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**UNDERSTANDING THE CONCEPT 'RELATIVE  
AUTONOMY OF STATE' AND ITS APPLICATION  
IN THE INDIAN CONTEXT**

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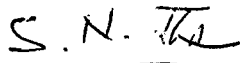
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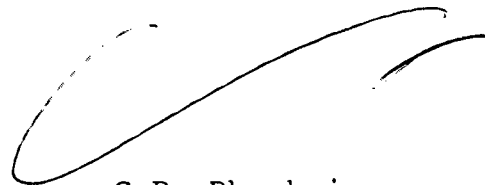
CERTIFICATE

It is certified that the dissertation entitled "UNDERSTANDING THE CONCEPT 'RELATIVE AUTONOMY OF STATE' AND ITS APPLICATION IN THE INDIAN CONTEXT" submitted by Ashok Kumar Barnwal in partial fulfilment of the requirements for the award of the Degree of Master of Philosophy, has not been previously submitted for any other degree of this University or any other University, and is his own work.

We recommend that this dissertation may be placed before the examiners for evaluation.



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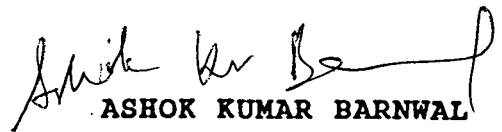
I owe special thanks to Prof. S.N. Jha under whose supervision I completed my work. He went through the drafts of my dissertation suggesting modifications and corrections and at the same time allowing me to develop my own ideas and adopt my own style of writing.

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ASHOK KUMAR BARNWAL

Dedication

**TO  
THOSE WHO LIVED  
AND  
DIED IN THE SERVICE  
OF HUMANITY**

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## INTRODUCTION

The main purpose of this thesis is to understand the "Relative Autonomy of State". By applying this concept the effort has also been made to understand the relationship between state and society in the Indian context.

Since the origin and development of the concept has taken place within the marxian framework, the major thrust of the discussion is confined to this framework itself.

In the liberal paradigm particularly after behavioural revolution, the state had been dissolved into a sum of its parts and the attention was shifted to study these parts. The particular aspects of the state like political parties, elections, pressure groups, bureaucracy, elites, political mobilization, political development, institution building etc attracted much of the attention and state as a 'whole' was ignored. The state for them particularly for pluralists, is a neutral entity which responds according to the pressures and demands of the different interest groups of the society. Since these interest groups compete with each other and are in a position to balance each other, the state is able to maintain the equilibrium.

Later on when countries of the third world became independent, it also had its impact on these writers. They

found a new role for the state in the third world. The modernization and development theorists, saw the state and its bureaucracy as being capable of transforming these societies from a traditional to modern one.

The Marxists, on the other hand, have been following a different line of argument. The state, for them is neither a neutral entity nor capable of bringing any social change. On the contrary, it is biased as well as status quoist. It not only acts as a means of class domination, but also prevents the change which may be a threat to the arrangement of that class domination.

But how does the ruling class(es) use the state for their class domination, or how state allows the ruling class(es) to use itself, or in other words, 'what is the relationship between the state and the ruling class' is a complex problematic. The concept "Relative Autonomy of State" deals with this problematic, and seeks to answer following questions :-

Is the state an autonomous actor, or is it subordinated to the interests of the ruling class(es) ?

If the state is autonomous is it relative or substantive ?

Does the state perpetuate the system of class domination ?

Is it a universal phenomena or true to a particular kind of society? In this thesis the effort has been made to answer these question, though, without raising these questions formally. The whole discussion has been divided into three parts, dealt in these separate chapters.

Let us see the whole discussion in brief :-

Marx himself abandoned the view that modern state is but the committee for managing the common affairs of the dominant propertied class(es) and bourgeoisie voluntarily abdicate itself from power or abstain from it with a view that their interest would best be served by remaining outside politics. This is where, the origin of the neo-marxists idea of 'relatively autonomous state' lies, while formulating the nature and functioning of the capitalist state.

The first chapter deals with this neo-marxist formulation of the concept, To begin with it is Poulantzas who most extensively referred this term in his book 'political power and social classes' (1968) and interpreted Marx's positon while studying french Revolution in his book 'Eighteenth Brumaire of Louis Bonaparte : later on while reviewing Miliband's book **State in the Capitalist Society** he even refind the concept., Miliband and Poulantzas both came to the conclusion that state is not a neutral entity



and serves the class interest. Though it does not act at the behest of the ruling class(es) and maintain a relative autonomy, but it perpetuates the system of domination by acting on behalf of' the ruling class(es)

Following Gramsci, Poulantzas and Miliband coupled with Althusser, have attempted to unmask the legitimizing role of state which tries not only to justify the class rule, but also to mask it with the help of its ideological institution. Not only that, the state goes even one step further. To demonstrate its autonomy, it initiates some policies which goes against the short run interest of the ruling class(es), but by doing so, it serves the long term interest of the ruling class i.e their perpetual domination based on property ownership.

The other group of writers, i.e. J. Habermas and Claus Offe, demonstrate the structural constraint on state, while performing its legitimation functions. They establish that state even attempt to free itself from the ruling classes and act autonomously, it cannot do so for long due to the structural reasons. When state goes on to implement public oriented policies, against the pressure of dominating classes, it faces capital strike and problem of resource mobilization and other such problem which ultimately leads to the crisis of economic development.

But on the opposite side are other group of writers like Theda skocpol and E.K. Trimberger who find the

state to be able to initiate policies which brings a social industrialized countries like Japan, Turkey Peru etc. where state has successfully worked as vehicle of social change. They find the relative autonomy concept to be reductionist, and demand that the state should be given more prominence.

In the second chapter, Relative Autonomy of post colonial state has been examined. The writers on the third world observe that the state-society relationship in these societies is much more complex than the context in which the initial formulaltion of the concept was made. They collectively share the view that these societies are transitional societies but even their transition is qualitatively different from the European transition.

The colonial intervention in these socities was an external obstruction to the natural process of social transition. Their integration to the world capitalist system, while on the one hand helped to survive the pre capitalist social relations, on the other, it prevented the rise of new social force from within. Due to this complex interaction of external and internal forces, the social formation, in these societies has acquired altogether different shape.

Few writers like Hamza Alavi, John Soul and others observe that due to the colonial legacies the state apparatus in these societies are over developed in relation

to indigenuous social structure. They also see few other factors which has made the state in these societies even more central. States, in these societies are extensively involved in economic activities particularly in production and accumulation. It also has found a new role of mediation apart form its traditional ideological and repressive role.

The other problem, while studying the relation between state and ruling class(es) in these societies, is the problem of identification of the ruling classes. In most of these societies there is no single class which is in a position to acquire the state power. According to property relationship, there are three propertied classes : indegenous bourgeoisie, metropolitan bourgeoisie and land owning classes. Apart from these property owning claasses, the educated middle class, by virtue of its hold over the state apparatus and state owned public sector, is also very powerful. This class uses the socialist ideology in order to justify its status interest.

Though most of the writers see only three propertied classes metropolitan bourgeoisie, indegenous bourgeoisie and land owning classes as forming the ruling block there are few writiers like M. Kalechi who identify even peasants and white collar workers as forming the part of the ruling classes.

Alavi also observe that the state and emerging indigenious bourgeoisie have gradually accomodated the

metropolitan bourgeoisie and land owning classes, in the new system of domination. They have compromised with metropolitan bourgeoisie in order to get aid, loan and technology, and even, have invited them to invest in order to meet the economic demands of their society but in doing so as Issa Shivji and other dependency writers point out they have lost a part of their sovereignty and autonomy. They agree that state is relatively stronger in relation to the local (indigenous) bourgeoisie, but it has become subservient to the metropolitan bourgeoisie. After independence the leaders who had emerged during anti colonial struggle attempted to gain economic independence from the foreign capital as well. For this they opted for an interventionist state in order to lead rapid economic growth and to support the indigenous capital. But, as the experience in many such countries show, they could not be successful, and gradually the state lost its autonomy to foreign as well as indigenous capital. In the second chapter the case of Brazil's experience has been explained in order to show the structural problem which expresses itself in terms of fiscal crisis, and legitimation crisis, leading to dependency on the one hand and authoritarianism on the other.

The third chapter has been devoted to India as a case study. First of all, political economy of Indian state has been discussed in order to examine the role of Indian

state in the social formation and economic reproduction. To begin with India made an impressive 'take off' by not only getting political independence but also by making an insulated economic development. Indian state particularly under Nehru's leadership enjoyed a high degree of independence from the dominant interest. The policy of non-alignment, India's close relationship with Soviet Union, planned economic development were some steps which made Indian state an active force to contribute in the capitalist social formation. The capitalist on the other hand, were not in a position to hold over state power on its own. Rather they were dependent on the state for their own development.

The scholars who follow the Marxist line of argument, like Prof. C.P. Bhambri, Prabhat Patnaik, Pranab Bardhan and many others share the view that Indian state no doubt is relatively autonomous from the dominant interests, but this autonomy has been used to serve the interests of the ruling classes more particularly the interest of the bourgeoisie. The two other classes which benefited from state policies are landowning classes and professionals. The bourgeoisie benefited from states policies as the public sector and public lending institution facilitated them subsidised infrastructural facilities and resources to invest. The landowning classes benefited from the land reforms irrigation facilities and subsidised fertilizer apart from other infrastructural facilities. The white

collar workers, bureaucracy and professionals benefited from the high wage and some sort of rental income based on their intellectual/technical property.

Since mid - sixties, the Indian state has been facing a multifaceted crisis. On the one hand it is under pressure to continue to follow its policy of serving the interests of the ruling classes, on the other it is not allowed to raise tax to the required level. In addition to this natural calamities (monsoon failure) and structural pressures (like petrol price hike, lack of technology, increase in defence expenditure due to unfriendly neighbours) have made the situation even worst. But despite such constraints the Indian state continued its statist activities and planning expenditure without mobilizing the required level of resources. And this could be done only with the help of loans and fiscal deficits. Hence it started relying on public borrowings, foreign loans and deficit budgeting. The result is obvious. It faced the severest fiscal crisis last year which could be managed only with an IMF loan, at the cost of a compromise with its autonomy and legitimacy. Metropolitan bourgeoisie, which had been resisted by the Indian state so far, became a powerful element in the Indian Economy and polity. An overview of New Economic Policy, New Industrial Policy and New Trade Policy of 1991 and the budget of 1992-93 will make it clear that Indian state is withdrawing from its

commanding economic role to a supportive role in order to facilitate the free hand to private capital (foreign as well as domestic) \*

Correlaive of this withdrawal of state activity which had begun in mid 60s ; is the crisis of legitimacy. This crisis of leglitimacy can be seen in the process of deinstitutionalization of democratic institutions (i.e. political parties parliament etc) and rise of personal populists leadership, on the one hand, and rise of organised violence and parochial mobilization (i.e. castist and communal mobilization) on the other.

A part of the third chapter a has also been devoted to the controversy over the identification of the ruling classes and over the characterisation of the nature of Indian state, in order to understand its transitional form, which reflect a countinuous change.

On the basis of discussion in these chapters it has been concluded that the state and society is related in a complex manner in which the state serves the long as well as the short term interest of the ruling class, but in its own style maintaining relative independence. It acts 'on behalf o'f and not 'at the behest of' the ruling class in order to increase the viability ( ligitimacy) of its rule.

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\*However this also reflects the global change towards liberalization, especially after the failure of serialism in Soviet Union and Eastern Europe.

## CHAPTER I

### UNDERSTANDING THE CONCEPT : RELATIVE AUTONOMY OF STATE

Marxian theory of state necessarily follows the marxist concept of class society. For Marx and Engles, all societies hitherto have been class divided societies except the primitive one, in which there was no private ownership of property. But with the rise of civilization and institution of private property, the society became class society divided into 'haves' and 'have nots'. The 'haves' felt the need to protect their property from those who did not have it, and for this purpose an institution, now called 'state', was created. This institution necessarily was a coercive institution capable of punishing those who violated the 'rules' of the property.<sup>1</sup> But after its origin state developed a logic of its own and became more and more sophisticated.

Hence we find a necessary link between property-ownership, class division and state; in which state became an instrument of class domination in the hands of those who owned the means of production. But in the Marxian Historiography, it is claimed that with the change in the

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1. For details see - Engles, Fredrich.  
The Origin of the Faimily, Private Property and the State MESW, Vol III, Progress Publishers, Moscow 1973.



modes of production the form of domination also changes, followed by a change in the form of state. Since subsequent mode of production are supposed to be better than the antecedent modes, the form of domination also becomes more sophisticated for instance in slave society the exploitation and repression was more direct than in fuedal society and now in capitalist society we can feel even better. One important improvement here is that while in the slave and the feudal society the dominant class itself was the incharge of the state, in case of capitalist society the dominant class (i.e. bourgeoisie) does not directly take the charge of the state; rather it is a different section of people who is the incharge of the state.

And it is this separation of the state and the ruling or dominant class which gave rise to the concept of 'the antomany of the state' (from the ruling class) in Marx's writings.<sup>2</sup> But despite his sporadic mentioning of the term and occasional explanations Marx could not provide us<sup>3</sup> a full fledged theory of state which could satisfy our rising curiosity about the real functioning of the

2. Autonomy of state is most exclusively discussed in Eighteenth Brumaire of Louis Bonaparte. See Marx, Karl.; The Eighteenth Brumaire of Louis Bonaparte MESW ( in one volume), Progress Publishers, Moscow 1977, pp. 96-184.

3. Marx Wrote in 1850s about his intention to work on a vast project of which "capital" was only the first part and State was to be the next subject. Letters, From K. Marx to F. Engles April 1851 and from K. Marx to another. Feb. 22, 1858. see - Selected Correspondence', Moscow, Progress Publishers, n.d. pp.125-126.

capitalist state in relation to the classes of the society. Even Engles<sup>4</sup> and Lenin,<sup>5</sup> could not prove better for the purpose. "It was undoubtedly Poulantzas to whom the credit goes for the most thorough exploration of the state under his famous 'relative autonomy concept', and this became the central point and remained the basis for most of the subsequent discussion on the subject."<sup>6</sup>

#### WHAT IS RELATIVE AUTONOMY ?

To understand the concept of 'relative autonomy of state' we need a thorough discussion giving a particular attention to Poulantzas. For him 'relative autonomy' characterises the relation between state and civil society in which state's independence or dependence from the power bloc is revealed. In Poulantzas' own words- "..... nor by relative autonomy of this type of state (i.e., capitalist state) do I mean a direct relation between its structures and the relations of production. I mean rather the state's relation to the field of class struggle, in particular its

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4. No where do Marx and Engles systematically address themselves to the state. See Vincent Andrew, The Theories of State; Basil Blackwell. Oxford, 1984. pp. 148.
  5. Lenin perceive state to be a simple instrument of the ruling class rule; See Lenin V.I., State and Revolution Progress Publishers, Moscow. 1981. p. 11.
  6. Miliband, "State Power and Class Interest" in 'New Left Review' - 138 March - April, 1983, p.58.

relative autonomy vis-a-vis the classes and fraction of the power bloc and by extension vis-à-vis its allies and supports"<sup>7</sup>

The expression is found in Marxist classics which covers the general functioning of the state particularly when the political forces are in a position to balance each other, for example, in case of transitional societies, where old and new (emerging) classes balance each other.<sup>8</sup> Poulantzas claim to use it in a sense, 'at once wider and narrower than this', in order to denote a functioning which is specific to the capitalist state .

While the historicist school of Marxism, (following from the communist Manifesto) view the 'modern state' as the simple instrument of class domination, as in case of previous modes of production, Poulantza's interpretation comes to establish that the capitalist state is not simply an instrument of class domination, rather it enjoys a relative autonomy from the dominant class(es), though in totality, it serves the interests of the ruling/dominant class(es) and remains a class stat<sup>9</sup>

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7. Poulantzas, Nicos; Political Power and Social Classes New Left Books, London, 1973. p. 256.

8. Ibid. n. 2.

9. There two views of Marx on state: one from Communist Manifesto and another from Eighteenth Brumaire of Louis Bonaparte. See Miliband, Ralph, "Marx and State" in Socialist Register London, 1965.

**STATE : NOT A NEUTRAL ENTITY :**

The pluralists who came to develop an anti-Marxist model of state society relationship, held that state is a neutral arbitor among social interests (groups). But using their own logic Ralph Miliband <sup>10</sup> argues that state has a class character, because : first, the leading personnels of the state system share a similar social backgrouind, similar political and ideological attitudes, and similar interests and purposes with the economically dominant class(es) ; and hence share a close link with each other ; secondly, the economic power which capitalist ruling class(es) wield by virtue of its ownership and cantrol over the means of production, enable them to act as a decisive presure group on the state. And finally, the capitalist class(es) have a disproportionate representation at all levels of state apparatus (ideological or repressive), especially in the cammand positions.

With the control over the means of ideological reproduction, like mass media, (Newspaper, TVs, Films, etc.) Schools, Universities and due to corrupting power of money,<sup>11</sup> the ruling class(es) get the decisions and

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10. See Miliband Ralph. The State in the Capitalist Society Basic Books, New York. 1969.

11. The bureaucracy (or the people incharge of state apparatus) most often than not, are guided by self interest and individual career ; idib, n.6.

policies of state made in their favour. Hence Miliband, with such logics re-establishes that the state in capitalist society remains a class - state which acts 'on the behalf' but 'not at the behest of' the ruling class(es).<sup>12</sup> At the same time he also maintains that in exceptional circumstances state can achieve even higher degree of independence from class interests, especially at the time of transition (ie., during Banapartist state) or at the time of crisis (ie., fasist state)<sup>13</sup>

However, Poulantzas<sup>14</sup> challenged Miliband and cantradicted his view that the relationship between state and ruling class is reducible to 'inter-presonnel' relations'. For him, neither the class(es) affiliation is important in the crucial functioning of state<sup>15</sup> nor the direct participation in state appartus or government , even where it exists, makes any difference.<sup>16</sup>

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12. While reviewing Political Power and Social Classes, Miliband reformulated the distinction that state acts 'on hebalf of the ruling class and its acting at the behest of ruling class is a vulgar deformation of the thought of Marx and Engles. For detail see-Milband Ralph ; "Poulantzas and the captialist State" in New Left Review - 82, Nov-Dec. 1973.

13. Ibid, n.10.

14. See-Poulantzas, Nicos; "The problem of the capitalist state" in Robin Blackburn (ed) Ideology in Social Sciences Collins, London, 1972.

15. Ibid, p.331, n.7

16. Ibid, p.245, n.14

**STATE AND RULING CLASS(ES) STRUCTURALLY (OBJECTIVELY)  
RELATED**

For Poulantzas the relation between the bourgeoisie and state is an objective relation <sup>17</sup> and if the function of the state and the interests of the dominant class(es) coincide it is because of structural necessity and not due to personal preferences. The socio-economic constraints, which Poulantzas calls as structural constraints, systematically limit the policy options of state bureaucracy as private ownership and investment control creates objective exigencies which compel them to maintain and reproduce the status quo. This status quo in return also facilitates their own continuation in power position: as any threat to the private ownership and investment on the part of state (as in case of socialist regimes or labour-oriented governments), leads to economic chaos (i.e., unemployment price rise etc) followed by a legitimization crisis.

Taking structuralism as a mode of explanation Poulantzas applied it in analysing the state within Marxist paradigm. And there is a tendency to classify structuralism as closer to the more "scientific school" of Marxist thought.<sup>18</sup> For Althusser<sup>19</sup> as well as for Poulantzas

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17. Ibid,

18. Ibid, p.171, n.4

19. Althusserr too took the idea of structuralism but he did not apply it for analysing state in any systematic way. ibid.

the history of society is the history of structures and not of individuals. The social system, they viewed, is as an objective process, and the human being is the vehicle for certain structural class relations and not an independent subject. This would appear to fit structuralism into more scientific category. The ambiguity of this school, however, is that both Althusser and Poulantzas, identified themselves more or less heirs of Gramsci's ideas and rejected crude materialism and economism of classical Marxism<sup>20</sup>

Rejecting the crude materialism and economism Poulantzas in fact has argued for the interactive nature of political, ideological and economic structures. Similarly Althusser thought that 'Marxist thought' of the mode of production involved three levels; economic, political and ideological, in which economic structure is always determinate for the rest two. He too rejected the 'crude' materialism and economic determinism and argued that ideology is an objective social reality and the ideological struggle is an organic part of class struggle. The state and ideology appear to be autonomous but in reality this is an objective aspect of the structure of ideology. And hence for him knowledge about ideology is the knowledge about the conditions of its necessity.<sup>21</sup>

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20. *ibid.*

21. Althusser, L. For Marx, Penguin Books, Harmondsworth, 1969, p.230

Nicos Poulantzas is often seen as more acceptable structuralist partly because unlike Althusser, he does address the state more directly and also he appears to modify his ideas after his early enthusiasm for Althusser for him, the state society relationship (or the relation between polity and economy or the superstructure and the base) can be characterised by the functional relationship of state activity to the social reproduction, that is the role of the state to reproduce the system of domination. This aspect of state includes its ideological and repressive role on the one hand and as a political organizer and a factor for the establishment of the unstable equilibrium of compromises on the other <sup>22</sup>.

Now before we go to see the relative autonomy in the context of class struggle, it is necessary to have a discussion of ideological and repressive state apparatuses.

#### **IDEOLOGICAL AND REPRESSIVE STATE APPARATUS (ISA AND RSA)**

Miliband, comments Poulantzas,<sup>23</sup> securely establishes that the state apparatus is not only constituted by government but also by special branches such as army, police, judiciary, civil administration etc. but his approach, Poulantzas claims, prevents him from following a

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22. Poulantzas, Nicos, "The capitalist State : A Reply to Miliband and Laclou" is New Left Review - 95, 1976, p.71

23. Ibid, p.248, n.14



rigorous analysis of the state apparatus. And Poulantzas took this task to fulfill. For him, the state apparatus forms an objective system of 'special branches' which present a specific internal unity and obeys, to a large extent, its own logic. The classical Marxist tradition including Marx, Engles and Lenin, see the state as a means of repression, as it has the monopoly of legitimate violence and has a direct control over the army, police & prison etc.

But Poulantzas gives a vigorous nod to Gramsci, whose contribution to the class theory of state lies in the fact that he broadened the whole Marxist perspective. Gramsci was neither saying that the base (or economy) determines the superstructure (state, ideology etc.) nor the opposite. Rather he subtly tried to integrate consciousness with materialism, and 'this was his achievement to present such a synthesis'.<sup>24</sup>

In his idea of hegemony, 'Power' is redefined in terms of intellectual hegemony and subtle form of cultural domination. His argument that the system's real strength does not lie in the violence of the ruling class(es), or the coercive power of its state apparatus, but in the acceptance, by the ruled, of the conception of the world, which belongs to the rulers. The philosophy of the ruling

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24. Femia, J; Gramsci's Political Thought : Hegemony, Consciousness and the Revolutionary Process Clarendon Press, London Oxford, 1981, p.66.

class(es) after passing through a vulgarization process, becomes the 'common sense' of the masses who accept the morality, the customs the institutionalized behaviour of the society they live in.<sup>25</sup> And this undermines the whole process of class conflict as ideological consensus can be acquired without using any force. Such an idea is distinct from simple conspiracy theory. (It was in this context that Gramsci saw a crucial role for left intellectuals for combating the bourgeois hegemony and ideology which often Marx termed as 'false consciousness'.)

Though Gramsci suffered from overall ambiguity and inconsistency, still he had far more grasp than many of his contemporaries. Hence following Gramsci, Poulantzas appreciated Miliband's analysis of role played by ideology in the functioning of the state and in the process of political domination.<sup>26</sup> But Miliband, claims Poulantzas, gave the concept of state a restricted meaning considering principally repressive institutions as forming part of the state and rejecting the institutions with a principally ideological role as outside the state.<sup>27</sup> For Poulantzas the state structure (or the system of state) is composed of

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25. See Friori, G ; Antoneo Gramsci : Life of A Revolutionary, New Left Books, London, 1970, p.238.

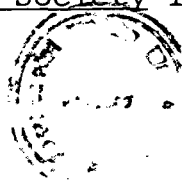
26 See "The process of Ligitimation" in Milibands books, The State in the Capitalist Society Ibid, p.179, n.10

27. Ibid, p.251, n.14

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several institutions, of which certain have principally repressive role, like police, army, prison, and some others have principally ideological role, like church, political parties, Trade unions, schools, universities, mass media, literature and family etc.

Why these apparatuses, which are not directly owned or controlled by state, be considered as composing part of state apparatus? Poulantzas gives following reasons- First, if state is defined as the instance that maintains the cohesion of social formation and which produces the conditions of production of a social system by maintaining class domination these ideological apparatus fill exactly the same functions. Secondly, the conditions of the existence and the functioning of these apparatus under a certain form is state repressive apparatus, itself, as they are always present behind them. Thirdly, although these ideological apparatus, not being directly controlled by state as in case of repressive apparatus posses a notable autonomy, they belong to the same framework and are determined in the last instance, because as Gramsci characterised it as 'consent reinforced by coercion', seeing hegemony as a complement to state force.<sup>28</sup> And finally, because, Marxist Leninist theory of socialist revolution does not only signify a shift in state power but also emphasize to break the ideological institutions (like

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28. Ibid, p.225, n.7

Church, Bourgeois parties and unions media, school, family etc) which is actually a precondition to establish the socialist society. Further for Marx himself the distinction between private and public (state owned) is purely juridical and ideological and hence illusory.

Hence, it was but natural for Poulantzas to perceive that the main function of ideology is that of masking the reality: 'owing to the specific autonomy of the ideological instance and to the very status of ideological in the structures, the relation between dominant ideology and dominant class are always masked.'<sup>29</sup> Dividing ideology into different regions, like moral, political, religious, juridical, economic, philosophical regions, he established that the dominant region of ideology, is precisely that one which for various reasons, best fulfills the function of masking; in feudal formation, for instance, the dominant role fall to the political, but dominant region of the ideology is not the juridico-political, but religious ideology. In capitalist formation on the other hand, whereas economic region plays the dominant role, we find juridico political region as the dominant region for hegemony. And in state-monopoly capitalism in which dominant role is played by political, it is the economic ideology (technocratism and managerialism) which tends to become the dominant region of ideology.<sup>30</sup>

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29. Ibid, p.203

30. Ibid, pp.210-11

## THE RELATIVE AUTONOMY OF STATE AND THE CLASS STRUGGLE

In his book, *Political Power and Social Classes*, Poulantzas established that there is a two way relationship between the state and society. A change in the one leads to a change in the other followed by a series of changes and adjustments. He observed that with the rise of capitalist mode of production and primitive accumulation, a new class, i.e. bourgeoisie emerged which challenged the political domination of feudal lords and religious hegemony of the church. Due to its expanded reproducing capacity, it needed an expanded market, hence it supported an absolutist and centralized state, justifying it with a nationalist ideology. And this way it overcame the dominance of feudal lords. The hegemony of church was challenged with secular scientific and rational philosophy, and it was made ineffective in the politico-economic life. Though the absolutist state was a capitalist state which facilitated full fledged bourgeois revolution, it was again replaced by bourgeois democracy with a call for liberty, equality and democracy and this way the new class finally came to establish themselves as full-fledged ruling class (economically, politically and hegemonically).

Implied in this observation is that there is a two way relationship between state and society. Once the state takes a definite form, it in turn helps to establish the reproduction and maintenance of the class which established

it in that form, and hence it remains a class state, which serves the ruling class but it serves best when it is relatively autonomous. To quote Poulantzas himself....

"When Marx designated Bonapartism as the religion of the bourgeoisie' or as characteristic of all form of capitalist state, he showed that this state can only truly serve the ruling class in so far as it is relatively autonomous from the diverse fractions of this class in order to be able to organize the hegemony of the whole of this class."<sup>31</sup>

Since capitalist society is a crisis prone society and the dominant class is vulnerable to fragmentation, there is a constant role for state to overcome that crisis, and to organize and protect the dominant class with its diverse political, economic and ideological functions. Though after the transition period, the state ceased to be absolutist, its functional autonomy continues because state can sustain these functions of protection and organisation of dominance class, only if it is relatively autonomous.

The state not only organizes the ruling/dominant class(es) but also disorganizes the ruled /dominated classes, and thus its role presents a peculiar features in performing its political functions. The state presents a

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31. Ibid, 247, n.14

characteristic ambivalence in dealing with dominant and the dominated classes. With regard to the dominated classes, the function of capitalist state is to prevent their political organisation by presenting itself as the unity of the 'people-nation' composed of private individuals, whereas with regard to capitalist classes, the state permanently works on their organisation at the political level.

'In short this state exists as a state of the dominant classes while excluding from its centre 'the class struggle'. Its principal contradiction is not so much that it calls itself the state of all the people, although it is in fact a class state, of a society which is institutionally fixed as one not-divided into classes; in that it presents itself as a state of bourgeois class implying that all the people are part of this class.<sup>32</sup>

#### **THE POST-POULANTZAS THEORIZATIONS**

The post-Poulantzas history of Marxist theorizing on the state resembles a form of late medieval scholasticism and appears to be unfruitful area of study, apart from some exceptional theorists like J. Habermas and Clause Offe.<sup>33</sup>

Broadly speaking a number of schools developed i.e. derivationist school, class struggle school apart from

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32. Ibid, p.189, n.7

33. Ibid, p.175, n.4

the independent theoreticians but almost all resist the idea that the state is a simple means (or instrument) of class domination in the classical sense, but at the same time they also resist a single universal theory of state.

The derivationist school concentrate on an inner logic of capital specially by falling rate of profit. The class struggle is explained in terms of tension arised out of the falling rate of profit and the attempt to extract more surplus value. It is, thus, derived from the logic and crisis of capitalism. The class struggle school (followers of Poulantzas) as the other hand envisage the state itself as the arena of class struggle.

The independent theorists concentrate on the mediating but independent role of state in the class struggle and in the process of capital accumulation. For instance Claus Offe claims that the state does not defend any specific interest of a single class, rather it protects a set of institutions and social relationships necessary for the domination of the capitalist class.<sup>34</sup>

The state, Offe adds, selectively favours those groups whose acquiescence and support are crucial to the untroubled continuity of existing social order: the oligopoly capital, organized labour and other groups, to

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34. Offe, Claus; Contradictions of Welfare State Hutchinson & CO., London, 1984, p.119.



which Offe calls strategic groups. For capital, state helps to reduce cost of production by providing cheap energy, subsidized raw materials and intermediate goods produced in public sector. It also provides a range of benefits to organized labour, as representatives of such groups help to resolve the threat to the political stability from below.<sup>35</sup> For him, state is tied into the process of capital accumulation, because the very development of capitalism has caused the state to be expanded drastically changing the base as well as superstructure, for example the public sector functions of the state have expanded dramatically in this century.

The state performs these functions in its attempts to reconcile the demands of capital with that of the demands of electorates. While, on the one hand, it needs the financial support of the bourgeoisie for its development functions, on the other , it needs electoral support for the legitimacy of its rule. The one class calls for a free market and minimum tax, the other calls for more tax, more intervention and more public expenditure. Hence the state is caught in a dichotomy. In its attempt to satisfy such different types of demands, the state goes for public and foreign loan apart from issuing currency and deficit

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35. Claus Offe (1975a p-140-144) extensively referred by David Held and Joel Krieger; in the first chapter "Theories of the State : Some competing claims" in S. Bornstein and others (eds). The State in Capitalist Europe Harvard University, George Allen & Unison, 1984. pp.16-17.

budgeting. This ultimately leads the state and the economy into fiscal crisis. And the 'severity of the crisis, depends upon the productive and social relations between corporate capital, local and regional capital, state employees and tax paying workers at large.'<sup>36</sup>

#### THE LEGITIMATION CRISIS

Jurgen Habermas connects this crisis to a broader framework of economic motivational rationality and legitimation crisis.<sup>37</sup> The legitimation crisis, for him, is a situation involving the withdrawal of all loyalties and supports when the normative commitment to the society has been undermined. Peter Hall admits a significantly different but related aspect of the problem i.e. populism- 'A state faced with multiple tasks and defined conflicts (of interests) among social classes ---it finds it necessary to maintain a degree of malintegration among its various policy making arms so that each can mobilize consent among particular constituencies by pursuing policies which even if never fully implemented, appear to address the needs of these (differential) groups. In many cases, the pursuit of incompatible policies renders all of them ineffective but

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36. O'Conner, James ; The Fiscal Crisis of the State St.Martins press, New York, 1973, p.142.

37. Habermas, Jurgen; The Legitimation Crisis Heinemann, London, 1970.

this strategy prevents any one group from claiming that state has come down on the side of its opponents.<sup>38</sup>

#### A DEMAND FOR STATE CENTERED STUDY

While Offe, Habermas and Peter Hall dealt with those aspects of state (in relation to social classes) which Poulantzas and other theoreticians of state had left. Theda Skocpol criticized them (Poulantzas, Miliband etc.) on a different ground. She points out that at the theoretical level all the neo-marxist writers on the state have retained deeply embedded society centered assumptions and thus many possible forms of state actions are ruled out. These society centered generalizations have made it difficult to assign causal weight to variations in state structures and activities, across the nations and short time periods, thereby undercutting the usefulness of some neo-marxist schemes for comparative research.<sup>39</sup>

She point out that neither Marxist nor neo-marxist could give primacy to state as capable of initiating actions. They, Skocpol argues, failed to treat the state as an autonomous structure with a logic and interest of its own, not necessarily equivalent to or fused with the

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38. Hall, Peter A; "Economic Planning and the State" in G.E. Anderson and R. Friedland (eds) Political power and Social Theory. vol.III Jai Press, Greenwich connecticut, 1981 Quoted by David Held and another pp.17-18, n.35

39. Skocpol, Theda, "Bringing the State Back In", in Peter Evans and others (eds) in Bringing the State Back In Cambridge University, Press, New York, 1985, p.5

interests of the ruling class in society.<sup>40</sup> This seems to Miliband a valid criticism: 'the Marxist tradition does tend to underemphasize or simply to ignore the fact that the state---or the people who run it, ---do themselves have interests of their own.'<sup>41</sup>

The failure to recognize this, has naturally prevented the exploration of the ways in which class interests and state interests are related and reconciled. 'The Marxist perspective has made it virtually impossible even to raise the possibility of conflict between the dominant class on the one hand and the state rulers on the other.'<sup>42</sup>

The state hence, started to be given primacy with a focus as to how state in capitalist societies is deeply and pervasively involved in every aspect of life, be it economic life or class struggle it plays a great and growing role in the manipulation of opinion and in the engineering of consent. It has a monopoly of legitimate use of physical force and is alone responsible for deciding what the level and character the country's armament should be.

Given these factors, many a time state or the people incharge of it (i.e. Presidents, Prime Ministers and -----

40. Skocpol, Theda; States and Social Revelutions Cambridge University Press, Cambridge 1979, p.27.

41. Ibid, p.60, n.6

42. Ibid, n.40

their cabinets, and their top civilian and military advisers) determine their own goal and policies and try to implement them despite the resistance from different classes. Trimberger<sup>43</sup> mentions some historical situations in which strategic elites use military force to take control of the entire national state and they employ bureaucratic means to enforce reformist or revolutionary changes from above - where officials enjoy a great organizational strength to ensure political order and promote national economic development. But at the same time Trimberger, agrees with Stepan's emphasis<sup>44</sup> on elite's concern over any possible upheavals from below, which compels the old feudal-monarchy to bring about the bourgeois revolution, as in Japan and other late industrialized countries.

Hence the change (from above) which the ruling class bring about is due to structural demand and pressure from below or structural pressure which comes from outside world i.e. due to capitalist revolution in other countries and due to the pressure from the rising classes from within.

Supportive of this acceptance of Trimberger and Stepan is Miliband's theorization within relative autonomy formulation, that 'the degree of autonomy which state enjoys

43. Trimberger, Ellan Kay, Revolutions From Above : Military Bureaucrats and Development in Japan, Turkey, Egypt and Peru, Transaction Books, New Brunswick N.J. 1978

44. Stepan, A; State and Society : Peru in Comparative Perspective Princeton University Press, Princeton, 1978

for most purposes in relation to the social forces in capitalist society depends over all, on the extent to which class struggle and pressure from below challenge the hegemony of the class which is dominant in such society. 45

Therefore the state centered explanation which gives primacy to state's autonomous actions do not finally have any contradictory position from neo-marxists, especially from Poulantza's theorization who gives primacy to class struggle and society centered explanation. The only difference where revolutions come from above, is that bourgeois revolutions come from the initiative of old dominant class itself and the state is used for the purpose, in order to avoid a revolution from below. Hence state at last serves the interest of the dominant class and remains a class state.

#### **CONTEXTUAL LIMITATION ?**

The relative autonomy formulation, the critic claim, have some other limitations. First of all the debate and central theorizations which took place in 60s, was confined to European state belonging to a full fledged capitalist society where bourgeoisie being the singular dominant class has the final say. For some writers like

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45. Ibid, n.6

Hamza Alavi<sup>46</sup>, John Soul etc.<sup>47</sup>, this formulation reveals its inadequacy while applied in the third world context, where more than one dominant class (metropolitan bourgeoisie, local bourgeoisie and old feudal class coexist. Poulantzas, though theorized the bourgeois revolution in the context of western Europe, his book 'Political Power and Social Classes', (1968) and the debate which took place between him and Miliband were also confined to state in capitalist and Europe it raised many valuable questions and concepts. Though it has some limitations while applied as such in the 'third world' context but the people who came out later, like Offe, Habermas and others, have contributed in their own style while discussing the fiscal crisis, legitimation crisis and populism, which we find very much applicable in the context of post colonial societies including India.<sup>48</sup>

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46. Alavi, Hamza, "The State in the Post-colonial Societies : Pakistan and Bangladesh", in New Left Review -74, July-Aug.1972, pp.59-81
47. Soul, John S; "The State in Post Colonial Societies : Tanzania, Socialist Register 1974, pp.349-372.
48. Poulantzas himself talked of crisis of capitalist state in his last book State, Power, Socialism New Left Books, London (1978), where he discussed authoritarian statism

The continued intervention of the metropolitan bourgeoisie and their state in these societies has made the state society relationship even more complex. Being an extraterritorial dominant class the boundaries of state and the economy do not coincide. The state here plays a different role i.e. the role of trade union for their indigenous classes while dealing with metropolitan capital and their state.

These complexities have given the relative autonomy concept a slightly different interpretation, which is relatively more suitable to the post colonial-dependent societies. This we shall see in the next chapter.



## CHAPTER II

### RELATIVE AUTONOMY OF STATE IN THE CONTEXT OF POST COLONIAL SOCIETIES

The problem of the state and society relationship in post colonial societies is much more complex than the context in which it was posed by Poulantzas and others in their formulation of the relative autonomy concept. The distinctive features<sup>1</sup> of these societies are so marked that some people even believe that these societies represent a qualitatively different types of social evolution. Hamza Alavi for instance claims that 'it is yet another historical

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1. The distinctive feature of these societies in relation to developed capitalist societies can be summarized as follows:
  - a. These are transitional societies where capitalist and pre capitalist mode of production are working together
  - b. Given more than one mode of production there are more than one pair of fundamental classes.
  - c. The pre capitalist social forces are still very powerful and their hold over state apparatus is obstructive to the capitalist social formation.
  - d. They had a common history of colonial exploitation and suffer from overall backwardness.
  - e. Despite their political independence they are still dependent on the metropolitan bourgeoisie in many respect i.e. economically technologically and militarily.
  - f. They given their economic backwardness and mass poverty suffer from political instability and most often are ruled by authoritarian regimes in which military plays an active role in the civil life.

experience and requires fresh theoretical insights.<sup>2</sup>

For him the structural alignment created by the colonial relationship and realignment that have developed in the post colonial situation, have rendered the relationship between the state and the social classes even more complex<sup>3</sup> Hence to understand the state society relationship it is necessary to have a fresh look into the evolution of the state and the social classes in these societies.

#### THE EVOLUTION OF STATE AND SOCIAL CLASSES IN POST COLONIAL SOCIETIES

Rather than simply emerging from within the contradiction of the earlier mode of production the state and the relations of production (i.e. classes) that emerged, were conditioned by the external force i.e. colonial intervention. The colonialism involved, on the one hand, the preservation and incorporation of the major elements of the precolonial social formation (i.e. feudal and semifeudal elements) and on the other a marked disjuncture with the past in a process which has been described by Samir Amin as the 'disarticulation of the internal economy and the integration of the segments externally into the world capitalist system.'<sup>4</sup>

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2. Alavi, Hamza; "The State in Post Colonial Societies: Pakistan and Bangladesh" in K.Gough and Hari Sharma (eds), Imperialism and Revolution in South East Asia. Monthly Review Press, New York, 1973, p. 147.

3. Ibid,

4. Amin, Samir; "Underdevelopment: An Essay on Social Formations of Peripheral Capitalism:" Monthly Review Press, New York, 1976.

The colonial state which came to rule after integration of colonies to the metropolist did not represent any of the classes of the colony, rather it was an instrument of the metropolitan ruling class and its main task was to make the entire economy of the colony subservient to the metropolitan economy<sup>5</sup> If it supported some of the classes in the colony, it did so to reproduce its own domination and to exploit it even further.

The colonialist in the beginning tried not to spread the new capitalist relations, and with the incorporations of the existing social order, they attempted to extract as much resources as possible. But with the rise of other capitalist giants like Japan, America etc. and their monopoly capitalism, some capitalist enterprises were brought in, and at the same time some indigenous enterprises were allowed to spring up. During world War I and II the local industries and capital expanded rapidly due to the expanded demand of their product. At the same time, the colonial rules became relatively weak to continue their direct rule in these countries. Hence ultimately the direct colonial rule ended in one country after another.

At the time of independence in most of the third world countries, there were three dominant propertied

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5. See Chandra (1980) who has been quoted extensively by Carnoy, Martin(ed) in his State and political Theory, N.J. Princeton University Press, princeton, 1984, P. 172-209.

classes [Metropolitan bourgeoisie, the indigenous bourgeoisie and the landed propertied classes] whose coexistence was the result of complex interaction of external and internal economic and political factors. The metropolitan bourgeoisie, one of the three classes, though ceased to be politically dominant, continued to be powerful economically. The indigenous bourgeoisie which though had been successful in overthrowing the metropolitan rule by mobilizing other subordinate classes, it was not politically in a position to hold the state on its own. The feudal lords though economically at the losing end, were still powerful politically due to their hold over the rural population.

A fourth class consisting of professionals bureaucrats teachers lawyers etc. came into existence which was also a by-product of the colonial rule. Though members of this class were trained and educated to assist in colonial administration and to help in perpetuation of the colonial rule, it were people out of this class who provided leadership to the nationalist struggle and stood against the colonial rule. And hence, after the independence, it was this class which inherited the state apparatus. But given their European outlook, they chose a capitalist path of development with a particular respect for private property.

The rest of the classes like peasants, industrial workers and agricultural workers etc. were generally

ignorant and suffered from poverty, illiteracy unemployment, malnutrition etc. but they were politically mobilized during the freedom struggle and hence they had high expectations from the leaders who inherited the state apparatus. The bourgeoisie and petty bourgeoisie being incapable of overthrowing the colonial rule had aligned with these classes while the bureaucracy, military and a section of the feudal lords were in the opposite side of the fence. But after independence the alliance of classes changed. The state was no longer under the exclusive hold of metropolitan bourgeoisie, and hence, its functional role was also bound to change.

#### **State in Transitional Europe Vs State in Post Colonial Societies**

Implied in Paulantzas formulation of state is that the capitalist state is a class state whose nature is determined in the last instance. He also formulates that state is also the arena of class struggle especially when there are more than one dominant classes ready to balance each other, but the winner is ultimately decided by their position in the economic field, i.e. dominant class of the dominant mode of production (i.e. bourgeoisie). In the developed capitalist societies the classes as political agents were pre-existent to the state who were responsible for industrialization and social transition. At the time of transition there were only two dominant classes: feudal lords and rising capitalist class in which capitalists were

ultimately the winner due to their dominant position in the economic field. The transitional state in Europe was absolutist state. (This has been discussed in the last chapter). In the post colonial societies on the other hand, there are three classes and absolute state is out of question (as people are already mobilized and as the 'universal franchise' had been assured during struggle against colonial rule). In most of the post colonial societies , the indigenous bourgeoisie is either absent or if it is there, it is not strong enough to take initiative for capitalist reproduction on its own. The powerful metropolitan bourgeoisie, though present in most of these societies, it is not in a position to hold over the state due to politico-ideological reasons. Post colonial state, thus, was the only institution which could manage the accumulation and reproduction of capitalist formation. The inheritors of the state had also strong interest in rapid industrialization and development as it gave legitimacy to their rule. Thus the political leaders opted for an interventionist state. This state had a task to provide infrastructure for development by supplying cheap energy to private industries, by producing machine and tools, by establishing scientific and specialized institutions, and by managing accumulation through financial institutions. Apart from these functions state also had to protect the indigenous market from the metropolitan bourgeoisie, given the infant nature of its industries, and facilitate expanded

market by restructuring agrarian social relations<sup>6</sup>.

Since the indigenous bourgeoisie was dependent on the state for these facilities it accepted the interventionist state.

#### **Question of Relative Autonomy of Post Colonial State**

Given these expanded function of state and underdeveloped nature of indigenous bourgeoisie. The relative Autonomy of state here found a different expression while analysing the post colonial states (of Pakistan and Bangladesh) Hamza Alavi claimed that the state in these societies are relatively more autonomous for the following reasons:- First the post colonial states are 'overdeveloped' in relation to the underlying structure (or classes) for its base lies in metropolitan structure and it is equipped with powerful bureaucratic and military apparatus and thus capable of implementing the policies it formulates. Secondly, the state intervenes in the economic affairs not only in regulation and control, as it is done in the case of developed capitalist societies, but it also appropriates the economic surplus, (in the form of accumulation and investment in the public sector). Thirdly,

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6. See, Bhabri, C.P., "The Indian State : conflicts and contradictions" in Zoya Hasan, S.N. Jha and R. Khan (eds), The State, Political Processes and Identity. Sage Publications, New Delhi, 1989 p. 75-87.

the state now has to play a new role of mediation between the competing (though no longer contradictory) interests of three propertied classes their interest is now reconcilable because preservation of the social order based on the institution of private property unites all the three competing classes. And the state oligarchy which preserves that order 'falls within that social matrix'<sup>7</sup> Apart from these roles John S. Saul adds another role for post colonial states and that is ideological role, in order to justify the dominance of the ruling alignment.<sup>8</sup>

Hence it is important to note that the basis of autonomy of the state in post colonial sections is slightly different from Poulantzas interpretations of classical Marxist position on state.

The classical position has been summed up by Poulantzas:

"When Marx designated Bonapartism as the religion of the bourgeoisie' in other wards as characteristic of all forms of capitalist state he showed that this state can only truly serve the ruling class, in so far as it is relatively autonomous from the diverse fractions of this class

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7. Ibid, p. 161, n-2

8. Saul, John S: "State in the Post Colonial Societies : Tanzania", in Socialist Register 1965 p.349-72.



precisely in order to organize the hegemony of the whole of this class."<sup>9</sup>

'Such a proposition' Alavi claims, 'cannot apply to a discussion of the post colonial societies in which the problem arises not with reference to diverse fractions of a single class ... but with reference to three different propertied classes that do not constituted a 'whole' for they have different structural basis and completing class interests<sup>10</sup>

However Alavi exaggerates his difference with Poulantzas. Poulantzas while studying the transitional states of Germany, Britain and France in his book, 'Political Power and Social Classes' has time and again referred not only the different fractions of the dominating class but also the possibility of the different classes. Further, the three classes to which Alavi refers though do not constitute a 'whole', he himself records their accommodation (rather than contradiction) with each other.<sup>11</sup>

#### **Mutual Accommodation of Three Classes**

The three classes opted to accommodate each other and compromised in the secondary conflict in order to avoid primary conflict of 'haves' and 'have nots.'<sup>12</sup> The feudal

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9. Poulantzas, Nicos, "Capitalism and the State" New Left Review - 58, Nov, Dec 1969. p.74.

10. Ibid, p.160, (n-2).

11. Ibid, p.162-4

12. Ibid, p.164

elements were accommodated politically as they still had hold over the rural population, and hence became the new source of legitimacy for the democratic running of the post colonial state; they were accommodated economically to produce food surplus as well as commercial crops for industries in their large scale farming. Hence despite the failure of land reforms the bourgeoisie/state accommodated this class through 'green Revolution' with expanded capitalist production in agriculture.

**Gradual Accommodation of Metropolitan Bourgeoisie (A strain on Autonomy of state and post colonial economy)\*** - As

regards the accommodation of metropolitan bourgeoisie, the indigenous bourgeoisie and the state had hesitation in the beginning and went for closed economy and protected market. But the state capitalism as well as local bourgeoisie gradually came to accommodate the metropolitan bourgeoisie.

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\*We can divide three groups of post colonial societies which opted different modes to deal with metropolitan societies. First most of the Latin American countries after their independence in early part of this century opted for open door policy and due to their incompetence with developed capitalist economy fell in the net of new colonial relationship. Secondly, in most of the African countries the local industrial bourgeoisie were either very small or absent hence they invited multi nationals into their countries. Thirdly, some country like India followed a closed door policy for multinationals and had high tariffs for foreign goods as there was relatively big industrial class and better industrial potential due to the abundance of raw material and a big domestic market. But in all these societies state enterprises sooner or later came to collaborate with multinationals, though on different terms and conditions.

Since any lengthy reproduction was not possible due to their incapacity to industrialize on their own, they had to rely on the supply of foreign equipment semi-finished goods, new technology and often raw materials<sup>13</sup>

Hence state-bourgeoisie or the bourgeoisie did not hesitate to make common cause with the feudal elements (representing the main obstacle to its own development) as well as with the imperialist bourgeoisie (just dislodged by national liberation).<sup>14</sup>

However, Hamza Alavi is right, when he claims that despite such close cooperation they do not constitute a single class, and hence the state is not the instrument of one single class as in western capitalist societies. Hence Alavi has some legitimacy when he observes that "it (post colonial state) is relatively autonomous and mediates their competing interests (of three propertied classes)..... while at the same time acting on behalf of all of them in order to preserve the social order in which their interests are embedded, namely the institution of private property and capitalist mode as the dominant mode of production".<sup>15</sup>

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13. Levkovski, Alexei ; Developing countries' Social Structure, Progress Publishers, Moscow, 1987, p.154

14. Baran, Poul; Political Economy of Growth Monthly Review Press, New York, 1957, p.220-21

15. Ibid, p.148, n.2

But Alavi's generalizations about the accommodations and convergence of three classes seem to be inadequate, when applied to those countries where indigenous industrialization could not take place, for instance, in African countries. For example, while analysing Tanzania John Soul<sup>16</sup> observed that the ruling oligarchy's intermediate role scarcely summarizes their dominant power in society. In these societies, even today, the landed classes have no equivalence who have their hold over the state (either through political parties or through military.) Here the intermediary role of military bureaucratic oligarchy is not in the context of indigenous classes but with the international bourgeoisie on behalf of their people-nation itself. However, Saul by and large approves of Alavi's characterisation of three features\* of post colonial state, which makes the state central in these societies. But Collin Eys claims that the state is central to all societies and not only in post colonial societies as emphasized by Alavi & Saul. 'The main function of state, according to Leys, is to secure the reproduction of the society, in that sense the night watchman state of competitive capitalism is just as central for its society, as the strongly interventionist state of monopoly capitalism. The varying significance of state, however,

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16. Ibid

\* Mentioned earlier (in this chapter, discussed by Alavi)

depends on how far the economy is self regulating or subject to state intervention.<sup>17</sup>

**Social Classes in the Post Colonial Societies: Problem of their identification**

Girling in his comment on H. Alavi talks of theoretical confusion about the concept of social classes due to unclassified relation between national and international class relationships or in other words, between national and international relation of production<sup>18</sup> And his point is right because if metropolitan bourgeoisie constitutes the part of the ruling class, how can there be an overdeveloped state in relation to that developed class whose basis lies beyond its boundary. Most of these scholars concentrate on the indigenous classes who inherited the power after independence. Meillassoux, for instance, while analysing bureaucratic process in Mali observed that the class which inherited power in Africa was petty bourgeoisie (particularly the intelligentsia) comprised of intellectual, teachers, higher civil servants, prosperous traders, higher military and police officials (most of which

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17. Leys, Collin ; "Over developed" Post Colonial State : A Re-evaluation" in Review of African Political Economy - 5, Jan-April 1976, p.43.

18. Girling, Sherry; "The state in Post Colonial Societies : Pakistan and Bangladesh Comment on Hamza Alavi" in Working Papers on Capitalist State San Jose, (Cal) Tokyo, Milan, West Berlin, 2/1973 pp.49.

came from urban based occupations)<sup>19</sup> Similarly Prof. Kalecki,<sup>20</sup> (1964) followed by K.N. Raj,<sup>21</sup> used the term intermediate regimes to describe the governments in which the lower middle class and rich peasantry could be identified as performing the role of the ruling class. Like Meillassoux, he claimed that whenever such people come to power they invariably serve the interest of the big business and get allied with the remnants of the feudal system. This type of government opt for extensive involvement in the economic activity. Most often backed by the credit and aid made available by socialist countries, they create state capitalism and make a direct control over the (state owned) means of production. The availability of such credit gives this class, a bargaining position while dealing with the metropolitan bourgeoisie. By dint of their control over the state owned means of production the ruling oligarchy is identified as constituting a class<sup>22</sup>. The state capitalism

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19. Miellassaux, C. "A Class Analysis of the Bureacratic Process in Mali" in the Journal of Development studies,
  20. Kalecki, M; Selected Essays on the Economic Growth of the Socialist and Mixed Economy University Press, Cambridge, 1972
  21. Raj, K.N ; "Politics and Economics of Intermediate Regimes" in Economic and Political Weekly, July 7, 1973.
  22. This class (state oligarchy) in itself is not a class, rather it is a category, but this acts as a class when it controls the state owned enterprises - see Poulantzas Political Power and Social Classes. New Left Books, London, 1973, p.334

also helps to show themselves as the champion of socialism<sup>23</sup>  
Following these characteristics Cabral<sup>24</sup> and Rodney<sup>25</sup>  
consider these petty bourgeoisie not as a decadent stereo  
type but evaluated them as having nationalist capacity as  
well as revolutionary capacity in post independence phase.  
A similar characteristic is identified by Roger Murray  
referring them as "political class" while analysing the CPP,  
a class based party of Ghana<sup>26</sup>

### **From Independence to Dependency**

Issa Shivji refers to some progressive and  
revolutionary leaders who had emerged during anti colonial  
struggle. These leaders had attempted to gain independence  
from foreign private capital and wanted to assume continuous  
economic growth but due to structural constraints they could  
not do so and were compelled to collaborate with foreign  
capital. The bureaucracy and the leaders of the new

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23. "The Socialism in third world is not usually built  
through public sector, to which Lenin called anteroom  
of socialism. The ideology is rather used to justify  
the status interests of the State bureaucracy". Lelio  
Basso referred by Ziemann, W and Lanzendorfer M; see  
their "State in Peripheral Society" in Socialist  
Register 1977, p.177 (in the note no.142)

24. Cabral, Amilcar; "A Brief Analysis of Social Structure  
in Guinea" in his "Revolution in Guinea. London, 1969

25. Rodney, Walter, "Some Implications of the Question of  
Disengagement from Imperialism" in Cliff and Soul (Eds)  
Socialism in Tanzania vol.III Nairobi, 1973.

26. Murray Roger, "Second Thought on Ghana", in New Left  
Review - 42, March-April, 1967.

generations later became even more subservient in their dealing with foreign capital. Hence Shivji concludes that the 'real socio economic base of those who directly control the state lies in the international bourgeoisie<sup>27</sup>

Closer to him are the dependency theorists, who view the peripheral state stronger in relation to the weak local bourgeoisie, but subservient to the metropolitan bourgeoisie, for instance, A.G. Frank, one of the leading theorists of Latin America, argues that the principal variable here is the relation of the state with the imperialist bourgeoisie and not with the local bourgeoisie. Indeed, this dependent and in this sense weak character of the state in the third world is dependent financially, technologically, institutionally, ideologically and militarily in a word politically, on the international bourgeoisie<sup>28</sup>

The very weakness of the local bourgeoisie in relation to imperialist ones, leads it to try to strengthen its national state, and thereby making it more autonomous, as part of bargaining process with metropolitan

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27. Shivji, Issa; "The Silent Class Struggle" in Cliff and Soul (eds) Socialism in Tanzania vol.II Noirobi, 1973.

28. Frank, A.G.; "Economic Crisis and State in the Third World" Discussion Paper no.30 University of East Anglia England Feb.1979, p.5, Reported Extensively in, Martin Carnoy (ed) The State and Political Theory N.J., University Press, Princeton, 1984, pp.172-207.



competitors. Nevertheless, where local bourgeoisie is very weak, the state is more an instrument of the foreign bourgeoisie, whereas the local bourgeoisie and the petty bourgeoisie have become the junior partner. For Frank, it is pressure from the metropolitan bourgeoisie and their state, to increase capital accumulation in the third world, that forces to extract surplus with the help of peripheral states. But, given the resistance from the subordinate classes and their political mobilization, such coalition face legitimation crisis. Hence the coalition of foreign capital and its local junior partner prescribe for authoritarian regimes<sup>29</sup>, and hence militarisation of the state and indeed the economy, society, culture and ideology is also perpetuating beyond and below the immediately visible surface in one third world country after another.<sup>30</sup>

And this authoritarianism is institutionalized, because it is difficult to hold the state by metropolitan bourgeoisie otherwise. But Falleto and Cardoso do not share this view. They are rather closer to Miliband and Poulantzas. For them, the peripheral state equally intervenes as the developed capitalist state, whenever there is a crisis and does not follow the dictates of metropolis. For instance at the time of crisis as in 1929 depression,

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29. Frank, p.25, *ibid.*

30. Frank p.42, *ibid.*

Latin American states came to intervene and opted for 'import substitution industrialization.' In complete disagreement with Frank and Amin<sup>31</sup>, Cardoso and Falleto<sup>32</sup> argue that the masses were needed in the process of industrialization as labour and consumer but the economy, unlike in developed capitalist societies, here, has limited capacity to accommodate all of them (economically) and hence, it is not possible for state to incorporate them politically. Here it is interesting to see the Brazilian experience. In Brazil, ISI (Import Substitution Industrialization) largely failed by 60s, despite state's direct involvement in it, because it required economic resources and technology which was beyond state's or private capital's capacity to manage.<sup>33</sup> The other problem was that the domestic market was too small, as larger part of the population was living at the subsistence level. Thirdly, much of the of ISI was financed by foreign aid which came to halt due to tariff barriers created by these states for foreign goods. At the political level the populist leaders (antiprogressive conspirators) raised the

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31. Amin too shares the view of frank see ibid n.4

32. Cardoso, F.H. and Falleto E; Dependency and Development in Latin America University of California Press, Berkley and Los Angles 1979.

33. O'Donell, G. "Corporalism and Question of the State" in James Malloy (ed) Authoritarianism and Corporatism in Latin America Yale University Press, London, and New Haven, 1977, pp.77-78.

aspirations of the people which they themselves could not meet.<sup>34</sup>

But by late 60s (69 onwards) when military came to control the state replacing the populist leaders, the economic growth went to miraculous stage. The GDP increased by 11.3 percent, industrial growth by 12.6 percent inflation reduced by 13,7 percent, saving rate increased by 17.5 percent in 1969 to 21 percent in 1973 and growth of export by 15 percent, most of which were non-traditional items. The MNCs entry was mainly responsible for this miracle. MNCs entered to leap over the tariff barriers and to exploit the cheap labour and and raw materials of these countries. The local capital associated with them and became the complementary junior partner. The MNCs also benefited from the production of basic intermediate goods by the public sector (which had taken place during its earlier ISI industrialization) and by states' potential to promote accumulation.

This economic miracle gave legitimacy to the military rule and made it relatively stable. But by 1974 the crisis again came up. Due to the depression of 70s (due to rise of price of petrol) and due to rising interests,

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34. Munch, Ronaldo; Politics and Dependency in Thrid world : The case of Latin America, Zed Books, London, 1984, p.215.

Brazil could not pay its foreign loan. The MNCs though helped to increase the export, but it went out in the form of profit. The large scale public sectors which had big share in the industrial sector was largely made out of loans and that could not be paid. Thus Brazil fell into the dept trap and now, is perhaps the biggest debtor country of the world today.

But despite these structural weaknesses of the third world states and despite their being instrumental to the metropolitan interest in most of these countries, it has also proved to be beneficial to the local classes due to its better bargaining position with Metropolitan bourgeoisie. Collin Ley<sup>35</sup> came to record the Kenyan case in which he observes that the new state superintended a series of measures that rapidly enlarged the sphere and rate of indigenous capital accumulation i.e. state capital enterprises, state sponsored credit system, land reforms etc. The black population now came to run hotels, transports, trading etc. apart from state run enterprises. The white collar jobs, created by state accommodated a large part of population, and thus people gradually came to a situation when they had some capital to invest against the inflation into some productive enterprises. They started sending their children abroad for skilled and professional education.

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35. Leys, Colin : "Capital Accumulation, Class Formation and Dependency : The Significance of Kenyan Case" in Socialist Register, 1965

But despite such developments the economic control remained in the hands of multinationals and local population remained stuck to the petty bourgeois business. The legitimation crisis, however, time and again arises, and the ruling class now manipulate the people, and divide them on the ethnic and other parochial lines, coupled with occasional use of military to suppress dissents.

Hence on the basis of these experience and observations we can conclude that the actual process of class formation and restructuring in Asia, Africa and latin America has been conditioned by the impact of colonial capitalism. Since they vary from country to country in accordance with differences in their precapitalist social formation and differences in their encounter with colonialism, the manner of subordination, under peripheral capitalism in the post colonial era, also varies. But despite the variations in manner of subordination the post colonial state and the ruling classes of these societies have limited option for autonomy, due to their dependent nature of economic development.

## CHAPTER-III

### RELATIVE AUTONOMY OF INDIAN STATE : A Case Study

Among the third world countries India occupies a distinct place. Despite being part of them and sharing most of their characteristics, she has some distinguishing features. Thus before we enter into the problematic of 'Relative Autonomy of Indian State, it will be worthwhile to have a look on those features.

#### **India in Relation to the Rest of the Third World :-**

The first feature which makes India distinct is that, unlike the rest of the post colonial societies, India had a long history of 'anti-colonial struggle', and is one of the first among the earliest decolonized countries.

Secondly, at the time of independence, it had already acquired two (All India looking) nationalist classes<sup>1</sup>, i.e. the industrialized bourgeoisie and educated middle class (or new petty bourgeoisie) apart from having an efficient and professionally trained bureaucracy. In the rest of the post-colonial societies, these groups were virtually absent or in much less developed form.

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1. Mukherjee, Sanjeev; "Class struggle and the state in India" in Z. Hasan, S.N. Jha, R. Khan (eds) The State Political Processes and Identity Sage Publication, New Delhi, 1989, p.100.

Thirdly, in most of the third world countries, indigenous industrialization for import substitution could not take place and if took place it could not be successful. But India became successful in its import substitution industrialization and at the end of 1960s it started to be counted among the most industrialized countries of the world (ranking 15th in the order).

Fourthly, while most of the third world countries suffer from military intervention and some kind of authoritarianism, India is almost free from such casualties. Here military has been playing a subordinate role in the hands of political leaders. And unlike in the rest of third world, India has more or less stable government of a single dominant party, i.e. Congress Party.

Fifthly, India had a close and sustained relationship with erstwhile Soviet Union, which from the beginning of its planned development, had assisted her in terms of aid and technical know-how. Such assistance and patronship is virtually absent in rest of the third world countries.<sup>2</sup>

Sixthly, India, in the beginning opted for a close economy, rather than opening its door for metropolitan capital and this policy continued till recently. In the

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2. See Vanaik, Achin ;The Painful Transition verso, London, 1990, p.11.

case of other third world countries such policy, is not found.

Given these specialities let us see the political economy of Indian state, which will help us characterize the nature of Indian state and its relationship with the ruling classes.

### Political Economy of Indian State:-

For the sake of convenience we can divide the post colonial period into two parts - Nehru era and post-Nehru era. This division also indicates a water-mark in the nature and functioning of the Indian State.

### Nehru Era : An Era of Rapid Industrialization and High Political Legitimacy :-

Among the Marxists as well as non-Marxists there is almost a consensus, that till the mid-60s. Indian state, in the leadership of Nehru, exercised a large measure of autonomy from the dominant interests, including the big bourgeoisie the most powerful of the time.<sup>3</sup>

The state actors who had inherited power at the time of independence enjoyed enormous prestige<sup>4</sup> and had

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3. See ibid, introduction chapter Also see, Singh, M.P., "Developmental State in Crisis" in Seminar - 367, March 1990 pp.48-50; Kothari , Rajani, "state and Statelessness" in Economic and Political Weekly, Annual Number, MARCH 1991 pp.533-58; Mukherjee, ibid (n.1) p.101

4. Ibid, Vanaik, p.37, Kothari p.533-4



autonomous appeal among the masses, who were ready to back them (given the universal adult franchise) in their effort to reform and reshape the economy and society of the tradition bound India.

Leaders like Nehru and others of that generation, had a sense of ideological purpose and desire to use the state for the purpose of national<sup>5</sup> economic development. Equipped with the inherited 'overdeveloped' state-apparatus i.e. bureaucracy and military, they were in the position to formulate independent policies and effectively implement them.

The dominant classes on the other hand were not in a position to challenge the supremacy of state as the colonial structure had left no single class strong enough to hold over the state power<sup>6</sup>. With the withdrawal of colonial rule the feudal lords had already become spineless. The integration of 552 princely states into Indian union against their will, is enough to prove the supremacy of state over the landlords even at the time of independence.

The big bourgeoisie though relatively more powerful, was equally weak<sup>7</sup> to directly control the state.

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5. Ibid, Vanaik p.37

6. Patnaik, Prabhat; "Imperialism and Growth of Indian Capitalism, in Robin Blackburn (ed) Explosion in a Subcontinent, Penguin, Harmondsworth, 1975.

7. *ibid.*

On the contrary they were dependent on State for their own formation and expansion.<sup>8</sup> In such a stage of social development the state took the task of social transformation and building capitalism.<sup>9</sup> and in the leadership of Nehru, it formulated an independent strategy which can be summarized<sup>10</sup> as follows - first, to build a state based largely upon democratic constitution, that is to change the society from above. The state, thus, was armed with enormous power at the central level, to strengthen its autonomy. At the international level the policy of non-alignment was followed, that also strengthened its sovereignty as well as autonomy from foreign capital.

Secondly, to further, the capitalist economy and market, and to legitimize the state by nation building and integration. Consequently 'Big Bourgeois Pan Indian Nationalism' evolved a mode of consensual sharing of power

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8. The big bourgeoisie was dependent on state for the following reasons : I, for infrastructural facilities, II for agrarian transformation III for capitalist accumulation through financial institutions and IV for protection from the foreign capital; See-Bhambri, C.P. Politics in India 1947-87 Vikas Publishing House, New Delhi, 1988 p.6

9. Many Scholars believe that state did not build capitalism intentionally, rather it was an unintended outcome of the policies they adopted. Most of the Marxist scholars, on the other hand, believe that there was an understanding between big bourgeoisie and state in the 'Nehru-Mahalanobis Model' which was closer to 'Bomaby Plan' presented by industrial baurgeoisie

10. Ibid, p.101, n.1

with regionally based dominant classes and communities (i.e. landlords & petty bourgeoisie) through reorganisation of states.

Thirdly, to undertake an ambitious programme of relatively independent capitalist development through planning and by creation of public sector, especially in heavy and basic industries for import substitution. And Fourthly, in agriculture, capitalist growth to be imposed from above through land reforms and rural development.

Hence the Indian state in the leadership of Nehru strengthened capitalism. Though Nehru, at the theoretical level remain committed to the cause of socialism, his class-consensual politics and adoption of mixed economy boosted capitalism instead of establishing socialism.<sup>11</sup> No doubt the state pursued a relatively independent course of action in order to control over the commanding heights of the economy, but every effort was made to nurse the private capital.<sup>12</sup> Hence the picture that emerged clearly establishes the subservient (class) nature of the political system, serving the interests of the ruling classes. In the first two five year plans ( of 1951-55 and 1956-60) the effort was made to develop industrial infrastructure that ultimately helped, to

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11. Despite Nehru's commitment to Socialist causes, he did not built an institutional machinery to practice it, see Bhambri, Ibid, p.66, n.8

12. Ibid, p.28, n.2

strengthen, the industrial classes. During the third plan (1961-65) the effort was made to strengthen agrarian sector, which ultimately led to the creation of new rural rich and expansion of consumer market, beyond urban area. The land reforms had largely failed, but by facilitating irrigation and other facilities for expanded agricultural production, State helped in the social reproduction in the rural area. Hence, in these three plans, though socialistic pattern of society could not be built up, it certainly led to the establishment of a capitalist pattern of society. Between 1951-69, there was a tremendous profit and expansion of private capital. During this period there was 300 per cent rise in the index of industrial production, comprising a 70 per cent rise in the consumer goods industry, a 400 per cent rise in the output of intermediate goods and a 1000 per cent rise in the capitalist goods sector.<sup>13</sup> Hence by the end of the third plan the state capitalism had done its job and came closer to exhaust its possibilities.<sup>14</sup>

This period also resembles a period of high political legitimacy, given the autonomy of State, and its highly interventionist role in the economic development.

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13. Ibid, p.28-29

14. Ibid

The Post Nehru Era : An Era of Crises (of Economic Development and Political Legitimacy) :-

By the mid-60s the 'developmental State'<sup>15</sup> started facing multifaceted crisis. First of all there was a crisis of economic development. Though the effort for self-reliance was by and large successful and Indian industries now had achieved the capability to supply most of the domestic demand of its industrial goods, but by international standard, the technology remain outdated and stagnant.<sup>16</sup> Behind the shield of import substitution, protection, administered prices and subsidized credit, private and public firms grown lax with respect to the cost of production and quality. The stagnation in technology led to increase in the 'capital-output ratio' which eroded yields from the new investments. This, in part, was the result of insulated development strategy without facing any competition from outside,<sup>17</sup> and in part, due to the lack of effort in the technological research by State as well as by private capital.

Prabhat Patnaik points out the deficiencies and contradictions in the first phase of state capitalism: first

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15. The term "Developmental State" has been used by M.P. Singh Ibid, p.48, n.3

16. Ibid, p.31, n.2

17. Rudolph L.I and Rudolph S.H. In Pursuit of Laxmi Orient Longman, Bombay, 1987, p.13.; see also Bhambri C.P. Political Process in India 1947-91 Vikas Publishig House, New Delhi, 1991, p.5 and 8.

of all it could not mobilize adequate resources, for economic growth as growth rate of agriculture remain limited and there was no serious effort to change the agrarian mode of production and social relation. Second, India remained technologically stagnant because no serious effort was made in technical research. Neither the State nor the private enterprise had any research department. Hence a tendency for technical parasitism developed in India.<sup>18</sup>

The private capital, in order to increase their profitability started pressurizing Indian State for liberalization of the economy in order to collaborate with high technology foreign firms. Apart from this pressure Indian State also faced a series of contingent problems in 60s which compelled it to change its policies.

The contingent factors<sup>19</sup> that influenced the policy making of Indian state were - I, the war with China (1962) and Pakistan (1965) that led to massive increase in defence of expenditure.<sup>20</sup> II, the death of Nehru (1964) and Shastri (1966) that led to internal struggle for leadership in ruling congress party which ultimately affected its democratic tradition, III, the successive droughts (1966-69)

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18. Ibid, pp.62-65, n.6

19. Hasan, Zoya; "Introduction : State and Identity in India" in Z. Hasan, S.N.Jha and R. Khan (eds) The State Political Processes and Identity Sage Publications 1989, p.11; Ibid, p.228-29, n.17

20. Ibid, p.65-66, n.6

that led to import of food stuffs and increase in the expenditure in the agriculture sector.

Apart from these contingent factors, some structural factors like massive reduction<sup>21</sup> in foreign aid (which had acted as a 'convenient cushion'<sup>22</sup> upto this period) and pressure from USA and World Bank, were also responsible for change in the policy of Indian State. Given these pressures, Indian State in the leadership of Mrs. Gandhi, not only reduced the plan expenditure, but also initiated liberalization. Though Mrs. Gandhi took a right step by nationalizing the financial institutions and abolishing privy-purse, she 'succumbed' to US pressure to devalue the rupee. She also compromised with industrial bourgeoisie by opening the doors for industrial collaboration apart from going for plan-holidays due to successive droughts.

But the crisis did not end there. At the political level Mrs. Gandhi faced challenge within her party which finally culminated into the split of Congress. The result of this split was that, while on the one hand, she adopted a populist posture, on the other, she deinstitutionalized the party.

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21. The Share of foreign aid in the third plan was 28 percent of the total plan expenditure which reduced to around 10 percent in fourth and fifth plan - Ibid, p.11, n.17

22. See Bardhan, Pranab; The Political Economy of Development in India Oxford University Press, Delhi, 1984, pp.67-68.

The situation in 1970s was even worst. To begin with the country faced an unprecedented pressure of migrants from West Pakistan (Now Bangladesh) and which finally compelled India to go on war with Pakistan in 1971. The refugees and war both caused great pressure on Indian exchequer. The triumph in war and the populist slogan of 'GARIBI HATAO' led Mrs. Gandhi to win the general election of 1972, with thumping majority. But the expectations which had been created by the slogan 'GARIBI HATAO' among the masses, could not be fulfilled. On the contrary, the fall in the production of crops (due to poor monsoons) and price rise of petroleum (in October 1973); apart from the effects of general election, war and migration of refugees; lowered the production level and raised the general price level. This led to general discontent and dissatisfaction. Consequently unrest accelerated and strikes and political mobilization increased. The national railways strike (of 1974) and student movement challenged Mrs. Gandhi's government. And Mrs. Gandhi's response, to these challenges, was emergency and repression. Scholars perceive this response to be inevitable, given the policy of liberalization and state's incapacity to mobilize resources, especially from the well off sections of the society. To quote Mr. Murlidharan 'promulgation of an internal emergency now seems a logical and historical inevitability.... as there was no other way open for a liberal state to square



the macroeconomic circle'.<sup>23</sup>

The beginning of fiscal crisis:-

The successor Janata Party regime though restored the democracy, it could not reverse the liberalization which had been initiated by Mrs. Gandhi. Hence it too faced the same problem of resource mobilization and which led to reduction in the welfare and public sector investment. The direct taxation to urban rich could not be raised. The subsidies on food and fertilizer increased in an unplanned manner, all through these years whereas the new agrarian rich remained outside the tax net.

Hence burden of expenditure went to indirect taxation, deficit budgeting and public borrowing. No doubt the Central Plan schemes increased its outlays by 2.34 per cent to revenue expenditure but the budgetary deficit also moved up abruptly from 0.18 per cent (of GDP) in 1976-77 to 1.16 per cent in 1977-78 and 2.6 per cent in 1979-80. The share of public borrowing also increased.<sup>24</sup>

After the fall of Janata Government, Mrs. Gandhi (who came back to power in 1980) also continued the fiscal deficit and public borrowing in order to finance the plan

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23. See Murlidharan, Sukumar, "Structural Adjustment and the State: From Consent to Coercion" in Social Scientist 224-225, Jan-Feb 1972 p.36.

24. Rai, Kartik, "The Indian Economy in Adversity and Debt". Social Scientist - 224-225, Jan-Feb 1972 pp. 8-28.

expenditure. One additional dimension which she added was SDR 5 billion loan from IMF (though only SDR 3.8 billion was drawn). Rajive regime even accelerated the liberalization and encouraged the external commercial borrowing and trade deficit. Consequently the trade deficit grew dramatically by the end of the decade, despite the high rate of growth of exports and savings from substitution of oil (due to production of oil at Bombay High) and fall in the price of petroleum at the international level.<sup>25</sup>

#### **Fiscal crisis and Crisis of Developmental State :-**

The policies of budget deficit, public borrowing and foreign trade deficit ultimately led to unprecedented fiscal crisis. According to an I.P.F. bulletin<sup>26</sup> there has been a nine fold increase in External debt in 'rupee terms' from Rs.11,298 crores in 1980 to Rs.99,458 crores in 1990, and six fold increase in the Internal Debt from 30,000 odd crore to over Rs.1,70,000 crore in the same period . Fiscal deficit has increased from 8,540 crore in 1981 to Rs.43,331 crore, a five time increase, in 1990.

According to another source<sup>27</sup> the figure of External debt, now, is guessed around 80 billion dollar,

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25. See Ibid, p.36-38, n.23

26. "India and IMF Loan : Sold For a Few Dollars More", Published by Indian Peoples Front, II editian June 1992, p.29.

27. Ibid, p.18, n.24

which is four times in 'dollar terms' in relation to 1980. This makes India the third largest debtor country in the Third World after Brazil and Mexico. India's debt-service according to UN report, absorbed 30 per cent of her export in the last years of the last decade. This, now, is expected to increase upto one-third of total yearly export.

Further, not only there has been a change in quantity of debt but also in the quality of debt, for instance, the debt to foreign banks and non-resident Indians has increased by 10 times in this period; in which the rate of interest is relatively higher than the rate of interests in the long term developmental loans.<sup>28</sup> The internal debt, has trebled in just seven years from Rs.50,263 crore in 1983-84 to Rs.151,037 crore in 1990-91.<sup>29</sup> More significantly centre's other liabilities are quite as large as the internal debt itself i.e. Rs.123,988 crore.<sup>30</sup>

The economic policies of 1980s (especially during Rajive regime) are mainly responsible for this crisis.<sup>31</sup> In this period three negative features can be recorded. First there was sudden increase in the magnitude of fiscal deficit

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28. Ibid

29. Financial Express (Bombay) in an article by K.S. Ramachandran, July 20, 1991.

30. This is a budget estimate, ibid

31. Till the end of 70s the fiscal problem was quite manageable (as the figures reveal).

in budgets of centre as well as of states and union territories. Secondly, there was liberalization in the import of capital goods especially in electronic and automobile industries without tiding it to export efforts. Thirdly, the commercial borrowing from NRIs and foreign banks increased in order to meet the fiscal deficit, without encouraging them to invest in India's in order to increase export. Hence Indian state borrowed till it could not borrow further, in order to meet development expenditures and to meet the foreign exchange crisis. To make the situation even worst, there was gulf crisis at the end of 1990. This, on the one hand, stopped the income from gulf due to migration of Indian workers from there, on the other it increased prices of petroleum and caused another oil shock. Hence the foreign exchange reserve dried up and India had to go for another IMF loan in 1991.

#### The Dependency;-

The International bourgeoisie exploited this crisis situation before coming to rescue India with IMF loan and World Bank's aid. The IMF put forward its conditionalities before accepting the loan proposal of Indian State. Indian State, on the other hand, accepted these conditionalities and accordingly devalued its rupees upto 20 per cent; liberalised the economy even further in terms of new trade policy, new industrial policy and new economic policy, and sold 20 per cent of the public sector

shares in the private hands (a beginning of privatisation). Now, the foreign capital, according to the provision of new industrial policy can invest in India with 51 per cent equity participation, and for export oriented industries with 100 per cent shares. The 1992-93 budget also made arrangement to reduce food subsidies in order to reduce budget deficit.

IMF effort to impose these conditionalities on India, as on other Third World countries, is to 'roll back' the state-capitalist sector and give free hand to private capital including the multinational / foreign capital. And in Third World conditions, freedom for private capital necessarily means supremacy of multinational capital.<sup>32</sup>

Funds' few advises like reductions in fiscal deficit is alright but it is wrong in the sense that this reduction is not advised to be done through higher direct taxes and taxes on the luxurious goods but, through measures like cuts in subsidies to the poor (i.e. food subsidies), cuts in the welfare expenditures and resources mobilization through higher indirect taxes and administered prices,<sup>33</sup> apart from the privatization of the public sectors industries. Hence accepting and implementing these conditionalities Indian State has virtually surrendered to

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32. Ibid, p.22-23, n.24

33. Ibid

the private capital (domestic as well as foreign). And this was a complete reversal of Nehruvian model of development, with a positive interventionist state and self reliant economy.

The reduction in State expenditure on developmental functions<sup>34</sup> will have a serious consequence on economy as well as polity. According to Prabhat Patnaik<sup>35</sup> the reduction in Budget deficit and state expenditure would lead to severe recessionary consequences. This will aggravate the balance of payment problem too. The IMF loan would be used in barely a year's time and at the end of it, we would be back to square one except that the economy would be in an even more vulnerable position than now. Once the economy is vulnerable like this, then the whole effort will be oriented towards maintaining the confidence of the international investors in the domestic economy. The state will have to pursue economic policies which would maintain their confidence, or in other words, the whole polity will be subordinated (with a prime minister and a finance minister, whose presence would maintain their confidence).<sup>36</sup>

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34. Only 25 percent of the total budget has been spent on development function in 1992-93 budget, rest has been spent on interest payments (23 percent) defence (13 percent), subsidies (7 percent), and nondevelopmental expenditure of union and state governments (27 percent) see- Frontline, March 27, 1992, p.15.

35. See Patnaik , Prabhat, in an interview in Frontline 20 July-2 Aug. 1991, p.17.

36. Ibid

This is not only the view of a Marxist, to quote Mr. Manmohan Singh himself (while commenting on aid) :- "It is to be recognised that (the) international aid mechanism is a highly political mechanism and doners of aid are in a stronger position than the recipients of aid. This excessive dependence on aid can affect the autonomy of decision making processes in the recipient countries."<sup>37</sup>

To call the fund an imperialist agency, therefore, one does not necessarily have to start with Marxist theory, one just has to look at the practical experience.<sup>38</sup>

One of the argument against perpetuation of debt is that the liberalization will cause greater investment in sophisticated and technology - intensive projects that will increase the export, and trade will be balanced. But this depends upon the willingness of multinationals if they want to shift their production base in India (or not); because there are too many countries in the third World, begging them to do so.

Thus to what extent India would become successful in its effort to free itself from the hanging debt-trap and maintain its autonomy from foreign capital is yet to be seen and hence futuristic discussion is unwarranted.

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37. "The Quest for self Reliance" 19th Shriram Memorial Lecture, Dec.30 1983, PHDCCI, NEW Delhi reproduced in Frontline July 1- Aug 2, 1991, p.12.

38. Ibid, p.23, n.24

Now let us see the debate over the nature of Indian State and the controversy over the identification of the ruling classes, which also reflects the relationship between state and the ruling class(es).

**The Debate Over the Nature of Indian State and Problem of Identification of the Ruling Classes**

**I. Controversy among Communist Parties:-**

The Marxist response to the identification of ruling class and the characterisation of Indian State has been changing from time to time. In the initial years of independence the Communist Party of India (CPI) characterised Indian State and national bourgeoisie as collaborationist and reactionary. For them the state was the instrument of the ruling class(es) which was led by national bourgeoisie but still dominated by metropolitan bourgeoisie and landlords. It adopted 'Ranadive Thesis' which stated that - "British domination has not ended, but the form of domination has changed ... (and hence) the march of democratic revolution will have to proceed in opposition to bourgeoisie government and its policies."<sup>39</sup>

Thus it gave the slogan 'YEH AZADI JHOOTI HAI, followed by a policy of general strike and armed

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39. Cited in Banerjee, S. India's Simmering Revolution : The Naaxalite Uprising Zed Books, London, 1984, p.62



insurrection by workers in cities. On the other hand, Telangana uprising generated an alternative strategy along Chinese lines. Both of these strategies were based on similar assessment of State power i.e. semi-feudal, semi-colonial<sup>40</sup>

The response of Indian State, to this upheaval, was massive repression. Some where 50,000 armed personnel were deployed in Telangana to suppress the peasant struggle around 4,000 communist leaders and peasant militants were killed, more than 10,000 people were jailed.<sup>41</sup>

The failure of this strategy led, on the one hand, to change strategy of CPI, on the other it reviewed its characterisation of ruling class(es). It recognised India's independence, but continued to see it as an instrument of the ruling class(es), which was led by national bourgeoisie.

By the end of two plans enough time had elapsed to review their stand. The changes which took place during this period were : first, there was a growth of monopoly houses supported by the state, secondly, the land reforms had largely failed to abolish the feudal relations, and thirdly, Indian bourgeoisie had started collaborating with foreign capital for technology and capital.

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40. Nagi Reddy, T. India Mortgaged, T. Nagi Reddy Memorial Trust, Anantpuram, 1978, p.10.

41. Ibid, p.198, n.8

Based on these experiences, Marxists confronted Nehru's claim of 'creating a socialistic pattern of society and sought to expose the class nature of Indian State.<sup>42</sup> In their perception it was actually Indian bourgeoisie itself, which felt the state intervention as necessary for the capitalist formation in India. And, this was made explicit in 'Bombay Plan' of 194 which actually was the 'policy statement of Indian bourgeoisie',<sup>43</sup> But the consensus, on characterisation of ruling class and nature of state, could not be achieved within CPI which finally splited in 1964. After the split CPI shifted towards the position that the state was the organ of national bourgeoisie as a whole and was committed to establish capitalism, and was seen to be progressive. The landlords were not viewed as part of the ruling classes.<sup>44</sup>

It was rather CPM, which recognised the bourgeoisie and landlord as constituting the coalition of ruling classes. For CPM the state was the organ of class rule in which leadership was in the hands of big bourgeoisie who were increasingly collaborating with foreign finance capital, in pursuit of the capitalist path of development.

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42. Namboodiripad, E.M.S., Economics and Politics of India's Socialist Pattern, Peoples publishing House. New Delhi, 1966, p.24.

43. Baru, S. The Political Economy of New Industrial Policy in India (Seminar) Institute of Common Wealth Studies, London, 12 MAY 1988.

44. Das Gupta, B. "Class Character of the Ruling Class in India" in K.M.Kurian (ed) India - State and Society : A Marxian Approach, Orient Longman, Bombay, 1975.

The CPI (ML) after its origin in 1969, contradicted the views of both CPI and CPM that capitalist class, (and the State) was committed to capitalist development. In the context of increasing dependence upon foreign aid, it characterised Indian state as a state of big landlords and compradore bureaucratic capitalists subordinated to US imperialism and Soviet Socialist imperialism. An important point here is that despite their differences on the identification of the ruling classes, the state for all three communist parties remain simply an instrument of the class-rule. The non-party Marxists of that period also followed the path of this or that party line while identifying the nature of State and ruling classes of India.

## **II. Controversy in 70s and 80s (Among 'Academic' Marxists):-**

But after the green revolution and rise of capitalist farmers in rural area, and the expansion of middle class in urban as well as rural area, led to fresh debate on the nature of state and the identification of the ruling classes. The Marxist writings in 70s and 80s, reflect an expansion in the ruling strata. In a seminar organized to discuss the ruling classes, a simple criteria was applied in order to identify the ruling classes, and the criteria was 'which are the classes for whose benefit the state power exercised'<sup>45</sup>

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45. Naqvi, S, "Class character of State Power in India in Social Scientist, Aug 1973.

A small group of writers applied Prof. Kalecki's concept of 'intermediate regimes', to answer this question. For them, the white collar workers and intelligentsia (teachers, lawyers, Journaliss etc.) the people enjoying some sort of quasi-rent, were included in the ruling classes apart from the peasants who had benefited from Land reforms and green revolution.<sup>46</sup> More recently Ashok Rudra too presented a similar case as considering intelligentia a ruling class.<sup>47</sup> Given the transitional nature of society, many of the scholars see the ruling class(es) to be functioning in the form of a coalition. According to Prof. Bhambri the transitional character of Indian society compelled the emergent bourgeoisie to enter into coalition and make compromise with other dominant classes in the agrarian sector i.e. landlords.<sup>48</sup> Similarly Prof. Prabhat Patnaik observes that since colonial structure left no single strong class the state power continued to be based on a coalition between bourgeoisie and landlords, coupled with urban petty bourgeoisie professional groups and small rural peasants.<sup>49</sup>

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46. Raj,. K.N. "The Politics and Economics of Intermediate Regimes in Economic and Political Weekly December 1, 1973.

47. Rudra, Ashok ; "Emergence of Intelligentsia as a Ruling class in India" in Economic and Political Weelkly, Jan 21, 1989.

48. Ibid, p.7, n.8

49. Ibid, pp.50-51, n.6

The most important effort in this direction was undertaken by Pranab Bardhan who offered convincing factual evidence to support his identification of big bourgeoisie, agrarian bourgeoisie and professional classes as constituting the partners of the dominant coalition.

While identifying bourgeoisie (as a whole) as the dominant proprietary class and principal beneficiary of state policies he observes that this class benefited from the public sector by getting subsidized capital goods, intermediate products and infrastructural facilities apart from having a protected domestic market. The Government created public lending institutions and helped them in resource mobilization. Hence big bourgeoisie benefited the most. In 1976 top business houses reported to have controlled nearly 2/3rd (two-third) of total productive capital in private corporate sector.<sup>50</sup> Even when they created unlicensed capacities they instead of being punished, were rewarded by subsequent regularisation of such illegal capacities. During 80s assets of these top 20 houses increased to four fold from Rs.8,500 crore in 1981 to Rs.34,000 crore in 1989\*. The small scale sector also were given facilities through subcontracting and ancillarization i.e. over 350 products are purchased by government exclusively from small scale sector.<sup>51</sup>

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50. Ibid, pp.40-42, n.22

\* ibid. p.19, n.26.

51. Ibid, p.19, n.2.

The agrarian bourgeoisie, which is numerically far more important, benefited from landreforms, Jamindari abolition, and Tenancy Acts, of 1950s and from agrarian policies of 60s and 70s. According to Bardhan roughly 19 percent of rural bourgeoisie have access to 53 per cent of total output.

The third proprietary class<sup>52</sup>, for Burdhan<sup>53</sup>, is that of professionals, in which he includes mainly the bureaucracy (military and civilian) which benefits from the 'permit quota raj.' The white collar workers benefited out of expansion in government functions and public sector which needs skilled workers. By managing to direct educational investment from masses, they have been able to protect their scarcity rent and by acquiring licence giving powers at various levels of bureaucracy, some of them have increased their capacity to multiply their rental income.

The ruling coalition is still heterogeneous in India because, as Bardhan puts it, the capitalist class could not undermine the economic and political importance of rich farmers; neither they could succeed in colonizing bureaucracy (or political leaders) who have been using

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52. Since these groups mostly belong to social status groups and castes, it is no wonder there is caste struggles for getting reservation in educational institutions and government jobs.

53. Ibid, Chap-8., n.22

popular socialist slogan in consolidating its power in the name of helping small man.<sup>54</sup>

The most important aspect of these discussion on ruling classes is that though they recognize the class nature of Indian state, but unlike communist parties and orthodox Marxists they see it to be relatively independent from the ruling coalition, more in the beginning but gradually losing its leading developmental role and now forced to play only supportive role.

**Metropolitan Bourgeoisie not included:-**

The other important aspect is that most of the scholars in 70s and 80s do not include the metropolitan bourgeoisie as part of the ruling coalition, except a few, though they identify increasing collaboration between Indian and international bourgeoisie as a marriage of convenience.<sup>55</sup>

About the exclusion of foreign capital from dominant coalition, Achin Vanaik writes '... the Indian

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54. See Sen, Anupam, State, Industrialization and Class Formation in India; Raulledge and Keganpaul, London 1982, chap.IV

55. Indian capitalists invited metropolitan capital for their technology in order to exploit the expanded market, and metropolitan bourgeoisie were attracted to this arrangement to jump the tariff barriers. Thus despite protectionism followed by Indian State, it was penetration of foreign capital from the backdoor. See Ibid. pp-56-60 n.6.

state has played a decisive role in constructing the most self reliant and insulated capitalist economy in the third world. This was not in accordance with imperialism's wishes but in spite of them."

But, he adds, 'what was true in the past need not remain true in future',<sup>56</sup> Hence he recognizes the Indian State's and bourgeoisie's tendency towards reintegration (of Indian economy) to the world economy. The collaborations, which was started in 1970s and more rapidly in 80s, were done with the intention to strengthen the position of Indian bourgeoisie both domestically and internationally. But desire alone cannot be the father of the fact.

In the process of compromising with the class interests of ruling classes, Indian state has not only lost its 'autonomous look' internally, it has also led to the extent of losing its sovereignty externally.

Now the question is not 'how Indian State is autonomous from the ruling classes', rather it has shifted to 'how India will be able to maintain its autonomy and sovereignty from the metropolitan bourgeoisie' while Indian bourgeoisie itself has welcomed the collaboration and liberalization and is ready to play a compradore role'.

But despite this fact, state is still central in India, because it is only the state which can manage the

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56. Ibid, p.8, n.2



challenges which have started coming up from the masses, be it through negotiation and concession or be it through repression. Since the state has weakened due to lesser economic activity and with lesser resource left with it for developmental functions, the dissent voice is not invited for negotiation and given concession. Rather it is dealt with repression. To adjust with this role, state has expanded its repressive apparatus specially from the 70s onwards. The military and paramilitary forces are now openly used to suppress the dissents.

The general crime and Mafia activity, on the other hand has also increased tremendously. Political leaders most often are seen to be patronizing such groups and taking their help during elections. The democratic institutions and channels are gradually sidelined - and violence is used to win elections. Now the issues which are raised by parties are not around development, but around issues which rouse the communal and castist passions.

These changes have been recorded by scholars universally by both Marxists and non-Marxists Prof. Atul Kohli<sup>57</sup>, for instance, calls it a crisis of governability and find the reason in the loss of traditional authority and fall of Congress as a democratic decentralized party. Rajani Kothari<sup>58</sup> on the other hand shares the view of

57. Kohli, Atul; Democracy and Discontent: India's Growing Crisis of Governability. University Press, Cambridge, 1990.

58. Kothari Ibid, n.3

Marxists who see the fall in the developmental role of state as the sole cause of this governability crisis or statelessness. Similarly Prof. M.P. Singh shares the same view that the developmental state of India is in crisis coupled with criminalization of politics and role of money and muscle power in politics.<sup>59</sup>

Rajani Kothari and M.P. Singh both use the term 'relative autonomy to characterise Indian state particularly the Nehruvian phase for its developmental role. But unlike neo-Marxists they use it with a positive meaning. They believe that this type of state is capable of bringing social change. The neo-Marxists, on the other hand, do not perceive the 'relatively autonomous state' to be capable of bringing social change. For them, this type of state only reproduces the dominant relation of production and perpetuates the class-rule. To quote Prof. Bhambri "In all societies, the state enjoys relative autonomy in managing the conflicting and competing social interests of the bloc of ruling classes and their opponents. Such relative autonomy of the State cannot be accepted as a positive factor because in order to promote the interests of the ruling classes it can unleash repression against the exploited classes..... In the Indian context the State has

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59. M.P. Singh, Ibid, n.3.

shown authoritarian tendency in meeting the economic crisis and their manifestations in social and political crises".<sup>60</sup>

The sadest part of this crisis of Indian state is that it not only has compromised with ruling classes within but also with the metropolitan bourgeoisie, and made Indian economy and dominated classes even more vulnerable to capitalist exploitation.

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60. Bhambri, C.P; "The Indian State Conflicts and Contradictions" in Z.Hasan, S.N. Jha, R. Khan (eds) State Political Process and Identity Sage Publications, New Delhi 1989. p.84.

## CONCLUSION

The discussion in the last chapter makes it clear that there is a two way relationship between State and society--Once the state takes a definite form (in our case capitalist form) and adopts a definite path of development it reacts to the process of the evolution of the mode of production and class-formation. The reaction of the state can be registered in its long as well as short term policies which ultimately leads to discard old mode of production and facilitate the new, but dominant mode of production. This is what actually reflects in the study of Skocpol and Trimberger while studying the transitional societies of Japan, Turkey and other late industrialized countries. The state in these societies initiated the social transformation in the form of bourgeois revolutions and discarded the old feudal order.

But this change on the part of state does not ultimately favour the dominated classes. Rather the state does so in order to avoid a revolution from below and due to structural pressure from outside world. Hence the class-character of state does not fade at all. It remains a class-state and continue to 'serve the interests' of the ruling class(es).

But this 'serving of interest' of ruling class(es) is done in a complex manner. Hence the state and ruling class relationship represents a complex phenomena.

The formulation of the concept of 'Relative Autonomy of state' is actually an attempt to explain that complex phenomena. The insight makes it clear that the state plays its role under the control of the ruling class(es) but it also enjoys a degree of autonomy in order to serve their interests in a better way. Though most of the state action can be explained in terms of direct and immediate responses to the interest of the ruling classes, many action can be understood as flowing from the state's function as 'the factor of cohesion in the social formation.' In fulfilling such function it ultimately serves the long-term interests of the ruling class(es). The autonomy of state, thus, is relative and limited.

What makes a state, even if it is 'overdeveloped' state belonging to underdeveloped social structure, initiate only those policies, which serves the long term or short term interests of the ruling classes? The modernization/development theorists or Skocpol or Trimberger, would have no answer to this. The examples of state led social transition, which these scholars would cite, i.e., Japan, Turkey and other late industrialized countries, actually

confirm Poulantzas' theory that 'once the state takes a definite shape it helps the ruling classes accelerate its social formation.'

The state in these societies, accelerated the social transition from feudalism to capitalism, when it had no choice, given the potential threat, of colonial invasion from outside, and of social revolution (from below) from inside. Hence it was a time of transitional crisis; and in crises or in transition, state behave, more autonomously. The later development in the same societies, show that the state returns to its natural position where it serves the long as well as short term interests of ruling class(es) i.e. bourgeoisie, once transitional or crisis phase is over.

Experiences in third world countries including India, also confirms this rule of the game; As we have seen in the third chapter, Indian state began with an autonomous character but ultimately it went to its natural role; of serving the interests of the ruling classes particularly the bourgeoisie (foreign as well as domestic).

At the time of social transition or at the time of crises (war, depression, reconstruction etc.) the state actors take advantage of the changes in the structural contexts to expand their own power. They even use ideological jargon i.e., socialism or fascism, in order to

maximise their power but such periods are generally of limited duration and thus state is bound to return to its natural dependent position (from the commanding position).

Why does the state return from the commanding position, once the crises is over? There are structural reasons for this. The first and foremost factor is the capitalist control over the investment process, upon which the state actions are dependent for the maintenance of the required rates of economic growth. Any constraint on the part of state, as it happens when state continues to be extra interventionist in the economic field, leads to a fall in the rate of profit (of private capital), this again leads to decline in the economic activity and ultimately, an over all decline in the national income. This makes it even more difficult for state actors to finance the state budget which reduces the state's economic activity. And once this phenomenon gets momentum the flight of capital also takes place, straining the state even more. If state still attempt to continue its economic activities it will have to go for loans (to public or/and to foreign/international agencies) which leads ultimately to fiscal crisis and dependency of state and economy. This phenomena ultimately leads to increase in the social discontent and the political legitimacy of the state actors is challenged, and the attacks on the existing order starts.

Hence state actors have; strong interests in persuading businesses, both domestic and foreign, to invest at rates that will assure high rate of economic growth, and strong disincentive for taking actions that will damage the business confidence. The recent liberalization policy of Indian government in order to attract foreign as well as Indian (non-resident) capital to invest in India, confirms this. The second important factor which makes the state subordinated to capital is the disproportional control of the wealth in the hands of capitalist class. The money's capacity to bribe the officials, the control over mass media or its capacity to finance any alternative political party are few channels by which capital control the state actions and manipulate its decisions (to be done in their favour).

But despite these controls the capital still is dependent on state because the market economy creates periodic crisis and economic chaos in terms of inflation, deflation, stagflation etc. which may lead to social dislocation and social revolution. Hence the capitalists are compelled to rely on state which is the only institution that can get rid of such market chaos. And the state actors by regulating the market and by reforming and modifying the system, protect the existing social order (and project their own rule). It is this problem of capitalism which makes the state relatively autonomous in relation to the bourgeoisie. This relative autonomy (of state) also



gives a sense of legitimacy while dealing with the subordinated classes. When the state mediates between capitalists and workers in their day to day conflicts, it presents itself as the representative of the society as a whole, and as a neutral entity, but in the process serves the interest of the capitalists by subverting the workers' pressure with small concessions and if necessary with repression.

Hence Poulantzas remark that 'state organizes the fractions of the ruling classes and at the same time disorganizes the subordinated classes' is an important remark, and the insight that the 'state perform its role not as a state of particular class but as the state of a society divided into classes' is an insight of high order. And this is the essence of the relatively autonomous state.

But one important point which is worth mentioning is that the autonomy of state is conditioned not only by the internal structure of its own country but being a part of the world capitalist system it is conditioned by international structure as well. And this is even more true in case of the third world states. When there is problem in developed capitalist societies like, falling rate of profit, depression, stagnation etc. the ruling class there, is in a position to shift its problem to the developing countries, (with the help of their state and international

capitalist agencies like IMF and World Bank) but this is not the case of the developing countries. In these countries the state is not in a position to protect the interests of the indigenous classes, including the ruling class(es). When there is a crisis in these societies the ruling classes, and their state both, become even more subordinate to the metropolitan bourgeoisie as a whole.

Given this important difference in the two types of societies there is a need to make a comparative and combined study of the 'state society relationship' in the developed and the 'developing post-colonial' societies.

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