

'From Mixed to Crony Capitalism: Redefining India's Political Economy?'

A discussion on 'From Mixed to Crony Capitalism: Redefining India's Political Economy?' was conducted by the Dravidian Professional Forum. The Panelists were honourable Palanivel Thiagarajan, the Minister for Finance, Human Resources Government of Tamil Nadu, who before entering politics was the senior managing director of the Standard Chartered Bank; Ece Temelkuran, a political commentator and a journalist. She is Turkey's most-read political columnist. Her book "How to Lose the Country" was an International Bestseller, and her book was discussed in the upper house of the Indian Parliament; Manoj Jha, who is a Member of Parliament representing in the Upper House and the RJD party. He's a national spokesperson for the RJD Party and was a professor at the University of Delhi. The session was moderated by Dharanidharan Selvam.

Dharanidharan Selvam initiated the discussion by figuring out some facts and statements from the current scenario by saying

There has been a rise in populism and inequality at the same time which are often intertwined. He spoke about the seven steps in which a country could be lost from the book written by Ece Temelkuran, "How to lose the Country" which were creating a motion, disengaging your own citizens and dismantling the institutions. He also mentioned the work of Gustave Le Bon, a French psychologist and physicist, who wrote a book on crowd psychology, a book that serves as a Bible for the fastest in the 30s and 40s.

Gustav Le Bon said that the rational ability of the crowd is much lower than an individual, and the leader who managed to hypnotise the crowd can excite the crowd and control the electorate which happened throughout history in countries like Turkey and probably and unsurprisingly in India as well. There have also been policies that are made against the interest of the majority. For example, the direction of corporate taxes from India was lost somewhere between three lakh cost to six in revenue. Similarly, Indians are by far the highest when it comes to fuel prices, 17% of the average revenue is spent by the average Indian on fuel, by far the highest in the world. In comparison, Americans spend about half a per cent of their income on fuel. According to the world Data Labs, started by the Paris School of Economics at UC Berkeley, found that the income of the middle-income Indian population has reduced over the past decade. In a recent article, it was observed that the income of the top 20 companies grew by 50% in the last seven years. And Why shouldn't we talk about ethics? where an anonymous amount of funding could be given to any political party and which the ruling party manages to get in bulk and in the majority.

So this leads to the question which Joseph Stiglitz a Noble Laureate asked in his book, The Price of Inequality. Why does the majority always gets carried away by those who act against the interest? With this, he called upon the honourable Palanivel Thiagarajan.

Honourable Palanivel Thiagarajan highlighted some very basic things that a simple politician like him can see. He said that there is a very unique position in India today where there is an increasing disparity like very few companies doing very well and the rest of the economy all the way down to the laymen paying the price for it. Some of it is structural and not just unique to India and it is a regime. It could be said that the nature of capitalism is to produce such winners and many losers. And this is a concept that has been explored all the way from the Karl Marx manifesto onwards about the capital versus Labour argument. In more recent times where there

has been a shift to the capital intensive economy and some of the statistics that show the return to capital continues to increase and labour continuously decreasing.

But there's something more profound about capital, which one of the Tamil Nadu government advisors, former Reserve Bank Governor Raghuram Rajan, wrote about, "Saving Capitalism from the Capitalist", almost 20 years ago where he said in democracies, which are supposed to be the natural kind of political organisation that supports capitalist models of economies it is very often found that there are huge winners, mega winners who then become so big that they're able to game the system.

Once they are at these high positions they start lobbying and through political influence, they make sure that it's no longer a level playing field.

And in that sense, the job of the government is to ensure that there is a level playing field because in the long run, that is the right outcome, even in the capitalist model for society and the actual capitalist model is corrupted by the winners and the early and mega winners in an economy.

If we look at India, the natural instinct of the Democratic government, which is supposed to be to provide level playing fields and the path but that is being subverted by these capitalists.

Once you start going away from democracy towards authoritarianism. And if we look at the work of the current governance, it's very clear to see what has happened in the last seven years and increasingly in the last couple of years. There has been a massive power shift away from the States towards the centre and away from the institutions towards a one or two men kind of Nexus which controls almost every institution of the state and does it with scant regard for Democratic norms or the constitutional constraints.

But if there is a shift from the kind of a reasonably functional democracy with reasonably independent institutions towards a floundering one and towards a floundering democracy, the economy is driven not just by the nature of authoritarianism, but instead, the efficiency is vulnerable as neither one or two people are that competent nor corrupted institution or dependent institutions can deliver the results.

So the natural outcome of authoritarianism is a losing proposition in economic and democratic, experiences. In the past seven years, we have observed these outcomes as a result of the events that have been so ill-thought-out and so damaging to the economy. So beyond the normal capitalism issues and certain corporate problems, now we have this unique kind of descent where there have been successively many years of lack of growth.

He also claimed that there are two ways of government. One that is based on The Ronald Reagan kind of mantra where the ruled are asked about their happiness and welfare but that type is very rare in politics today. Instead, most often the other kind is observed that is where the ruled show authoritarianism and the parties consider themselves supreme as if they aren't the elected ones the world would collapse. They use rabble-rousing and demagoguery to appeal to the ordinary public. And it's being done, then we end up in a vicious cycle and we are in that.

But if we look at it optimistically we see a system being perfected because the more the economy goes in tatters, the more the public enterprises like the Air Indias and others are stripped of assets or run into debt they're distressed then these are sold out which leads to distressed sales prices due to an increase in the supply as compared to the demand.

The reverses mechanism, which is hard in most democracies but it's not impossible. Capitalism promotes repositioning the economy with the quality of life with democracy, and all of this is that they keep reinforcing each other. The problem with this is we can start to see the model frame, not just in the fact of the quality of life at the lower end of the spectrum or the level of taxation, or, as you pointed out, the percentage of income that's spent on energy or other things. But it can be seen that except the ultra-rich, except the uber-rich even the mega-rich are starting to flee the country.

.So, there is a creation of the vacuum. There are these two or three people that control the economy and we have a society that is suffering a real lack of growth. With an increase in the population, we have this problem of resource allocation becoming intense with stagnation.

In 1980, the per capita income between China and India was roughly the same, slightly higher than in China. But at present China's has a growth rate higher than India 3 to 5 times. So in about 31 years, that gap is skewed immeasurably. But none of the models is sustainable.

Ece Temelkuran started by telling a story of how she wrote this book in 2019 after giving a speech at Edinburgh. She told that amongst the audience, there were Indian members. And when she talked about the global patterns of rising right-wing populism or totalitarianism, the members of the Indian community were smiling at broken smiles. Her book does not include an Indian example, but then after the panel, they came to talk to her and she learnt that what she has been telling in *How to lose a country* was applying to India very much. She told that it is not a coincidence that what she had written in the book applies to India because this is a global phenomenon both right-wing populism, totalitarianism and crony capitalism as a consequence of this political crisis. This is a global matter, but until very recently, especially until Brexit and Trump became the president, this phenomenon of right-wing populism has been seen as a crisis of the periphery countries or so-called developing countries or so-called democratic countries where democracy is not strong enough.

She claimed that the fundamental contract of capitalism has torn apart, torn apart the fundamental contract of democracy. She said that we are at a point where we are supposed to ask the question: Can democracy live in capitalism? Because the current state of capitalism, especially this crisis, showed us that if you take away the integral part of democracy, which is social justice, take it out. Democracy becomes theatrics of itself. That is why we do not have any political or emotional connection individually to our democracies, not enough connection to protect them from this totalitarian rise. So one of the questions being asked about Turkey or in other countries where right-wing populist populism is on the rise is why do these people why do these big masses still support these crazy strongmen, such as Trump or Bolsonaro or Modi or Erdogan? And what she tried to tell them is that, first of all, they're not popular. Their support is not that big, not as much as they want to show. The second most important thing is since from day one of their political power after right away they come to political power. What they do is to create a financial web. This is political money that they are distributing, not only to the big capital, but this is a bigger system, a more complex system where the laymen, where the man who is on the last floor of the society on the ground floor of the society is also fed by this political money. So this web, this financial web actually is the security web of these leaders. That is why people are supporting these leaders right now in Turkey and in India.

There is a very serious economic crisis. Talking about Turkey, the Turkish currency has depreciated by 15 percent on a single basis due to the eccentric decision making, which is only controlled by Mr Erdogan.

People fight for their leader as if they're fighting for their lives because actually, they are fighting for their lives when they are supporting for example Erdogan, especially during the elections as they are paid during campaigns and all. She also said that there is one interesting thing, the capital, especially the big capital, try to approach this political power as a natural reflection of the capital. And they think that they can survive in this totalitarian system if they have a good relationship with the leader. This is what happened in Turkey as well, which actually legitimised this government and Mr Erdogan in the eyes of the upper-middle class and upper class. However, after some time, as happened in India, even the mega-rich now are leaving the country because they know that this is not sustainable. When there is no minimum democracy, the capital cannot operate in a secure environment. And it also happened in Turkey but late. She also highlighted the concept of the Moral fray which she called fascism.

Europeans want to see fascism as a historical concept, whereas today we can see fascism as a political concept or a political tool. She thinks it's a calming term and it doesn't really reflect the moral fray that we are going through. It is not only about finance and political finance, it's not only about the crisis of democracy, it's not only about institutions coming into pieces, but also this system. This political tool or fascism has done to the individual as well. And we can see a moral distortion, where the good and the bad, ugly and the beautiful replace each other, which creates an environment, a social environment, a moral environment that is impossible to overcome by any kind of politics. Hence, there's a way out of this.

Mr Manoj Kumar Jha, agreeing with Ece, said that there is no big difference between Turkey and India in terms of crony capitalism because it's not just about a particular country but a global issue. He claimed that India is almost lost in terms of its objectives and also in democracy. He said that a shift from mixed to crony capitalism is a crisis in democracy. India's journey started on a progressive note after Independence but today it's completely different today looking at the present scenario. The adoption of a mixed economy was in consonance with India's cultural heritage. The idea to build a nation with a cosmopolitan outlook, a Republican mind with openness is one of the inherent designs of the mixed economy. Even after the results of World War II our policymakers and the leaders opted for a mixed economy, liberty, equality and fraternity which signified justice and rule of law and decided to invest in public institutions but if we look at the present situation all of this is absent in this crony capitalism phase.

He emphasised that there is a relationship between fascism and crony capitalism. Explaining the relationship he said that in crony capitalism companies or people close to the political establishment and authorities get exclusive benefits and undue favour. He tried explaining this through an example that it becomes predictable if there is an auction of an airport, you can very well predict who is going to get to that airport, even when we have legislation pertaining to the banks they are made in consent with these capitalists. With this, they can actually destroy the very idea of public institutions or the public sector which work with the consent of the people. Crony capitalism not only controls the industrial units but the corporate units. They also control the media units.

He also spoke about the farmer's protest and said that it's scary that the farmers' struggles have given us a message that democracy does not remain confined but is confined to only parliament or the state legislature. When a state legislature or parliament is bulldozed or bypassed, streets become parliament, roads become parliament and that's not only in India but all across the world.

After this, there was a Discussion on Solutions and some questions were asked by the moderator.

Mr Dharanidharan asked which step do you think India can take to improve the system? And how could it be achieved?

Ece answered the question and said that it is the people who could bring a change. They have voting rights and they can decide their own government who would be ruling them. She said that the real problem is that even if they exercise their power they do not have other alternatives.

She also explained what Fascism is where there is no party, no state, worker's unions and rule of fear is in dominance which leads to ineffectiveness as the power lies in the hands of just one person who can't do everything effectively. She said we have a society that has fear and climate anxiety and is afraid of taking action. There are people of different beliefs, mindsets so the need is to bring them all together and organise and act on the problems. Actually, there are people who are striving hard to even survive so who would have time to look and raise their voice against this issue of crony capitalism and this pandemic has even worsened the situation. People look at politics with emotions which stops them from acting against even the wrong leaders.

She also emphasised that rather than looking from the justice perspective to this problem which is implausible for all we should look from the dignity perspective because due to the default system all of us have damaged dignity. So, if people could be brought together with this perspective of dignity we can activate the masses so that they do not make choices against their interests.

And people are becoming aware of their dignity and are protesting for their rights which could be seen from the Glasgow Climate Summit to the farmer's movement in India, the movement in Hong Kong, etc. She said that this is the principle that can open the way for solutions in politics"

Selvam added to this by saying that there have been various movements under the principle of dignities like the movement of property, the social justice movement and warriors and others where the main focus was giving dignity to everyone. People fighting against the caste system is a clear indication of the fact that people have always been enlightened of their dignity. In the last hundred years or so, the whole notion of politics has started with self-respect, self-determination, self-governance, autonomy, federalism, it starts from the core identity.

.He also asked Ece to comment as well as to see where India is headed and what is the way forward for 2024?

Ece answered that there are people in political indulgence who would keep on fighting that its fascism and others would say it is right-wing authoritarianism. Rather there shouldn't be an indulgence and fight like this. She said we need a mass who is educated and who has the dare to fight against this nexus of crony capitalism sustained by this politics. Only if we hold hands together and make sure that we come up with an alternative programme we could improve the system and there is a need to make the elections from the neo-liberal ideas off. We need to dare alternatives and for the wholesome battle, we need political, social and economic battles. Unless the chain is broken this regime with ideas and ideology cannot be successful.

Manoj Jha added to this by saying that "How to lose the country" is a book to which everyone could relate and the seven steps mentioned in the book are as follow:

Step1: Create a movement.

Step 2: Stop rational terrorist language.

Step 3 Remove the same

step 4 Dismantling judicial and political mechanisms

step 5 Within your own city.

Step 6 Let their law and order.

Step 7 Build your own country under the Defence Minister.

And mentions that there is a step fight in India that has dismantled judicial and political mechanisms and consequently a ruptured system.