'over-ripeness' of capital in the sense that "capital lacks opportunities for profitable investment".

Coming now to the question of Indian expansionism, we should first note that both deepening and broadening of the capitalist sphere are available as ways of continuing and overcoming the periodic problems of accumulation. Technical change and the deepening of the market are, however, dependent on the Indian big bourgeoisie's links with imperialist capital and have been subordinated to the requirements of the various imperialist capitals. Competition among these imperialist capitals and their search for ways to establish or break monopolies are key factors determining the transmission of technical change from the imperialist countries to India. Deepening does not have its own technological and financial base in the Indian big bourgeoisie and is thus not something the Indian big bourgeoisie can initiate on its own, in response to internal market forces and problems of accumulation.

As far as broadening is concerned, there are considerable internal reserves of as yet pre-capitalist areas that can be the targets of an expanding capitalist system. But these pre-capitalist areas also play a role in the economic-political system, a role that constrains the possibility of a more vigorous expansion into these areas. The pre-capitalist areas are of two kinds; the semi-feudal agricultural areas and the so-called tribal areas, with a mix of production and gathering systems. Both of these are subordinated to the growing capitalist system. But they also have their own specific roles. They serve as reserves of cheap labour and cheap raw materials, including agricultural products, thus contributing to the super-profits earned in imperialist-connected monopoly capital. This economic role and the political alliance with the landlords, together restrict the liquidation of these pre-capitalist reserves in the Indian economy. Consequently, though the economy contains within it vast areas of such pre-capitalist reserves, Indian

capital has to restrict its rate of expansion into these areas and has to seek outlets in other economies.

OUTLETS FOR INDIAN CAPITAL

what is the nature of the outlets Indian capital seeks? It has already been noted that while export of capital by Indian firms has been mainly to south-east Asia and east Africa, the important areas of Indian expansion are the adjoining economies of south Asia and with regard to these economies, Indian capital is interested in them not as areas of investment of capital but as areas in which to sell industrial goods. The export of capital to south-east Asia and Africa does not now have much political significance. As a proportion of foreign investment in these countries it is not so important and the Indian state's intervention in these countries is not of much consequence. Politically it is south Asia that is the focus of Indian expansionism and it is export of goods and not of capital that is its characteristic feature. In fact, the continuing and growing trade imbalance between India and its neighbours shows that even buying from these countries is not important for the Indian big bourgeoisie; they attract attention as avenues for sale of manufactured goods.

This sale of industrial goods is not based on an established Indian industrial supremacy. Far from it, Indian industrial goods are hardly able to compete in the open market in quality or price. In the case of technologically sophisticated goods, produced in India in collaboration with some TNC or the other, the south Asia markets have themselves been ceded to the Indian joint enterprises by the collaborators, but these joint ventures have to compete with other TNCs that do not have joint ventures in India. Further the standardised products that India sells also have to outsell their competitors. As a result, Indian expansionist policy has been geared to securing commercial supremacy not as a consequence of industrial structure and overcome its weaknesses. Political privilege, unequal relations, customs union, payments area, tied aid, outright bullying and military force - all these have been weapons of Indian expansionist policy. The attempt has been to get privileges so that the Indian bourgeoisie may be able to operate in those countries on almost the same terms on which they operate in India. There has been a sustained attempt to get these countries to open up their markets to Indian industry and give it the same protection it gets in India itself. If Pakistan were agreeable to opening up its economy to Indian trade, the Indian state would be quite ready to make peace, at least temporarily. Indian industry can certainly compete and outsell the even more backward industries of Pakistan, not to talk of Bangladesh or Sri Lanka. But in these countries too it would require the same protection that it gets in India itself. Political privilege and force are the instruments being used to bring out the required 'harmonisation' of trade policies.

The fact that India very much depends on political privilege in order to establish commercial supremacy is clearly seen in the case of Bangladesh, where the sharp decline of political influence after the fall of Mujibur. Rahman led to a set-back to Indian industry's penetration of Bangladesh. On the other hand, in the case of Sri Lanka politico-military advance has been followed by a renewed commercial drive on the part of Indian business. There are expectations that the recent 'help' given to shore up the Gayoom regime in Maldives may also result in commercial benefits to Indian business. Dobb had pointed out with regard to the formation of such colonies: "The number and extent of such privileged spheres which a national capitalism can enjoy will significantly determine the rate of profit which it can earn and the place it can hold in world economy. In this sense, the 'search for markets' to which the under-consumptionists refer, will have an independent meaning; namely, the search for extended opportunities of deriving monopoly profit by exploitation through trade, as distinct from the extraction of 'normal' surplus value." (Maurice Dobb, *Political Economy of Capitalism*, Routledge and Kegan Paul, 1940, 240).

Political privilege used in order to earn monopoly profits through trade - that is the meaning of Indian expansionism. And not the use of political privilege in order to be able to undertake the characteristic finance capital activity of investing capital. It is for this reason that Indian expansionism should be identified as being of the pre-monopoly capitalist type. The typical monopoly capital features of imperialist monopoly based on control of technology, raw materials, finance, and the market chiefly for means of production are absent in the case of Indian expansionism. Since the term imperialism in present-day usage has the meaning given to it by Lenin, i.e. of the external policy of monopoly capital, the term 'proto-imperialism' (as used by Srikant Dutt, *India and the Third World*, Zed Press, 1984) would be misleading, as it would convey the existence of a 'proto-monopoly capitalist' external policy and also imply the existence of a 'proto-monopoly capitalist' structure at home. In a sense, any capitalist class is a 'proto-monopoly' capitalist class, since the development of monopoly is an inevitable feature of the development of a capitalist class.

Indian big business is, however, not at the stage of monopoly capital. Big businesses owe their relative size and position in the economy not to the processes of concentration and centralisation of capital, but to their connections with imperialism and the bureaucratic state machinery. Their 'monopoly' depends on their ability to acquire foreign collaborations for technology. Neither their process of growth nor their present activities do not show any signs of the technological dynamism that has

been characteristic of capitalist growth, even the capitalist growth of, say, South Korea or Taiwan. Besides imperialist connections, the other key factor is acquiring monopoly positions is government-bureaucratic connections to secure licences and finance. Rather than industrial tycoons turning into a financial oligarchy, what we have is the growth of a comprador-bureaucratic big business class. Instead of expansion being a result of dynamism at home, expansion is a substitute for such dynamism.

CONCLUSION

To sum up the main features of Indian expansionism:

- 1 It is at the pre-monopoly capital stage of imperialism where export of goods rather than export of capital is the primary characteristic of expansion;
- 2 Rather than commercial supremacy being the result of industrial supremacy, Indian expansionism uses political privilege to acquire commercial supremacy, which helps support an industrial structure that is not on the way to establishing its relative supremacy;
- 3 Indian expansionism is not aimed at freeing either India itself or south Asia as a whole from imperialist domination, it is subordinate to imperialism as a whole; and, in particular,
- 4 There is a military-strategic alliance between Indian expansion and the Russian imperialism's global strategy.

Noting the above features and keeping in mind the fact that terminology is not the most important part of analysis, the major objection to the use of the term 'proto-imperialism' is the suggestion that it is merely a question of further development of already existing features of Indian expansion for it to turn into a full-fledged imperialism. That is not the case. In fact, even from a capitalist point of view it would require some fundamental changes in order for Indian expansionism to become a monopoly capitalist imperialism. In brief, the liquidation of the semi-feudal and other pre-capitalist reserves, rather than their present amalgamation into the capitalist set-up; even the liquidation of the above together instead of promoting reform of a capitalist type (technical change) only help the continuation of Indian big capital's subordinated relation, depending on imperialism for technological and capital purposes. Other changes in the very nature of this big capitalist class, from its present comprador-bureaucratic nature would be required. But it is not the purpose of this analysis to propose necessary reforms to the ruling classes. On the contrary, the purpose of this analysis is to draw the necessary political conclusions for the toilers and other democratic people to be able to deal with the phenomenon of expansionism.

Indian sub-imperialism, like any new imperi-

alism, invariably portrays itself as a liberator of backward and oppressed peoples. In the case of Bangladesh, the Indian state pretended to be the liberator of the oppressed Bangladeshis, suffering under the yoke of Pakistan. In Sri Lanka it first played the role of protector of the Tamils and then switched to being the upholder of Sri Lanka's integrity. At other times it has been the supporter of democracy against feudal autocracy (Sikkim); or even, as in the most recent case of the Maldives, the protector of an 'elected' government. The Indian state casts itself as the agent of 'progress' and 'democracy'.

Any imperialist power establishes moral justifications for its actions and advances its interests through supporting perfectly legitimate causes. American imperialism supported the cause of India's 'freedom', so as to be able to get rid of the British colonial state which was a stumbling block in its penetration of India. Soviet social imperialism has supported various 'liberation' movements, in order to be able to build its own spheres of influence.

The Indian state's moral strength derives from its seeming support of 'democracy' and the anti-imperialist liberation movement. Without negating this moral strength of the Indian ruling classes, the toilers and other democratic forces in India will never be able to shake off the yoke of the ruling classes and their state. Without opposing Indian expansionism there is no possibility of the Indian people going on to complete their own emancipation from imperialism and the Indian state. It is not as though the democratic movement will advance in the country, and that such advance will then end the oppression of the countries that are today the targets of Indian expansionism. Rather, it must be the other way around. Any advance of the democratic movement in India will only be possible if the democratic forces stand in clear opposition to the expansionism of the Indian state. Any other policy, any kind of support, whether full-fledged or half-hearted, will only mean the continuation of the present state and socio-economic system.

Democrats in India would do well to remember Marx's writings on Ireland, particularly those towards the end of his life. In 1869 he wrote: "For a long time I believed that it would be possible to overthrow the Irish regime by English working class ascendancy. I always expressed this point of view in the *New York Tribune*. Deeper study has now convinced me of the opposite. The English working class will never accomplish anything until it has got rid of Ireland" (emphasis in original, Marx, *K On Colonialism*, Progress Publishers, 1978, 332). [Incidentally, the readiness with which Marx acknowledges that 'deeper study' has convinced him of the 'opposite' of what he had been writing in the *New York Tribune* should be an object lesson to those who swear by everything that Marx wrote.]

Again, it is necessary to remember that the Czar's autocracy could only be destroyed by the Bolsheviks' steadfast opposition to their country's imperialist war combined, of course, with support for other demands like, that of the peasants for 'land to the tiller'. The question of opposition to Indian expansionism stands on its own, even irrespective of one's position on whether the Soviet Union is an imperialist power or not. Of course, given the close alliance between Indian expansion and Russian imperialism, it is no surprise that the supporters of 'socialist' advance by the Soviet Union are also ardent supporters of 'anti-imperialist' Indian expansion. In the Indian case, one of the strengths of the Soviet Union is precisely its support to Indian expansion, so that the ruling classes and other supporters of Indian people too largely accept it, as a 'friend' of India, one that wants India to take its due place in the world of nations.

It is ironic that without even completing liberation from imperialism, the Indian ruling classes and state are engaged in expansionist moves. But this expansionism, depending as it does on the support of some imperialist power or the other, is just as incomplete as the original 'independence' itself. Instead of becoming accomplices of the Indian ruling classes in their attempts to set themselves up as the only brokers of south Asia, and pass off this debased, immoral crown as the achievement of India's place in the world, it is necessary that democratic forces move forward to destroy roots of the present oppressive system, and for that purpose stand clearly in opposition to Indian expansionism in every form.

Opposition to Indian expansion is important for more than one reason. Expansion helps the Indian ruling classes find ways out of their own economic and political crises and thus postpones the necessary resolution of the contradictions in Indian society. Besides, expansion increases India's subordination to imperialism and, at present, ties India firmly to a strategic alliance with Russian imperialism—consequently threatening even the limited independence that exists. In a double sense then, Marx's words apply to India—a nation that oppresses others, cannot itself be free.

With the Indian union itself a 'prison house of nations', the Indian state, by every act of expansion, only adds to the existing inflammable material. Temporary successes themselves carry the seeds of subsequent defeats. The capitulation by the Jayawardene regime, which the Indian state counts as a success, has been followed by the opposition of Tamils and Sinhalese alike to India's regional hegemonism, an opposition that has spread even to the Tamils of India. Indian expansion is itself arousing the enemies who will put an end to it. The more it 'helps' regimes and other forces in the region, the more surely it pushes the people of the region into opposition to Indian expansion.

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