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Globalization has many dimensions, but in what follows I shall focus primarily upon its economic dimension whose essence consists in more or less free flows of commodities and capital, including finance, across State boundaries.

By ‘freedom’ which occurs in the title of this paper, I mean the lack of constraints upon praxis, and in what follows I concentrate on praxis for improving one’s material living conditions. Such constraints are usually seen as arising primarily because of the limitations imposed by the State; but they also arise because of the limitations imposed by the social institutions and the circumstances within which we live. Thus, I consider an increase in the relative size of what Marx had called the ‘reserve army of labour’, which incapacitates workers in their struggle for higher wages, an abridgement of freedom. Likewise an abridgement of freedom can arise because of the limitations imposed upon the State, and hence upon the praxis of the people in the terrain of politics by circumstances relating to the global economy.

I should make it clear that in my view while an abridgement of freedom may express itself through a deterioration of the material conditions of life of the working people, such deterioration does not per se constitute loss of freedom.

Let me now turn to a discussion of globalization and its effect upon ‘freedom’ in this sense. One clear consequence of
the relatively free cross-border movement of capital, including finance, is the following. Since we live in a world of nation-States, free mobility of finance across such States implies that if any State's policy differs from what finance capital considers appropriate, then it leaves the shores of that State en masse precipitating a financial crisis. Nation-States in other words have always got to make sure that they ‘retain the confidence of the investors’, namely are on the right side of globally-mobile finance capital, by pursuing policies that are palatable to finance.

This itself amounts to an abridgement of freedom for the people. Democracy entails the freedom of the people to elect a government of their choice, one that would pursue policies that the people largely approve of, which is why different political formations vying for electoral support come before the people with different agendas. But if all political formations have the same agenda, namely the one that globally-mobile finance capital approves of, for fear that they would otherwise trigger a capital flight with deleterious consequences in the event of their coming to power, or, even if some of them have a different agenda before the elections, they go back upon it after the elections and pursue the same policies that were being followed earlier (as Syriza did in Greece), then the people’s choice becomes meaningless.

Put differently, democracy implies in principle the sovereignty of the people; what globalization of finance does is to institute the sovereignty of finance capital which necessarily displaces the sovereignty of the people, and hence entails an abrogation of democracy and freedom. Even if people willy-nilly accept such a displacement of their sovereignty, that makes no difference to the issue; the abrogation of democracy is not thereby altered an iota.

This is not just a formal point. The demands of finance capital are by no means co-terminus with the demands of the people. For instance, in any Third World society, there is a dire need for improving the condition of the people through larger welfare
expenditure, on education and healthcare. Such expenditure, if it is to genuinely improve the condition of the people, must be financed not by taxing the beneficiaries themselves but by either taxing the rich, or by a larger fiscal deficit. Both these, however, are anathema for finance capital. For reasons we need not enter here it opposes fiscal deficit beyond a very small amount relative to the Gross Domestic Product of a country (usually 3 per cent); indeed most countries have even adopted legislations to this effect. And any larger taxes upon the rich will drive away ‘investors’ to other destinations where the tax rates are comparatively lower. Because of this, a programme of welfare expenditure that should obtain overwhelming popular support, remains unimplemented.

To say this is not to provide alibis to Third world governments and to put the blame for poor health and education systems on globalization alone. Many of these governments do not push the system to its limits; and it is not as if they would have been eager to implement such measures if globalization had not restrained them. But the restraining effect of globalization, and indeed its decisive role, is undeniable, so much so that even avowedly socialist governments which come to power by promising change, end up by accepting the status quo.

Much the same can be said of redistributive measures relating to income and wealth. Hardly any political formation in the Third World, including even those committed to social democracy, has a programme of redistribution on its agenda, for fear no doubt of damaging the so-called ‘investors’ confidence’; and this is so despite the fact that inequalities have increased quite sharply during the years of globalization. In India for example according to an estimate by Chancel and Piketty (2017), the share of the top 1 per cent of the population in the total income of the country was just 6 per cent in 1982; it increased to 22 per cent by 2013–14 after India had adopted a neoliberal regime in 1991. Obviously, the inequality-generating tendencies are immanent to such a regime;
the point to note is that using the weapon of political intervention to counter such immanent tendencies, which used to be the case earlier, is no longer in vogue, not because such an objective has become less urgent (on the contrary even the World Economic Forum is talking about its necessity), but because the scope for doing so when globalized finance faces the nation-State, is limited, and perceived to be so.

To recapitulate, there are multiple ways in which the phenomenon of a nation-State being faced with globalized finance abridges the freedom of the people, in the sense of their capacity to improve their living conditions. First, the people are denied any meaningful choice between alternative political formations at the time of elections, which amounts to an abrogation of democracy. The agendas which the different political formations present before the people are more or less identical in their economic content; and if perchance one of them comes with a different agenda and the people do elect that formation then it usually ends up betraying the people by discarding its own agenda.

Second, these identical agendas of the different political formations are generally in conformity with the demands of globalized finance, so that it is not just a matter of lack of choice; rather it is a matter of privileging the caprices of globalized finance capital over the interests of the people.

Third, there is an elimination of serious redistributive or welfare measures from the agendas of the political formations. This is particularly striking in view of the immanent tendency under neoliberal globalization towards growing inequalities in income and wealth that thus are not countered.

II

The immanent tendency towards growing inequality in turn arises within a setting of neoliberal globalization owing to three inter-
related factors. First, globalization links the real wages of workers everywhere. Even though labour is not freely mobile across countries under the current globalization, since capital becomes mobile, resulting in a shift of activities from higher-wage advanced capitalist countries to lower-wage Third World countries, it ensures that advanced country wages, and hence, by implication wages everywhere, become subject to the restraining effects of the vast Third World labour reserves. Advanced country wages do not rise because of their capitalists’ threat to move activities to lower-wage Third World countries; and Third World wages do not rise as the workers there are located in the midst of these vast labour reserves. The vector of real wages all across the world therefore becomes non-increasing. For the United States, for instance, Joseph Stiglitz has shown that the average real wage of a male American worker in 2011 was no higher than in 1968; in fact it was marginally lower.

Second, even as this happens, the vector of labour productivities, all across the world keeps increasing, which results in an increase in the share of surplus (the excess of labour productivity over the wage rate, divided by labour productivity) everywhere. This is the cause of the increase in income inequality, since the surplus is the source of the income of the capitalists and of the large number of persons engaged in higher-paid activities in the service sector.

Such an increase in income and wealth inequality undermines democracy everywhere. It is by no means a transitory phenomenon which will disappear over time. Its non-transitoriness arises because of a phenomenon which constitutes our third factor, namely, even as activities shift from the advanced countries to the Third World countries with their vast labour reserves and hence lower wages, these reserves do not get exhausted; on the contrary, their relative size compared to the total actively employed workforce actually increases despite such a shift of activities. This is because on the one hand there is a removal of all restrictions on the introduction of labour-displacing technical and structural changes, such as existed
under the *dirigiste* period of post-decolonization development in many Third World countries. On the other hand, this also arises because State support for peasant agriculture of the kind that existed in many Third World countries in the *dirigiste* years, gets withdrawn under neoliberalism, which leads to a fall in profitability of peasant agriculture, and hence an abandonment of agriculture by sections of the peasantry. They migrate to cities in search of jobs whose rate of creation itself has slowed down compared to earlier. The increase in income (and hence wealth) inequality therefore becomes not a transient vanishing phenomenon but an enduring one in the current era of globalization.

Within the Third World itself the income squeeze on the peasantry (and other petty producers) and hence the increase in the relative size of the labour reserves that get swollen by peasant migration to cities has the effect not just of increasing income (and wealth) inequalities, but of raising the proportion of persons living in absolute poverty (defined by a nutritional norm). To take one example, in India where the ingestion of food providing 2,200 calories per person per day is taken to be the benchmark for defining absolute poverty in rural areas and 2,100 calories the benchmark for defining poverty in urban areas, the proportion of rural population below 2,200 calories was 58 per cent in 1993–94 and 68 per cent in 2011–12; for urban areas the proportions below the corresponding benchmark were 57 and 65 per cent respectively. Since India’s exposure to neoliberal globalization began essentially in 1991, the years of globalization have clearly seen an increase in absolute poverty in this sense.¹

Likewise for the world as a whole, the annual average per capita cereal output (triennium average divided by mid-triennium population) was 355 kg for 1979–80 to 1981–82 (1980–82 in short) and fell to 343 kg by 2000–02; even in 2016–18 it was 344 kg, while

¹ For the 1993–94 figure see U. Patnaik (2013). She has kindly made available to me the figure for 2011–12.
the proportion available for use as food was lower owing to sharp rise in use of grain for ethanol production between the second and last triennia. This strongly suggests an increase in malnutrition and hence the proportion of nutrition-deprived poor in the total world population over the period since neoliberal globalization has begun to hold sway.

Globalization in short has not only increased income and wealth inequalities substantially, and thereby undermined the foundations of democracy everywhere, but is also likely to have increased the proportion of nutritionally-deprived ‘poor’ in the world’s population. In view of the hype about growth in the Third World lifting the world’s poor above the poverty line, this claim may appear odd at first sight; but it is well-established from food and nutrition data which are much firmer than any so-called ‘poverty line’ estimates. At the same time, globalization, for reasons we have seen, prevents any redistributive measures or welfare measures to alleviate the impact of growing inequality and poverty.

Globalization therefore puts much of the world’s population in a bind: they keep becoming worse off, and yet lack any capacity to effect a change in their predicament in this globalized world. The fact that some countries in Asia, which include India, have experienced high growth rates in the period of globalization should not obscure this basic reality. In India for instance the high growth rate has only meant an accentuation of the hiatus within the country.

It is this sense of being ‘boxed in’, of being subject to ever worsening living conditions, and at the same time being deprived of the capacity for collective political intervention to stem this worsening situation, which constitutes a serious loss of freedom for the people. What is more, even the capacity of a country to delink from globalization, that is, to have an alternative regime

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2 This is stated only as a likelihood because one cannot strictly draw an inference about the proportion of the nutritionally-deprived in total population from macro-level data about food availability.
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where capital controls are put in place, so that the writ of globalized finance does not run and its nation-State re-acquires the capacity to pursue policies of its choice, thus allowing the people to collectively intervene through politics to improve their condition, also gets limited. We now turn to the reasons for this.

III

The most serious constraint on delinking is the transitional pain it brings, and that too precisely to those sections of the population whose long-term interest lies in delinking. The immediate outflow of finance consequent upon the decision to delink creates a financial crisis for the country attempting to delink, so that this immediate crisis forces the government to rethink about delinking, and even reverse that decision. But even if there is no financial crisis, and controls over capital outflow are imposed immediately as the decision to delink is announced (which of course will necessarily have to come as a surprise), a problem will still arise with regard to the balance of payments.

Many Third World countries, of which India is a major example, systematically run current account deficits on their balance of payments, and these are financed by the inflow of finance on the capital account. A decision to delink, even if it does not lead to any substantial capital outflows (because of the immediate clamping down of controls on such outflows), will certainly lead to a cessation of capital inflows, which will then make the balance of payments unsustainable, requiring import controls. Such import controls, however, will force cuts in domestic consumption, which will impinge particularly hard on the poor, the very segment in whose interest delinking is being undertaken.

This is a transitional problem in the sense that a large economy attempting delinking will be able to increase its production capacity of most goods after a certain period; but there are some commodities, of which oil is a classic example, where a country
cannot just import-substitute at will. True, such a country can make specific arrangements for importing oil (or other essential imports). But there is an obvious practical constraint here, which brings us to the second constraint upon delinking in the contemporary world.

Since globalization serves the interests of metropolitan capital which now has the freedom to move across country borders, it has the backing of major advanced countries. This is so despite the fact that the US itself has started imposing tariffs of late. Hence any country delinking from globalization immediately incurs the wrath of the advanced countries which promptly impose sanctions upon trade with this deviant country; and given the power of the advanced countries, above all the US, most countries of the world agree to impose sanctions, which makes it extremely difficult for this country to make the kinds of arrangements for importing oil and other essential goods that could have overcome its difficulties. The sanctions against Iran at present underscore this problem. The point, however, is that any such sanctions also affect the poor adversely, which makes the delinking project lose its appeal among them.

The bourgeoisie in the Third World, which is integrated with globalized finance capital and is a beneficiary of globalization, is strongly opposed to delinking anyway. The support for this project therefore can come only from the workers, peasants, agricultural labourers, craftsmen, artisans and fishermen; and the project itself can be launched only with a political formation that enjoys their support and has the courage and honesty to stick to its agenda if elected. But such a political formation launching a delinking project, which would already be facing unrelenting opposition from the domestic bourgeoisie and middle classes, not to mention the advanced country governments, soon loses even such support from its own base as might have helped it to face up to its opponents and detractors, because of the difficulties created by
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trade sanctions. Even if its loss of support is not very substantial, such loss can still make a difference to its ability to survive and proceed with its delinking agenda.

Hence, even as globalization ‘boxes in’ the world’s poor and working population through its own immanent tendencies and deprives them of their capacity to intervene politically to improve their plight, it puts up formidable barriers to any delinking from its ambit. It places vast masses of the people of the world in a difficult situation from which apparently there is ‘no exit’.

IV

Ironically, such a delinking project faces opposition from large sections of even progressive opinion on the ground that it represents an undesirable retreat into ‘nationalism’. This opposition, however, is based on a flawed conception of ‘nationalism’ that sees it as one homogeneous category, not distinguishing between European ‘nationalism’ and anti-colonial Third World ‘nationalism’, between a ‘nationalism’ that was espoused by Hitler and a ‘nationalism’ that was espoused by Gandhi or Ho Chi Minh.

The term ‘nationalism’ that came into vogue in Europe in the wake of the Westphalian peace treaties in the seventeenth century differed in at least three fundamental ways from the anti-colonial ‘nationalism’ that emerged in the Third World in the twentieth century. First, it had always located ‘an enemy within’, so that it was never inclusive, while the anti-colonial nationalism in the Third World was inclusive, incorporating within its corpus everyone irrespective of religious, linguistic, ethnic and gender differences. Indeed it had to be inclusive in order to take on the might of the colonial power that thrived on the divisions among the colonized. Secondly, European nationalism had been imperialist from the very beginning, while Third World anti-colonial nationalism sought to build bridges with other similar struggles around,
and largely eschewed such an imperialist project. And thirdly, European nationalism saw the nation as standing above the people, something for which the people only made sacrifices, while Third World anti-colonial nationalism saw the legitimacy of the nation as consisting in an improvement in the condition of the people.

The class bases of the two kinds of nationalism were also fundamentally different. European nationalism was quintessentially bourgeois nationalism, its role and complexion changing in accordance with the phases of bourgeois development. Anti-colonial nationalism in the Third World on the other hand, though it gave expression to the anger of all classes against the colonial yoke, was above all peasant nationalism, since the peasantry was the most numerous and oppressed segment within the colonial order.

The terms European and anti-colonial nationalism are not geography-specific. The aggrandizing nationalism of Europe also had a presence within the Third World, and was opposed to the anti-colonial struggle. It had sought not the mobilization of all against the colonial power but of one particular segment against another based on ethnic or religious differences. It not only continues but has acquired a fresh impetus of late (for reasons we shall discuss later), and is expressing itself in the form of authoritarian and fascistic movements all over the world. Its differentia specifica lies precisely in the fact that it does not offer to the people the prospect of any improvement in their condition, since its analysis of this condition, if at all there is one, is utterly superficial, putting the blame for it on the ‘other’ who belongs to a different ethnic or linguistic or religious group.

The problem with the progressive opposition to delinking is that it sees all nationalism as consisting of this ‘European’ nationalism, as being essentially hegemonic and proto-fascist, which is far from being true. Delinking from globalization to improve the condition of the workers, peasants and other sections of the working people
in the Third World (and elsewhere), is diametrically the opposite of a proto-fascist project. But the effort at delinking, in addition to all the other problems it faces, has also to contend with this ill-informed ideological prejudice.

V

Not only does globalization put the working people of the Third World into a straitjacket which they cannot get rid of but which keeps squeezing them harder and harder, but as it enters into a crisis, it creates conditions for the explicit attenuation of democracy and the growth of fascistic tendencies. The rise of authoritarian and fascistic tendencies has got a fillip from the economic crisis to which globalization has entered for some time.

The cause of the crisis lies in what we have already mentioned earlier, namely the rise in the share of surplus in each country’s output and in that of the world as a whole. Since consumption out of a unit of surplus is on average lower than out of a unit of wage income, such a steady shift from wages to surplus has the effect of lowering the time-profile of consumption, and hence the time-profile of world aggregate demand, for any given time-profile of investment. But there is no reason to expect the time-profile of investment to either increase or even to stay unchanged as the time-profile of consumption falls, because investment itself responds to changes in demand; the time-profile of investment itself therefore also comes down, adding to the tendency towards stagnation.

Against this tendency towards stagnation there are no counteracting tendencies of any significance. The ability of the State to increase demand through its spending gets limited because it cannot expand the fiscal deficit or taxes on the capitalists, for fear of offending globalized finance capital. The only possible counter is the formation of asset-price bubbles, especially in a large economy.
like the US which has a powerful effect on the world economy; but even if such bubbles do get formed, their collapse once again plunges the world economy into a crisis, as has happened of late.

The inability of the system to overcome the crisis makes it vulnerable; what it attempts therefore is a discourse shift, towards blaming the ‘other’ who is held responsible for the crisis. For this it enlists the support of fascist and semi-fascist groups, which always exist in any modern society, but are usually confined to the fringes. They move centre stage in periods of crisis for two reasons: first, their perennial slogan of vilifying and excluding the ‘other’ finds more takers in such periods; and second, for reasons just discussed, big capital promotes them with large financial backing in such periods in order to bring about a discourse shift. The economic issues affecting the lives of the people either drop out of discussion altogether as people are made to become polarized along ethnic or religious lines; or alternatively, the blame for the economic travails of the majority is also laid at the door of the ‘other’. In either case the focus shifts to the need for excluding the ‘other’ rather than for discussing the roots of the crisis and its remedies with the exercise of reason.

Unlike in the 1930s, however, the emergence of fascist governments does not even overcome unemployment through larger military spending, for that would require a larger government expenditure financed either by larger borrowing (as in the 1930s) or larger taxes on capitalists, neither of which is acceptable to globalized finance capital. Nonetheless it comes to the aid of the system in at least two ways: first, by distracting attention from any serious discussion of economic issues to a demonization of the ‘other’, and the generation of hatred against the ‘other’; and second, by making the State far more repressive than before, so that the scope for any democratic protests, against the arbitrary measures of the government against the targeted group is snuffed out; and this repression extends over time to cover all democratic protests. We in India are in the process of witnessing such a change
Globalization certainly seeks to justify itself in terms of its concern for human rights and democratic values globally; but it is also true that no fascistic formation comes to power anywhere without the financial backing of a segment of big bourgeoisie which also happens to be a votary of globalization. The fascistic formation, therefore, even as it abridges human rights domestically and faces global criticism for it, has no intentions of delinking the country from globalization.
Its assault on democratic institutions is carried out within a context where the country’s domestic corporate-financial oligarchy remains integrated with globalized finance capital, which is why the criticism of such regimes for their human rights record never reaches a point where they become seriously inconvenienced by it.

This situation is in sharp contrast to that prevailing in the 1930s, the earlier occasion when fascistic elements had been in the ascendancy. That had been a period of intense inter-imperialist rivalry. Fascism then had not just been an internal phenomenon promoted by a segment of the big bourgeoisie (with the acceptance willy-nilly by other segments of the big bourgeoisie); it had also additionally been a means of upsetting the prevailing imperialist arrangement, the existing global power relations of the time.

Put differently, fascism in the 1930s had arisen in a context where each of the different finance capitals had a national imprint, was aided by its particular nation-State, and was engaged in a conflict with other similar finance capitals belonging to other major countries and aided by their nation-States. Fascist tendencies today arise in the context of a globalized finance capital, of which the finance capitals originating in particular countries, and presided over by their respective corporate-financial oligarchies constitute different components. As long as the governments of individual nation-States backed by these corporate-financial oligarchies remain a part of this global arrangement, any human rights violations by them, though arousing global criticism, would continue to be tolerated without bringing them much discomfort. In other words, the human rights rhetoric of contemporary globalization is perfectly compatible with the coming into power of fascistic elements in particular countries, precisely because such coming into power does not threaten any re-partitioning of the world through wars, as it had done in the 1930s.
Let me now recapitulate the argument of this paper. For large masses of the workers, peasants, agricultural labourers and petty producers, especially in the Third World, for whom freedom consists in their ability to struggle to improve their living condition, globalization entails a loss of freedom compared even to what they had enjoyed under earlier dirigiste regimes that had functioned within a democratic set up. They become victims of growing inequality and even growing absolute nutritional poverty, through the spontaneous working of the neoliberal arrangement that characterizes contemporary globalization. At the same time their capacity to bring about changes in this spontaneous denouement through collective political intervention is also taken away from them because of this very phenomenon of globalization, under which finance is globalized while the State remains a nation-State. And getting out of this globalization altogether is also extremely difficult. Any delinking brings in its wake transitional difficulties which are not just immense in themselves but become even more formidable because of trade sanctions imposed at the behest of the advanced countries. The working people of the Third World are thus kept in a bind within the regime of globalization.

As globalization gets engulfed in an economic crisis, this bind is further tightened through the institution of authoritarian and fascistic political regimes that launch an assault on individual rights and democratic institutions: the abridgement of freedom is then carried to an even higher level.

Such fascistic regimes, and the economic crisis about which they can do little unlike in the 1930s, also provide, however, an opportunity to the working people to break out of this bind. The capacity of the advanced countries to impose discipline on the rest of the world, by putting sanctions upon those countries that are delinking from globalization, is bound to get impaired as the crisis persists, as the system becomes palpably dysfunctional, and as the
advanced countries themselves start delinking from it to work out their own specific alternative arrangements (as the US is doing). And while the discourse shift introduced by fascistic elements constitutes a diversion preventing any emancipatory struggle, it cannot succeed permanently in achieving this diversionary objective. With neoliberal globalization having reached a dead end, emancipatory struggles will once again come on to the agenda.

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