Indira Gandhi
An Attempt at a Political Appraisal

K B

UNDERSTANDING of Indian reality by the Left has been seriously burdened by an ideological albatross, that is the notion that the Indian ruling class is morally required to *build* the nation, as against merely making wealth for itself. Ever since the celebrated Tryst that Nehru spoke of, Left analysts have been maintaining a balance sheet on behalf of the bestiny, and periodically giving praise or bitter blame to the ruling classes according to the shape of the closing accounts. Some have even christened the ruling class the national bourgeoisie and have accepted its interests as the national consensus, its achievements as the nation's achievements, and its failures as the nation's failures. Others have not, but the peculiar prejudice that the ruling class *ought* to lead the country into its future remains strong with many on the Left. It is within this matrix that .Nehru becomes many things from the proponent of a liberal modernism to the hero of the nation, and Indira Gandhi uniformly its Judas. He is the builder of the nation's cherished institutions and she the treacherous destroyer of that wealth.

It is perhaps time, now that we are well into the second generation of our post-colonial existence, to set our sights right, and there is no better occasion for this exercise than Indira Gandhi's death, for the event has brought out this attitude in all its shallowness. All manner of unlikely persons expressed shock and disbelief at the event and started counting their beads for the future of the nation. Whereas, certainly, of all the ways in which she might have died, this has been the least unlikely for many years now, and it required no astrologer to say so, nor much dialectical cerebration for that matter.

I

No ruling class ever *builds* the nation except as a (not incidental but essential) by product of the process of enriching itself. And its history, which willy-nilly becomes part of the core of the nation's history, is told not in terms of any presumed compact it has made with destiny, but in terms of the contradictions inherent in the process of enriching itself. And it is within this history that the role of any individual is to be located, and not in sententious moralisms of faith and betrayal.

To begin at the beginning, the first problem that the Indian ruling class faced after taking over power from the British was two-fold, one, to build a viable polity that would hold together the diverse sections of the ruling class, and would attract the loyalty of the masses; two, to build the industrial and infrastructural base required for their enrichment. All the answers they found to these problems had as their instrument the State. *Etatism*, it has been recognised, is a major aspect of post-colonial Indian reality. Functioning as the mobilises the deficitory creator, and the distributor of surplus wealth, the State has created the industrial and infrastructural base for enriching the propertied classes through import-substituting manufacture and technologically modernised agriculture. It has spread its tentacles far and wide and provides to the industrial entrepreneur a painless source of Capital; it is painless in many senses. State capital undertakes all the unprofitable investment in basic and infrastructural industries and supplies most of the products cheap to him; to undertake the investment it robs the poor and cadges on imperialism without taxing him too painfully;- it does not demand as a pre-condition that he cut off his debilitating links with imperialism (indeed the State itself is heavily dependent on foreign capital); and finally the State finances much of his enterprise through loans of public financial institutions without asking for a commensurate say in the running of the enterprise, a peculiar *Etatist* fraud on the public that the Bombay High Court has recently declared to be not only proper but inviolable to boot in its judgment in the Swaraj Paul case.

To the rural gentry the State is equally munificent. The story of agrarian change in India since 1947 is quite complex. But the essential point is that with the abolition of Jagirs and hereditary *watans* and the threat (more than the implementation) of tenancy reforms, the Indian village gradually settled down to its post-colonial shape. Some of the landlords hastily disposed of their land, but the recepients and the remnants, together with the bigger of the ex-tenants, soon settled down to coalesce into a very heterogeneous class of landlords. The State has helped the further development of the contours of this class. It has seen-to it that no land-ceiling laws touch them except to impel them to sell off the less profitable of their acres; it has undertaken the infrastructural investment in irrigation and rural electrification to prepare the ground for the technological modernisation of this class; it has compensated for what they lost in social authority (as a consequence of the process of democratisation of rural India unleashed by peasant movements) by putting in their hands the financial and administrative paraphernalia of development (rural banks and co-operatives, panchayat raj institutions, etc); it has promptly dispatched the police and the paramilitary to their aid whenever their tenants or bataidars or labourers rebelled; and by and by it begged and borrowed from imperialism on thier behalf and provided them with Green Revolution technology; it did all this without demanding that they give up their old habits of domination and old methods of exploitation; indeed, it has reinforced these habits by reaching down to the gentry and strengthening their hands by putting itself at their disposal; where an enterprising rich peasantry has developed, it has soon enough acquired the habits and the culture *of* this gentry. It is a wrong notion that rural India is described as semi-feudal because there has not been enough change; it is semi-feudal also *because* of the nature of such change as has been there.

In this process, the State has turned out to be the single biggest Capitalist in India, with a single public institution like the LIC possessing assets worth five times that of the largest family of Indian monopolists. This State is simultaneously a parasite on society and an object for the parasitism of the propertied classes. Their wealth is deficient in that prime quality of genuine Capital, an autonomous capacity for self-expansion; instead, it can expand only on condition that the State allows it and helps it to expand. Not all the brave postures of shackled initiative that they are putting on these days can obscure this fact. This situation is well described by the Maoist concept of *bureaucrat* capital, but Indian analysts have unfortunately vulgarised that expression to mean the capital employed in the public sector. Indian capital, as such, is bureaucrat, that is to say it is a parasite on the State.

This is the State in one aspect, the State *vis-a-vis* the propertied classes. In its other aspect, the State has created the network of patronage that is the only real thread (the rest being illusory) that links the loyalty of the masses to the ruling classes. It is through the State that the ruling classes enrich themselves and it is through the State that they lay claim to the loyalty of the masses. Unlike early American ideology, which admired its pushing capitalists, Indian ideology does not even pretend to love its capitalists and landlords.

If any obscure harijan or tribal ever expresses sentiments of loyalty to the system, that is only on the ground that 'it is the *sarkar* that gave me my pair of bullocks; or half an acre of barely cultivable land, or whatever has been his lot.

Built around this structure is an ideology, whose components are socialism, self-reliance, modernisation, liberal democracy, secularism, and anti-imperialism. State enterprise is indentified with socialism, import substitution with self-reliance, fertilisers with modernisation, votes with liberal democracy, multilateral communalism with secularism, and the ability to play the USSR against the US with anti-imperialism. It is difficult to decide to what extent this ideology was genuine, in the sense of a false belief that is not *felt* to be false; perhaps, among many of the Left intellectuals who worked the hardest at its legitimisation, it *was* genuine, but among the rulers themselves it probably never was. But. what is germane is that this structure and its ideology did have a certain capacity for achievement. A heavy industrial base was built and the capitalist class was enabled to accumulate and transform itself into its role as an industrial comprador class, the late imperialist counterpart of the trading comprador class of the colonial era. Irrigation projects were undertaken and the ground was partially cleared for the Green Revolution. Throughout the fifties and upto the mid-sixties the economy, and agricultural production as part of it, maintained a steady rate of growth, even at a rather low rate of investment. Capital and technology aid from the imperialists flowed optimistically into the country. And the value of the rupee remained steady. The people were kept patriotic and quiescent (which mean the same thing) by the distribution of 5 per cent of patronage and 95 per cent of expectations. The sheer size of the country and its undoubted cultural and material potential made its voice heard in the international arena; and the same factors also made the various sections of the propertied classes wait for their turn in expectation without indulging in too much of unseemly squabbling. True, they often played their dirty games, but not without a certain sense of shame. In a word all was, or seemed to be, well with the country. Only Kashmir and the North-East gave some trouble but this trouble was not a consequence of the internal political economy of the land but was a legacy of the Transfer of Power from the British, and there was little protest in the land when unethical and brutal measures were employed to tackle these troubles.

At the risk of being taken to be deliberately provocative, it must be said that it was Nehru's good fortune that he ruled the country in this period. It is doubtful that an impartial history will judge Nehru to have been a great man. In history, the eminence of an individual is impossible to separate from the eminence of the Class he represents, and the eminence of a class can only be decided in terms of its urge to push to the maximum extent the limits of its objective possibilities. The Indian ruling class, even in the first decade and a half when it had some genuine achievements to its credit, exhibited no such urge. Like a petty *dalal* it was content to balance its register each evening. But this is an aside.

II

It would be a vulgar (in the sense of non-dialectical) exercise to search for any date at which this peace was shattered. A social system should not be imaged by a tank that gets filled slowly up to its potential and then breaches one fine day. A social system has no predetermined boundaries, but only internal contradictions that explore and shape the boundaries as they work, themselves out; the system discovers and simultaneously exposes its limitations as it develops itself. Sometimes it realises its limitations by taking an extravagant jump and crashing into them. The Indian Green Revolution is a case in point.

It is generally agreed that the crisis of the system that was structured in the fifties started becoming apparent since the mid-sixties. The thesis of a secular deceleration of the Indian economy has been controverted, but the period from the mid-sixties till the proclamation of the Emergency was a bad period for the economy. The growth of national income decelerated, the rate of investment dropped, the value of the rupee started falling steadily, there were two years of drought followed by recession, and the foreigners were less forthcoming with aid. During the seventies there was much analysis of this gloomy picture. Most of the analysts focused attention on the *Etatist* nature of the polity, or what is more properly described as the bureaucrat nature of Indian capital, and therefore sought answers in an analysis of the inability of the State to invest sufficient amounts of capital in a sufficiently rational manner. The answers obtained have varied over the years both in their politics and in the degree of optimism. In the beginning they were pessimistic and focused, on class factors like massive poverty that severely constricts the internal market, or the consumer goods orientation of the sizable private sector that immobilises precious capital, or the backward and unproductive nature of the subsidised and poorly taxed rural rich, and so on. But recently, given that the rate of investment has reached respectable levels and the economy is not only back to the 4 per cent rate of growth but has acquired a perceptibly modern pigmentation to boot, the answers tend to be less pessimistic and less political, focusing on structural inefficiencies and bottlenecks, For my purpose, which is a political analysis of the developments that made Indira Gandhi, it is not very important to know which of these is the correct answer, nor is it very depressing that the deluge is yet to come. Indeed, most of these answers are not answers but merely reformulations of the question in concrete economic terms.

At a very broad level the cause of the crisis is that an economy that exhibits semi-feudal relations of exploitation over a large area and is dominated by a dependent bureaucrat capital, is incapable of developing rapidly and rationally. But to acknowledge this cause does not by itself suffice to explain the din and the bustle, the humour and the devilry, of Indian politics. The principal contradiction posits an abstract crisis; it is the logic of all the *real* crises that it manifests itself in. In the course of the constrained activity of real human beings it takes the phenomenal form of a series of real crises, each of which is potentially the last crisis, but none of which is pre-ordained to be absolutely the last crisis. The nature and course of these real crises cannot be determined *a priori,* once and for all, they cannot be predicted by the principal contraction, but have to be followed up by an analysis of the social activity of the various classes. Moreover, the crisis posited by the principal contradiction, being the abstract and overall crisis, is a crisis that focuses on failure, on the inability of the system to withstand its history. But no system ever slides linearly down to failure. Rather, the sequence of *real* crises within this crisis of failure are crises of success that get entangled in the contradictions of the system and either get resolved and lift the system to a new plateau or end in the final breakdown of the system. Every living organism must ultimately die. The contradiction between life and death, between growth and decay, must end in death and in decay. But no organism merely decays to its death. Its life is a series of crises, each of which is a crisis *of growth* that gets caught in its own contradictions. It is when Marxists do not realise this that they sound apocalyptic, and boringly so.

It is the successes within the failure, the development within the underdevelopment, the 'crises within the crisis', that constitute the stuff of the dynamics of a society.

What started in the mid-sixties was the first real crisis the principal contradiction of the Indian political economy manifested itself in. In the first decade after the takeover of power from the British, a certain structure was built and a certain set of relations among the various sections of the propertied classes, between the State and those classes, and between the working masses and those classes, were determined. This structure was the form through which the productive forces were to be developed. It had a successful first innings, and the productive forces did develop upto a point. But starting with the mid-sixties the newly unleashed productive forces came to clash with the structure; with the ambitious jump forward taken through the Green Revolution, the clash became a head-on collision. This 'crisis within the crisis' unleashed class conflicts in various forms. The working masses themselves, both consciously and unconsciously, perceived the crisis to be that of the overall system and rebelled against it; but the propertied classes, with their historical myopia, mistook the phenomenon for the essence and demanded a realignment of the structure, a redefinition of the relations of the propertied classes *vis-a-vis* each other, *vis-a-vis* the State and *vis-a-vis* the nation's wealth. Whereas the people asked for an end to the system of exploitation, the propertied classes wanted to scrap the Industrial Policy Resolution and the Agricultural Prices Commission. The crisis and reactions to it are best studied through three points of tension, corresponding to the three principal class-groupings of the country, the monopoly capitalist class and the big bourgeoisie in general; the rural gentry and the closely linked provincial small bourgeoisie; and the mass of the working people, both urban and rural.

The first is linked with what some analysts have identified as the distinction between the early and the late phases of import-substitution. The early phase is the easy phase where local capital manages to displace imperialism in the manufacture of the (by then) traditional varieties of consumer goods, including (as in the case of a relatively strong capitalist class like that of India) consumer durables like motor cars. The late and difficult phase comes with the 'ambitious' desire to go in for the manufacture of more sophisticated designs and of capital goods. The attempt at import-substitution in this phase becomes so difficult that the illusion of self-reliance is torn away and it stands out as the essentially comprador relation that it is. To take the most obvious instance, in the first phase the Fiat car gets slowly indigenised through Premier India, but in the second phase Maruti is merely an auspicious Hindu prefix for the Japanese Suzuki. But what is important here is that there is no god-given or genuine technological obstacle to self-reliant transformation to the second phase. What is involved is that in the first phase the capitalist class (including the State) takes the bother to replace imperialist capital to some extent in its eagerness to convert itself into an industrial class, but once it has acquired a blast furnace of its own then it is content to accumulate comprador capital on that basis. If some Left intellectuals mistook the first phase for anti-imperialist national-bourgeois development then that is entirely their private illusion.

This transition creates serious crises of all varieties. Self-reliance now becomes a shibboleth and a worn-out cliche. The scions and the paid hacks of the monopoly houses write stringent articles in the glossy periodicals that have come up in this period, deriding the outdated Ideological' and unpragmatic notion of self-reliance. The public sector bureaucrat behaves with equal vehemence in rejecting 'ideology'. *Etatism* of the fifties too comes under attack. It is not that Capital has now ceased to be bureaucrat, but it merely wants a redefinition of the terms of the *Etatism.* The State, which was earlier relegated the duty of doing the heavy work of building an industrial base without thinking of profit, is now required to function more efficiently and to concentrate less on enterprise and more on finance, and on aid and technology brokerage with the imperialists. The State as entrepreneur therefore comes in for all manner of taunts and jibes, much to the irritation of the Nehruite leftist who had taught himself to worship it as the womb of Indian socialism. But the Nehruite does have a point: it is astonishing how brazenly the champions of a class that cannot manufacture a lube of toothpaste efficiently, attack the public sector for not running the Railways on schedule. But the poor Nehruite is alone in his chagrin. Even within his cherished public sector, the fashionable trend is for giving up ideology' and accepting 'accountability', which is an ideological notion meaning profitability. Altogether, a vociferous demand for the opening up of the economy and the privatisation of the public sector piles up.

The second point of tension is the Green Revolution. Whether the Green Revolution has had any impact on Indian agriculture is a much debated question. The answer depends upon how one defines the term and what measure of its impact one uses. If it is defined as the employment of HYV seeds and the attendant technology, and if its impact is measured by the increase in per-acre productivity, then the accepted answer has been that it has had no impact outside of Punjab and Haryana. But it is not clear why anyone other than the Planning Commission would be interested in such a narrow and distorted definition of the problem. If we define it broadly to mean agricultural modernisation that was initiated in the fifties through irrigation projects, rural co-operatives and rural electrification and culminated in the widespread use of chemical fertilisers, pesticides and HYV seeds, and if we measure its impact, not by the imputed objective of increasing all-round productivity but the real objective of further enriching the rural rich, then the success has been quite significant. And if we distance ourselves further from the empiricism of statistical analysis by reckoning its success in terms of the appetite it has aroused in the rural rich (which is extremely relevant for political analysis), then its success has been quite phenomenal. Indeed, the fact that it has aroused considerable appetite that it cannot satisfy is the point where the contradiction between the development of the productive forces in agriculture and the way the economy has been structured (the crisis within the crisis) stands revealed. The fact of this incapacity of the system to keep its promises has gradually dawned on the rural gentry over the last ten to fifteen years. And given the capacity of this class to mobilise the rich and middle peasantry behind it, and given the close—though not necessarily amiable—connections it has with the provincial trader, entrepreneur, and professional class through ties of blood and commerce, the disaffection has rebounded with a resonance. If the resonance has not always been very loud, that is because the propertied classes of India are scared of airing their grievances too loudly for fear of setting a bad example. But it has certainly made itself heard in the rapid decay of the political structure and the cultural ethos of the ruling classes. By about the mid-seventies the Indian State was faced with the disquieting prospect of the propertied classes turning unpatriotic. From Khalistan to the Shetkari Sanghatana to Telugu Desam Party, the avowed ideals

and the methods and the degree of disloyalty have varied immensely, but the disaffection is quite real.

The third point of tension needs no elaborate charting. The loyalty of the broad masses of the working people rested on the illusory basis of fat promises, and the thin real basis of State patronage, and both of them soon evaporated. It is to the credit of the Communists that even if they were initially duped by the illusion, they were at least the first to reflect the disillusionment. The split in the CPI in 1964 was essentially a consequence of this revaluation of the ruling class and the polity, and had nothing of essence to do with the youthful delinquencies of Dange or the Sino-Soviet dispute. Added to this disillusionment were two other factors: the misery caused by the deepening economic crisis, and the fact that as State patronage to the rural rich increased, they became more and more oppressive. At the next step, it was Naxalbari that made this break resoundingly clear. Since that time there have been widespread revolts of the rural poor in the plains and the tribals in the forests. Whereas the struggles in the plains have invariably been led by militant Left organisations, the tribal struggles have found a variety of leaders, including avowed Gandhians. The only reason one can see is that 'development' has devastated the lives of the tribals so much that almost any politics will be forced into struggles once it enters their midst. The average forest-dweller today consumes perhaps half of what his fore-fathers half a century ago did, and that is the stark truth.

III

It was not ordained anywhere that Lal Bahadur Shastri should die prematurely, nor that the Congress Old Guard should make a hash of the succession. In this sense (and only in this sense) it was an accident that Indira Gandhi was called upon to preside over this crisis more or less since its inception. Nothing else about her actions or her personality was accidental.

Indira Gandhi's career as Prime Minister is easily divided into two periods: the first is the period from her accession till the defeat at the hands of the Janata Party in 1977. The second in the period from her return to power in 1980 till her death. This most obvious division is also the *objective* division, the line drawn by the objective historical process. In the first period, it was the economic crisis and the disaffection of the masses that were the main problems. The disaffection of the propertied classes was as yet very much incipient. Indeed, it was the Green Revolution and the further industrialisation of the economy which were undertaken in this period with imperialist aid and advice as an answer to the economic crisis that would intensify arid bring out the disaffection, even as they gave the polity the pigmentation of an industrial economy. But that was as yet in the future. For the present, none of the major political changes of the period was a consequence of a struggle within the ruling classes. Even the split in the Congress was no exception. It was the answer to two vital needs of the polity in the context of the economic crisis and the mass disaffection as indicated by Naxalbari and the poor performance of the Congress in the 1967 elections. The needs were that the State should tighten its reins further, and that it should turn populist. Indira Gandhi's manipulations achieved both aims. The successful war with Pakistan was an external factor that helped the process, but while it was an external factor, it was by no means an accidental godsend. Both the tightening of the reins of the State and the adoption of populist postures required greater reliance on Soviet Union, and that closeness was certainly an important factor in the Bangladesh war. Not only did Indira Gandhi achieve these immediate aims, in a matter of half a decade she was quite successful in containing mass disaffection, and it appears now that she was even successful in pulling the economy out of the deceleration crisis. The tribal and peasant revolts in Naxalbari, Srikakulam and Bihar were brutally suppressed, and so were the more heterogeneous and essentially petty-bourgeois uprisings in Bihar and Gujarat. A suspension of the parliamentary democratic process was required to fulfil these objectives, and she suspended it without hesitation through the Emergency. A suspension of civil liberties was required, and she suspended them through MISA, through the widespread use of the Disturbed Areas Act in Andhra, and through the employment of murderous hoodlums in the streets of Calcutta. Brutal measures were called for, and brutal measures were adopted. More than a thousand persons were killed in the process in police firings and in faked 'encounters' in this period.

As I said above, the disaffection of the propertied classes was very much incipient in the first period. They were only in this period beginning to experience the fact that the structure of yesterday was becoming a hindrance. At this stage, it was the objective duty of Indira Gandhi that she should stand by the structure; and since the structure was Etatist and the disaffection came from the wealthy, this necessity merged neatly with the populism demanded for other reasons, and resulted in her fiercely anti-monopoly, anti-imperialist, and anti-landlord postures. There were further bouts of land reform laws, and pieces of legislation like FERA and MRTP Act, which are all to be understood both from the angle of populism and the need to preserve the specific structure of the polity against the incubatory disaffection of the rich who wanted a different alignment of the structure. She herself never had any convictions other than the determination to do her job.

In the process of this more or less successful management of the crisis many old values and habits and norms were upset. Cheating, double-dealing and falsehood entered the politics of the ruling classes in a big way. Left analysts, taking the cue from her bourgeois opponents, have irrationally blamed Indira Gandhi for this debasement. In reality she was merely the most brazen exponent (this much must be granted to her personal critics) of the ethos of the period, which continues down to our day. The propertied classes are losing faith in their system and consequently their culture has been degenerating at a steady pace, and nobody and no sphere of life has been exempted from the taint. Well-meaning intellectuals —including quite a few Left intellectuals, who continue to exhibit an anachronistic nationalism as if this is still the 1930s— bewail this as the degeneration of 'our* culture, but it is not 'our' culture that is degenerating. For, parallelly, there has been a remarkable regeneration of people's culture across the land, taking a variety of organisational forms, some militant Left and some vaguely progressive. It appears that when the people become unpatriotic they turn creative, but when propertied classes become unpatriotic they turn vulgar. And the more public the form of social consciousness the more blatant the vulgarity it exhibits. Since politics, the theatre and religion are the three most public of all the forms of social consciousness it is in these spheres that the vulgarity of the ruling classes has been most evident. Small wonder that soon enough film stars, *babas* and political leaders started keeping happy company.

But this is anticipating. To get back to the narrative, the lifting of the Emergency revealed two disturbing facts. One, that the people's disaffection had by no means been suppressed, and, two that the disaffection of the propertied classes had burst out of the womb. The period since the lifting of the Emergency till today has been popular struggles that are widespread,- militant and better organised then

the struggles of the pre-Emergency period; and it has also seen a new phenomenon: quite open squabbling within the propertied classes, often taking mass forms that have confused the Left very badly. The propertied classes, from the monopoly capitalist class down to the small town commercial bourgeoisie and the rural gentry, are gearing for a realignment of the structure, a redefinition of its parameters, a solution to the 'crisis within the crisis', and they are also fighting among themselves because each one of them hopes to be in, or at least close to, the driver's seat when the new alignment takes shape. The best place to look for evidence of this phenomenon is the political and cultural superstructure. It is unfortunate that Marxist analysts, having taught themselves that the economy is primary, look for evidence of change in economic indices, as if history is written by regression equations. Too many Marxist intellectuals being economists has been bad for Indian politics.) In times of class struggle —including intra-class struggle—it is the superstructure that becomes lively. When the drabbest hacks who write centre-page articles in the daily press start producing scintillating prose, then that is sure enough sign that something is cooking. (For a very recent example, the panic caused among the Indian monopolists by Swaraj Paul produced the best pieces of invective written by their scribes.)

The inability of the Janata party to hold together is merely the inability of any one of these contending classes to take charge of the affairs and settle the 'crisis within the crisis' in its favour. In that period, the greatest fear of the urban bourgeoisie was that the rural gentry would take the lead. The fear received its justification in the aggressiveness of the gentry which revealed itself in the open and uninhibited attacks on 'urban-oriented Nehruism' as well as the ruthlessness with which they mobilised their caste-fellows to assault the agricultural labourers in the Hindi states. In turn the fear of the urban bourgeoisie is evidenced by nothing better than the savageness with which their normally staid Press (which is usually called the National Press) attacked Charan Singh. He has has certainly been the most maligned of all Indian politicians. He is known to be incorruptible, an able administrator, and certainly he is the only bourgeois politician after Nehru with a well worked out and viable economic philosophy of his own. Indeed in this matter he is perhaps a cut above Nehru, since he is his own Mahalanobis. And yet he has been the target of savage attacks as an obscurantist (which he is not) and an opportunist (which they all are), especially during the short period when he was 'interim' Prime Minister of the country, by the grace of Sanjeeva Reddy, another *kisan*, as the gentry like to describe themselves.

Their own inability to settle the issue scared the ruling classes so much that they started looking for a saviour who would hold things together with a whip in the hand; within the confines of parliamentary politics there was only one such saviour: Indira Gandhi. And the imperialists, both of the East and the West, were equally keen to put an end to the 'anarchy'. They knew well that however the structure was realigned it would continue to be comprador; what they wanted was a quick resolution one way or the other, or at least stability. These reasons themselves do not explain why Indira Gandhi was voted back to power in 1980, but it is certain that if she had not been, and if the vote had not put an end to the anarchy, some other—and not necessarily constitutional—way out would have been found.

But Indira Gandhi in her second innings was not the same as before. It is not that she had aged, but the conditions had changed. The people she could handle. She knew how to get their votes and she knew how to get them killed. She handled them in this period as in the first. She broke the back of the textile workers of Bombay, and she broke the heads of the rebellious tribals in central India and the agrarian poor in Bihar and in- Andhra. But the squabbling of the propertied classes was something she could not handle. The same squabbling that brought down the Janata party now shifted into her party and took the form of the peculiar Congress phenomenon: Dissidence. After all, the change in government had not resolved the crisis, it had merely set up a new medium for its expression. And she did not know what to do. She threw out leaders, broke up cabinets, dissolved Assemblies, and in desperation cried 'Off with his head!" like another paranoid Queen. But nothing worked. Even less did she know what to do when the crisis took the form of new messiahs and mass movements outside of her party. She manoeuvred and she manipulated, she conferred and she dilly-dallied, she lied and she cheated, she sent in the army and she killed, but she could never come to terms with the phenomenon. Some of the squabbling classes she could satisfy to some extent. The devaluation of the public sector and the opening up of the economy are two stark shifts that she initiated as soon as she came back to power, and this has gone down well with most sections of the ruling classes, particularly the urban capitalists. As the *Indian Express* said editorially (March 5): "There is a consensus today that the economy needs to be opened up." From the fiery radical of the early seventies she was now the mature leader, who had no faith in isms', as the cliche goes. Indeed the change was already perceptible in the Emergency period when she allowed her younger son to slap her communist fellow-travellers in the face, and she herself frequently talked of an 'Indian road', neither capitalist nor socialist, and contemptuously asked the communists what they had achieved. But the change really got going after 1980. In this regard, the 'national consensus' of the fifties stands destroyed; but this change is no full resolution of the 'crisis within the crisis', as the same editorial goes on to lament, for a new national consensus of the exploiting classes has yet to emerge. The heterogeneity of the Indian exploiting classes makes this necessary if the system is to get over its first crisis and move on to a higher plateau. And her failure to achieve the consensus, her failure to structure a new alignment of the relations of these classes that would once again-win the system their loyalty, and once again set the proactive forces moving forward, in a word her failure to provide room for the chickens of development that have come home to roost, was the failure of her career. It was this failure that finished her. One crisis after another led her down the ladder. Assam confused her, Andhra confounded her and Punjab killed her.

IV

By the time of her death she had completed the destruction of the ideological overgrowth of the system. There is no more talk of socialism, which is declared to be alternatively un-Indian and outdated; as for land reforms, there is no more land to be distributed, as everybody knows; secularism she laid bare by making it a point to visit every temple, every dargah, every church and every gurdwara she found on her way, and even more blatantly by inciting I Hindu communalism in Jammu and Musliim communalism in Assam; liberal democracy was buried by the forced charade of elections in Assam, and the incredibly undemocratic Terrorist Affected Areas Act, following upon the massacre in Amritsar (parenthetically, it is the final sign of the demise *of* the liberal, intelligenstia of this land that such an Act is allowed to govern 15 million Punjabis without more than a m urmer of protest elsewhere); anti-imperialism is a virtue that she herself regarded with a certain amount of contempt in her last days, though Moscow and its fellow-travellers continued to credit her with it.

This is what makes her son's task that much more difficult. T he twin problems his mother faced remain before him. The break of the people wit h the system is by now complete, They talk of it with nothing but contempt even as they queue

up to vote And the urgent need for a new national consensus of the exploiting classes is still to be satisfied. The first has no solution other than brute power, for populism has reached the point of nil marginal credibility. It will succeed so long as the armed might of the State (with the help of the Soviets and also the Americans if need be) is superior to the collective strength of the masses. Once that point is passed, then that is that and there 'is nothing more to be done except sing requiem for the dead. But the second problem is susceptible of less tragic solutions, provided the right instruments can be devised, for all the instruments wrought in the past are in a shambles. Whether Rajiv Gandhi is capable of fabricating and using them is a moot point. Till now his main asset has been the fact that Indian politicians, like race-horses, are initially judged by their pedigree and only later by their track-record. His pedigree is unexceptionable but such track record as is available to date can cause no joy to those who want to save the 'nation' from chaos. His election speeches have been characterised by a wooden monotony that stands in sharp contrast to the finesse demanded by the problem he faces. To put it in the language of 'Scientific Management' that he and his cronies are said to be partial to, the variables are too many, the constraints are too complex, the feasibility region is disconnected and the objective is unclear. It will require much more than a bright-eyed admiration for computers to handle the crisis. Whether he can succeed is the problem of the propertied classes, but if he fails that can create quite serious problems for the masses.

REVIEW

Government-Enterprise Relationship and Public Enterprise Performance

V V Bhatt

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AS Gerschenkron observed in his essay on "Economic Backwardness in Historical Perspective"[1] the role of the state in the historical process of economic development was directly related to the degree of relative backwardness of a country. It is therefore not surprising to find that economic development has been a major objective of state policies in the developing countries since the Second World War. Apart from the other policy instruments, the state has been also using public enterprises as an instrument for initiating and accelerating the pace of industrial and economic development. It is illuminating to find that the size and structure of the public enterprises are not very different in non-communist countries; for example, this pattern in a country like South Korea, with a private enterprise ideology, is similar to the pattern in India with a socialist ideology:[2] Thus, ideology *per se* does not seem to be the reason for the existence of public enterprises.

Traditional economic theory does provide a part of the rationale for public enterprises in fields where the *net* social benefits exceed the *net* private benefits and the transaction costs of regulating private enterprises to attain social ends exceed the *additional* costs of managing enterprises directly. In the developing countries, where there is no tradition of private entrepreneurship and which lack the experience, expertise and skills of managing enterprises in the private sector, it is simply not possible to develop enterprises of strategic importance in the private sector. And the firms of the developed countries cannot be relied upon to operate enterprises to attain the socio-economic objectives of a given developing countries.[3]

CRITICAL FACTOR

However, the overall performance of public enterprises does not seem to be consistent with their declared objectives, apart from the fact that they impose a burden on the government budget because of their poor financial performance. The major reason for this poor performance appears to be the lack of an adequate decision framework—decision structure and processes—in the government. Hence the dominant theme of the book under review is government-enterprise relationship as the critical factor determining public enterprise performance.

The book has been published in honour of V V Ramanadham, who has done significant work on public enterprises during the last four decades or so in the United Kingdom, India, and the United Nations, where he has worked during his long and distinguished career. Currently, he is working at the London Graduate School of Business Studies. The essays in this book are written by his former friends, students, colleagues and associates from different parts of the world and present the experience with regard to government-enterprise relationship in various countries, both developed and developing.

The perceptions and insights relating to government-enterprise relationship and the policy measures suggested for improving public enterprise performance are all based on *descriptive studies* on public enterprises and their *financial* performance—largely measured in terms of their impact on the government budget. There are no analytical case studies of decision making structures and processes[4]—as they actually operate in practice—relating to successful as well as unsuccessful enterprises nor are there any systematic studies of the *net* social benefits or the net national and political benefits[5] of individual public enterprises.

MAJOR FINDINGS

The major findings of these essays, however, are very illuminating in suggesting approaches towards improving the effectiveness and efficiency of public enterprises. Some of them are mentioned below:

(1) Maurice R Garner has raised a basic issue with regard to the measurement of efficiency of public enterprises. Efficiency cannot be measured irrespective of the objectives; it has to be related to the various objectives that may be relevant: "concepts and practices of private sector in relation to the estimation of efficiency are of little utility to public enterprise ..." (p 20).

(2) The real problem in decision-making arises because the high level goals of public enterprises are rarely translated into operational objectives in terms of which performance can be measured and evaluated. And this condition leaves enough scope for *ad hoc* intervention by the government in the operational management of an enterprise (see contributions by Premchand, Boneo, Chambers, Garner and Ghai, in particular). Where public enterprises are used by the ruling groups to perpetuate their own power and patronage, obviously it suits the government to keep the objectives as vague as possible so that it can provide hidden subsidies to important socio-economic groups (see contributions by Jones, Ghai and Boneo),

(3) Where the governments are committed to improving public enterprise performance, they probably lack an institutional mechanism for decision-making with regard to operative objectives, monitoring performance in the light of their objectives, and evaluating performance with a view to providing feed-back to the government as well as enterprise management. The institutional mechanism suggested is some form of corporate planning along with a performance evaluating machinery, in which both the government and enter-