

## **Layers within the Corporate-financial Oligarchy\***

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Marxism teaches us that every totality is composed of elements which are different and hence among whom there are contradictions. Even when the totality is conceptualized as a totality, there must be an implicit awareness of these contradictions. This injunction should not be forgotten when we study the political economy of authoritarian or fascist regimes.

Marxists have for long seen such regimes as being based on the solid support of monopoly capital; indeed this is crucial for their coming to power. The renowned Marxist economist Michal Kalecki for instance saw the European fascist regimes of the 1930s as resting upon a “partnership of big business with fascist upstarts”. In lieu of the support it extends to such regimes, monopoly capital extracts its pound of flesh in the form of huge contracts, concessions and hence profits. But while all segments of monopoly capital benefit immensely from such fascist, semi-fascist and authoritarian regimes, not all of them benefit equally. Within big business there are some, typically certain new monopoly groups who are especially favoured by such regimes, a phenomenon that has also received much attention in Marxist analyses.

The French Leftist Daniel Guerin in his book *Fascism and Big Business* (1936) had distinguished between the old monopoly groups whose base had been in traditional industries like textiles, and the new monopoly groups that were more into heavy industry and armaments, and had a particularly close nexus with the fascist regimes in Europe. In the case of Japan likewise, a distinction is drawn between the old zaibatsu and the new zaibatsu (called the shinko zaibatsu). The old zaibatsu (or monopoly houses) like Mitsui, Mitsubishi, Sumitomo and Yasuda, had straddled a whole range of activities, but these were dominated by traditional sectors. The shinko zaibatsu, prominent among which was Nissan, was, by contrast, into newer activities, like heavy industry, armaments, and overseas mineral extraction. Nissan was engaged in large-scale mining in Korea using local labour under abysmal working conditions to feed the war machinery of mineral-poor Japan. The shinko zaibatsu, needless to say, was much closer to the Japanese militarist regime of the 1930s.

In India too the hypothesis was advanced that the tendency towards authoritarianism, displayed for instance by Indira Gandhi during the Emergency, was linked to a similar phenomenon, of the emergence of a newer element within monopoly capital that was more aggressive compared to its traditional counterpart.

These insights must be kept in mind while analysing the current situation in the country. The fact that the Modi regime’s coming to power both in 2014 and 2019 was made possible by the corporate support it received is obvious. In fact the very idea of projecting Modi as a future Prime Minister had come up, sometime before 2014, at an “investors’ summit” attended by the major corporate honchos of the country which had been held in Gujarat where Modi was the Chief Minister. The role of corporate support in Modi’s ascendancy can be gauged from one simple fact: according to a Delhi-based NGO the BJP spent Rs. 27000 crores in the 2019 parliamentary elections, way above what any other bourgeois Party did, let alone the Left. This meant roughly

Rs.50 crores per parliamentary constituency. Expenditure on this scale is impossible to finance unless one has generous corporate funding.

It would be quite appropriate therefore to call the current regime as one based on a corporate-communal alliance; and the corporates have done well out of this alliance. True, the economy is stuck in a crisis to which there appears to be no end under the Modi regime; but the crisis, let us not forget, is a systemic one, reflective of the fact that neo-liberalism has reached a dead-end. Within this crisis, however, the Modi regime has been quite unstinting in putting profits, as well as public sector assets at throwaway prices, into the hands of monopoly capital. In fact, the only concern it has in the midst of the crisis, is how to help its friends in the corporate sector. And it has done so through massive tax cuts (amounting to Rs.1.5 lakh crores) under the guise of stimulating their “animal spirits”!

Of course, there will be no recovery from the crisis as a consequence of its largesse to the corporates; in fact if the revenue foregone results in a cut in public expenditure, or in larger taxes on the working people for maintaining public expenditure, then the crisis will only get aggravated. But even if the crisis gets aggravated as a result of this largesse, the corporates would still have been net gainers from it.

A numerical example will clarify this point and throw light on the government’s real intent. Suppose the government, having given Rs.1.5 lakh crores of corporate tax concessions cuts its own expenditure by an equivalent amount, i.e. Rs.1.5 lakh crores. Let us ignore foreign trade complications here by assuming a closed economy. And let us assume that the corporate sector’s income is one-quarter of GDP, of which they save one-third; and of the three-quarters of GDP that goes to the rest of the economy, one-third again is saved. Then the overall savings-GDP ratio in the economy is one-third. With government expenditure cut by Rs.1.5 lakh crores, GDP will fall by Rs.4.5 lakh crores (because the value of the multiplier is the reciprocal of the savings ratio, which works out to 3). The fall in pre-tax corporate income will be one-quarter of Rs.4.5 lakh crores which is roughly Rs. 1.1 lakh crores; but then post-tax corporate income would have increased by Rs.40,000 crores. Hence, even if the government’s tax concession to the corporates lowers its expenditure equivalently and thereby lowers pre-tax corporate incomes, the tax concession would still mean an increase in post-tax corporate incomes, despite aggravating the crisis and unemployment.

The government’s measures in short are meant not so much to alleviate the crisis as to ensure that even during the crisis corporate profits keep increasing. But while the government’s measures benefit the corporates as a whole, among the corporates it has a special concern for some corporate houses which are the equivalent of our own shinko zaibatsu; they are new and aggressive business houses promoting this regime.

Within the corporate sector in short, there is a distinction one can draw, between these new houses, among whom the two Ambani houses and the Adanis stand out, who are the special favourites of the Modi dispensation, and get a substantial chunk of the benefits of cronyism under it, and the others who are also beneficiaries of the Modi regime, but not quite to the same extent as the first group. The idea of two groups within corporate bourgeoisie, the traditional ones and the new aggressive ones, with the second group being particularly closely integrated with the authoritarian government, seems to have a certain validity even in the current Indian context.

The Adanis' rise to prominence in Gujarat was itself closely linked to Narendra Modi's tenure as Chief Minister of the state, and with Modi coming into the national lime-light the Adanis too have moved centre-stage. The closeness between the two is highlighted by the fact that Modi came for his swearing-in as Prime Minister in 2014 in Adani's aircraft. Likewise Anil Ambani's firm was favoured, despite having zero experience, over the public sector HAL in the Rafale deal, in what must surely constitute the clearest possible example of cronyism imaginable. Similarly, the public sector BSNL is being run to the ground, in order to create, by all accounts, a monopoly for Mukesh Ambani's Jio. These houses in short are the specially favoured ones.

The conceptualization of the corporate-financial oligarchy as a totality should not come in the way of our also seeing the differences and hence the contradictions that exist within it. Rahul Bajaj's open criticism of the government at a business gathering where Amit Shah was present, which earned him the ire of numerous BJP trolls, has to be seen in this context. The Indian fascistic regime is thus showing the same characteristics that such regimes have always displayed in history.

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