

## **Neo-liberalism and Nationhood\***

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The anti-colonial nationalism that informed the struggle for liberation in third world countries was, as is well-known, of an entirely different genre from the bourgeois nationalism that had emerged in Europe in the seventeenth century. There is a tendency in the West, including even among progressives, to treat all “nationalism” as a homogeneous and reactionary category. They treat even anti-colonial nationalism as if it is no different from European bourgeois nationalism, notwithstanding the several crucial differences between the two.

Three at least of these differences are of importance. First, European nationalism was imperialist from the very beginning; second, it was never inclusive but always identified an “enemy within”; and third, it apotheosized the “nation”, placing it above the people, as an entity for which the people made sacrifices but which did nothing for them in return. Anti-colonial nationalism by contrast was not engaged in the acquisition of an empire, was inclusive, and saw the *raison d’être* of the nation in an improvement in the conditions of life of the people. Since the anti-colonial struggle was a multi-class struggle, incorporating the workers and peasants, in addition to the national bourgeoisie, the stamp of bourgeois nationalism of the European variety could never be imprinted upon it.

Since the peasantry was numerically the most significant class and had borne the brunt of colonial oppression, some authors have called it “peasant nationalism”. But the point is that if this nationalism is to be carried forward and if the “nation” is to survive as an entity against the onslaught of imperialism that does not end with the grant of political independence, then this can be achieved only with the active support of the peasantry. It follows that any development strategy that is oppressive towards the peasantry, is inimical to the project of building the nation; it conduces to a fracturing of the nation in the face of imperialism.

This immediately rules out a capitalist development strategy for third world countries newly-liberated from the clutches of imperialism, since a hallmark of capitalism is its immanent tendency to encroach upon and undermine the petty production sector including peasant agriculture. This was a point recognised by the anti-colonial liberation movements. Even when such movements were not led by the Communists, they pursued a strategy of development that, while allowing capitalists to operate, sought to control them, a strategy that we characterise as the dirigiste strategy.

Within the dirigiste strategy, there was a tendency towards peasant differentiation within agriculture and hence towards a development of capitalism from within the sector itself, combined too with landlord capitalism since the process of land redistribution was never thorough-going. But capitalist forces from outside were never allowed to impinge on this sector. Peasant agriculture was kept insulated from the domestic monopoly bourgeoisie, let alone foreign agri-business.

With the introduction of a neo-liberal regime this insulation goes. On the contrary, the very purpose of neo-liberalism is to unleash the unrestricted development of capitalism, rather than having a capitalism that is enmeshed within controls by a State

that seeks to protect peasant agriculture from “outside capitalists”. Neo-liberalism therefore necessarily undermines peasant agriculture.

The attack on peasant agriculture occurs through several channels in India. First, price fluctuations, especially sharp price drops, had been prevented under the dirigiste regime, through market intervention by government agencies both for food and for cash crops. While no previous government, before the current one, had withdrawn protection from food crops, the protection offered to cash crops under the dirigiste regime had been withdrawn, with all the relevant government agencies being deprived of their marketing function. This meant that in years of price-crash the peasants got into debt that they could never repay subsequently.

Secondly, the prices of a whole range of inputs increased during the period of neo-liberalism, even as sale prices, at least in the case of cash crops, were determined in the world market. In particular the cost of credit for the peasants went up with the privatisation of banks at the margin (with private banks allowed to operate alongside the nationalised ones). Even though private banks too are obliged to follow rules regarding a certain minimum proportion of credit going to the “priority sector” (in which agriculture figures prominently), they flouted these norms with impunity. Even public sector banks, despite doing better in this respect, took advantage of the progressive loosening of the definition of “agricultural credit”, to deny credit to peasant agriculture. The peasants were thus pushed to private moneylenders who charged them exorbitant rates.

Thirdly, the terms of trade were shifted against the peasantry when we compare the prices they obtained for their crops with the prices they had to pay for the purchase of their inputs and consumption goods, including services like education and healthcare. An obvious reason for this is the withdrawal of the government from education and healthcare and the privatisation of these essential services, a feature of neo-liberalism, which makes them extremely expensive for the peasantry.

Fourthly, while earlier the government interposed itself between outside capitalists and peasant agriculture, under neo-liberalism this interposing goes, and the former have direct access to the latter. Multinational seed and pesticide firms now operate in villages through their agents who also provide credit; and once a peasant gets into the clutches of these firms, it is impossible for him to get out. Contract farming makes its appearance and peasants are short-changed through a variety of means.

The above is not an exhaustive list. The upshot of all these developments is the reduction of the peasantry to a state of heavy indebtedness and destitution, of which the suicide of 400,000 peasants in India since 1995 is an obvious symptom. And the present government is now carrying the attack on peasant agriculture a big step further by withdrawing price-support from food crops as well, against which thousands of peasants have been demonstrating on the Delhi border for over nine months.

These measures are neither accidental nor specific to India. They follow from the immanent tendencies of capital which had been kept somewhat in check for many years after decolonisation, but have now been fully unleashed under neo-liberalism to the detriment of peasant agriculture.

Building a nation in a third world country is an impossibility when the peasantry is experiencing destitution. Whatever support bourgeois nationalism commanded in Europe, and this support itself was rather shallow as the first world war demonstrated, was because there was a degree of improvement in the conditions of the working people that it had brought about. And it had done so not because of any immanent tendency of capitalism per se to do so, but because of European capitalism's imperial reach.

This imperial reach enabled vast masses of European workers to emigrate to the temperate regions of white settlement creating a relative tightness in European labour markets so that trade unions could become effective in enforcing wage increases. The export of unemployment to the tropical colonies through perpetrating deindustrialisation there played a similar role. And finally the drain of surplus from these tropical colonies made it possible for metropolitan wage increases to be accommodated without squeezing profit margins.

Thus, carrying forward anti-colonial nationalism in a country like India is impossible under a regime of neo-liberal capitalism that imposes a drastic squeeze on the peasantry; likewise, invoking bourgeois nationalism to build the nation is equally impossible since such a country has no scope for acquiring an empire as Europe had acquired. Using bourgeois nationalism along with "Hindutva" as the basis of a nation-building project, apart from its odiousness, is also futile: the squeeze on the peasantry imposed by neo-liberalism with which Hindutva is allied, will eventually trump whatever appeal Hindutva can muster, no matter how successful it may be for a brief while. Even Hitler it must be remembered had to consolidate his "nationalist" appeal through a revival of employment in the German economy from the depths of the 1930s crisis.

Thus in countries like India the very project of nation-building requires a strategy of development that protects peasant agriculture until it voluntarily self-transcends into collectives and cooperatives, a strategy that must in short lead to socialism. The pursuit of a socialist strategy in such a context is not just a matter of desirability; it is also essential for the survival of the nation as an independent entity.

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