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Typeset by Type Study, Scarborough
Printed on acid-free paper by Bell & Bain Ltd, Glasgow

Economy & Society (ISSN 0308-5147 print/1469-5766 online) is subject to a peer-review process and is published 4 times a year (February, May, August, November) by Routledge Journals, Taylor & Francis Ltd, 4 Park Square, Milton Park, Abingdon, Oxford OX14 4RN, UK.
Tel: +44 (0)1235 828 600. Fax: +44 (0)1235 829 000

The online version of the journal is hosted by MetaPress.

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Annual subscription rates 2003

Institutional (includes free online access):

£197/US\$324

Personal (print only):

£60/US\$96

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Tel: +44 (0)1256 813 002. Fax: +44 (0)1256 330 245.

USA/Canada: Routledge Journals, Taylor & Francis Inc., 325 Chestnut St., 8th floor, Philadelphia, PA 19106, USA.
Tel: +1 800 354 1420. Fax: +1 215 625 2940.

Economy and Society (USPS permit number 015 113) is published quarterly in February, May, August, and November. The 2003 institutional price is \$324. Periodicals postage paid at Champlain, NY, by US Mail Agent IMS of New York, 100 Walnut Street, Champlain, NY.

US Postmaster: Please send address changes to *E&S*, PO Box 1518, Champlain, NY 12919, USA.

Advertising enquiries: USA/Canada:

The Advertising Manager, PCG, 875 Massachusetts Avenue, Suite 81, Cambridge, MA 02139, USA.
Tel: +1 617 497 6514. Fax: +1 617 354 6875.

UK/ROW:

The Advertising Manager, Taylor & Francis Ltd, 4 Park Square, Milton Park, Abingdon, Oxfordshire OX14 4RN, UK.

Tel: +44 (0)1235 828 600. Fax: +44 (0)1235 829 000.

ECONOMY AND SOCIETY

Volume 32 Number 4

November 2003

Contents

- Thomas Osborne
'Against creativity': a philistine rant 507
- Vivien A. Schmidt
French capitalism transformed, yet still a third variety of capitalism 526
- Michael Samers
Invisible capitalism: political economy and the regulation of undocumented immigration in France 555
- Rob Jenkins
International development institutions and national contexts: neo-liberalism encounters India's indigenous political traditions 584
- John Flint
Housing and ethopolitics: constructing identities of active consumption and responsible community 611
- Review article*
- Declan Roche
Gluttons for restorative justice 630
- Index to Volume 32* 645

International development institutions and national economic contexts: neo-liberalism encounters India's indigenous political traditions

Rob Jenkins

Abstract

Drawing on the case of India, which since 1991 has been undergoing a far-reaching programme of market-oriented reform, this paper argues that the World Bank and other transnational development actors have been unable to adjust themselves sufficiently to indigenous ideological traditions that affect the sustainability of economic liberalization. While markets are becoming increasingly embedded at the level of institutions, they are not achieving what might be termed 'ideological embeddedness'. The paper maps the ideological context facing market reformers in India by looking at the relationship between, on the one hand, the idea of *swadeshi* (an indigenous form of economic nationalism), and on the other, three competing forces in Indian politics. The paper concludes by arguing that it is the mutual antipathy among these political forces, rather than any fundamental incompatibility between *swadeshi*'s precepts and the embedded-market framework, that prevents organizations like the World Bank from adapting *swadeshi* as an indigenous basis for framing its approach to market embeddedness.

Keywords: policy reform; economic liberalization; ideology; markets; social embeddedness; international development.

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Copyright © 2003 Taylor & Francis Ltd
ISSN 0308-5147 print/1469-5766 online
DOI: 10.1080/0308514032000141710

 Routledge
Taylor & Francis Group

Introduction

This article examines international institutions of economic governance, such as the World Bank, but largely in terms of the divergence between its conception of market embeddedness and the more complex national settings in which the Bank and other development organizations must operate. It argues that the World Bank and other transnational development actors have been unable to adjust themselves sufficiently to indigenous ideological traditions, though this has been partly due to domestic political factors.

The second section of the article argues that the World Bank – which on these matters participates in a fairly widely held consensus among institutions such as the International Monetary Fund (IMF), the World Trade Organization (WTO) and the Organization for Economic Co-operation and Development (OECD) – has moved beyond the 'pure market' scenario associated with cruder varieties of neo-liberal economics. Through a slow process of adjustment, many transnational development institutions have come to recognize the degree to which market performance is affected by the configuration of social and political institutions in which they are embedded. What is still missing from most analysis of embeddedness, however, is an understanding of its legitimacy dimension. Acknowledging this dimension would prompt an analysis of the ideological environment within which ideas about the market, including its global dimension, must become embedded for them to be sustainable over the longer term.

The third section of the paper suggests that the case of India's shift towards a market-oriented development strategy during the 1990s – a buying into the 'global market' – supports these propositions. While the *institutional* setting into which a market-oriented approach to policy has been introduced in India has proven surprisingly conducive to the furtherance of economic liberalization, the *ideological* climate facing the neo-liberal market has remained hostile. These conclusions contradict much of the existing comparative and theoretical literature on the politics of economic reform, which is also briefly introduced here.

The next section, the fourth, situates the market amidst three other ideological tendencies that were also maturing in the early 1990s, each of which manifests a unique articulation to one of India's most evocative political ideas, *swadeshi*, an indigenous tradition of economic nationalism that stands opposed to the market. The three other tendencies are the politics of: 1) *Mandir*, or the Hindu nationalist agenda of cultural uniformity and martial assertiveness; 2) *Mandal*, stressing the upliftment of the historically oppressed through preferential quotas for lower castes in state employment and education; and 3) *Movement*, built around the sectoral and social-activist 'movement groups' that have become key players in Indian politics since the 1970s, but also encompassing the wider political relationships into which they enter, including interactions with parties and state agencies.

After that, the fifth section surveys some of the ways in which *swadeshi* in the 1990s became, almost by default, a point of political convergence for the politics of *Mandir*, *Mandal* and *Movement*, tendencies that came of age at roughly the

same time that the market began to intrude conspicuously in policy discourse. Those invoking the idea of *swadeshi* have been able to draw on many traditions associated with its long, varied and sometimes chequered career.

Finally, the sixth section concludes by arguing that it is necessary to move beyond simply recognizing that political ideas are as important as interests and institutions in determining the long-term sustainability of new forms of political economy. A deeper level of analysis is called for, especially on the part of international organizations like the World Bank, which must operate across such a huge diversity of national contexts. It is important, thus, to consider the *substantive nature* of the interaction between, on the one hand, imported neo-liberal ideas, and on the other, indigenous political traditions that have sought to balance a society's economic and non-economic activities. The article thus concludes by considering whether, rather than simply requiring domestic ideological traditions to prove themselves adaptable to imported economic ideas, a new approach to embeddedness might demand more flexibility on the part of external development actors like the World Bank. Given the intellectual evolution of international development institutions alluded to earlier, one facet of *swadeshi* might be particularly suitable for this type of adoption: that which advocates embedding markets within the confines of local power relations.

The World Bank, markets and embeddedness

The 1980s and 1990s witnessed the ascendancy of the idea that markets are a powerful – perhaps the *most* powerful – mechanism for allocating resources efficiently and fuelling increased productivity, growth and wealth-creation. Many governments around the world adopted market-oriented economic philosophies, and devised national development strategies in conformity with the principles underlying them.

Some of these policy shifts were driven by conviction, responding to market advocates' powers of intellectual persuasion; some were the result of ideological conversion, brought on by the appealing and at times infectious elegance of neo-liberal assumptions about human behaviour. Coercion played the main role in many other cases, with pro-market international aid agencies brandishing threats and enticements to nudge governments that were slow to see the light. It is difficult to determine the relative weight of these factors in the 'marketization' of economic thinking during the 1980s and 1990s. Distinguishing a change of heart from a change of mind is inherently difficult: a finance ministry official who embraces markets may think he is acting out of intellectual conviction, even as he is attracted by unacknowledged ideological influences. It is equally difficult, though less obviously so, to determine whether a policy shift by an aid-dependent government is the result of threats by donor agencies to cut off the flow of funds or whether the very fact of continued aid dependence ultimately convinces government officials that the alternatives to market orientation reach the same dead end of stagflation and political instability.

Whether driven by coercion, conviction or conversion – or some combination of the three – a profession of belief in the principle of markets has not always been accompanied by adherence to these beliefs in practice.¹ Promises to abandon interventionism in favour of market relaxation have been broken at least as often as they have been honoured (Mosely *et al.* 1991). And, throughout the 1980s and 1990s, the acknowledgement that markets are a powerful tool has not prevented either governments that promote them or private-sector actors that operate within them from advocating the need for their excesses to be tempered, or their inequality-generating tendencies counteracted. For those motivated more by intellectual conviction than ideological zeal – that is, those beyond the spell of 'market fundamentalism' – there has been scepticism about the broader 'projects' with which the idea of 'competitive markets' has often been associated. Belief in the desirability of capitalist progress or the assumptions about human nature built into neo-liberal economics has not always been considered necessary to support the notion that markets can serve useful social ends.

The de-coupling of belief in the power of markets from these more extreme positions has been found not only on the receiving end of economic evangelism, but in the high church of neo-liberalism itself. The World Bank has, for all its faults as an institution, all the disingenuity about its intentions, all the hypocrisy of the dominant states that control its agenda – despite all this, the Bank's thinking about the nature and role of markets evolved substantially during the 1990s. Some of this seemed suspiciously like posturing, a mirror image of the feigned belief of aid-dependent governments, who professed what they knew the Bank wanted to hear in order to keep the international funds flowing. But much of the Bank's refined agenda was the result of serious research and genuine reflection, born of an understanding that the pure version of market orthodoxy had not performed as the simulation models had predicted. Bank researchers and operational personnel working in rural development, corporate governance and industrial policy have acknowledged the importance of market embeddedness. As early as 1990, a senior advisor to the Bank's chief economist had explicitly endorsed the idea of 'worker-owned firms' in terms of their ability to allow markets to become socially embedded (Ellerman 1990).²

Despite these significant alterations and refinements, critics continue to attack neo-liberal orthodoxy as if its approach to markets had not been superseded in the mainstream development profession by a series of contending, widely legitimated heterodoxies. Arguing that 'neoliberal economic theory is deeply flawed *in all its forms*', one critic identified the Bank (along with the IMF and the WTO) as the main opponents of conceptual re-examination. Because they are 'saturated with Neoliberal ideology', these institutions remain somehow immune to the notion that 'markets must be socially embedded' (Crotty 2000, *emphasis added*).

And yet it is now widely – indeed increasingly – understood within the mainstream, pragmatically oriented branch of development economics that markets do not function 'naturally'. Indeed, there is a natural tendency for those

who hold power to want to subvert the free decisions of economic agents, and to do so in the name of the public good. But beyond merely overcoming the self-interest of public actors, the prerequisites for efficient markets are varied and complex, and sometimes in conflict with one another and with the deeply held conviction that the main enemy of free markets is interventionist government.

Markets, to function at all, need a supportive *social context*. A great deal has been written in recent years on the importance of trust in economic relations.³ Environments in which economic agents find it rational to suspect cheating on the part of those with whom they engage in trade or in productive partnerships must expend precious resources to guard against such trust-reducing behaviour. This acts as a kind of tax on economic activity, reducing the anticipated return and discouraging investment. It is here that questions of culture, of habits of mind and their relationship to prevailing patterns of social organization, become important variables influencing the chances of well-balanced economic systems emerging. Culture, of course, is not a fixed variable: it is ever-changing, characterized by a context-dependent combination of dominant and latent strains, all interacting with one another and with external stimuli.

But there is an identifiable school of thought – in the study of industrial policy especially – which stresses the role that social organization, and the micro-ideologies underlying it, can play in either fostering or stunting the emergence of healthy relations of economic trust, of the sort which markets require (Humphrey and Schmitz 1998). Theorists have been sensitive enough to avoid deducing iron laws of economic behaviour from the nature of social arrangements. The idea of self-regulating equilibrium, of delicate balance, predominates. So, for instance, environments in which kinship systems pervade economic life – because of concentration of economic activity in a specific locality – are considered essentially ambiguous in their economic effects. Complex kinship networks can, in some instances, stifle productive economic exchange by allowing non-market considerations (of social status or traditional deference) to distort price signals, thereby undermining the optimal allocation of investment resources. Alternatively, such systems can promote greater trust among exchange partners, reducing their need of insurance against the risk of default by virtue of the shared social environment in which one agent can have faith in the commitments of the other, safe in the knowledge that the reputational consequences of default for his exchange partner would be so dire – in terms of lost *family* prestige or ritual status – as to preclude defection. The more sophisticated literature on dispersed business communities – whether Europe's Jews or India's Marwaris – is alert to this essential tension (Timberg 1978; Cohen 1997: 156–76).

A similar logic holds true for the broader social environment: where businesses fear crime – against themselves or their property – they must guard against this risk through insurance premiums, private security provision or simply confining economic activity to less risky locations. Markets thus also require the application of political power to construct *supportive public institutions*. These institutions are necessary in some instances to police markets.

Anti-trust authorities are charged with checking the tendency of market agents to replace competition with collusion or outright domination. Public action can also be required to increase the market opportunities available to private agents. Without roads or railways, farmers must rely on the payments offered by local purchasing agents, who are sure to have much better market information than those from whom they buy. The role of information – linked, inevitably, to communications technology – is thus a central pillar of both theoretical work by neo-liberal economics and the interventions proposed by international financial institutions and other aid agencies. Promoting the distribution of cell phones to fisher folk, to allow them to find out which ports are offering the best prices for their catch of the day, is merely the most colourful example of this kind of market-supporting intervention.⁴

There has also been widespread acceptance in recent years of the notion that the informal institutions that affect the decisions of economic agents are themselves 'socially embedded' (Swallow 1996). This raises the prospect of double embeddedness, or the reliance of markets on social institutions that are themselves the result of local power relations or accepted patterns of authority. Market behaviour, thus qualified, is socially embedded in the sense that economic agents are influenced by 'the multiplicity of institutional relations in which people are engaged at any one time' (Institute of Development Studies 1997).

One such set of institutional relations (relating to both *formal* legal authority and *informal* practices) stems from the construction of gender roles within a given social context. The participation of women in market activities, for instance, varies widely between and within societies, and there is no clear correlation between the nature of gender relations and patterns of market activity. Moreover, the impact of participation within markets does not necessarily produce predictable results. For example, transnational investment, along the lines advocated by international financial institutions, not only often fails to bring about the promised prosperity; it also is rarely able to spur the social transformations promised by neo-modernization theory. As one study of Malaysia and the UK put it, 'investment doesn't replace pre-modern social values and institutions . . . rather, it benefits from the position which women hold in the socially embedded market' (Elias 1999: 10). Drawing on a large body of literature on the gendered divisions of labour (Marchand 1996; Pearson 1998), and the extent to which economic opportunities are influenced by gender relations, the study represents an attempt to move beyond 'the notion of social embeddedness' in the abstract: 'merely to say that markets are socially embedded is not enough; we need to look at the specific social relations within which markets are embedded' (Elias 1999: 12).

Market-preserving *political institutions* are another great preoccupation with theorists of economic growth and wealth creation. The ever-present danger that political authorities will renege on promises to protect private accumulations of wealth, to respect property rights and enforce contracts – either out of greed or as a result of legitimate reasons of state – requires systems of countervailing

power to prevent such abuses.⁵ These are, allegedly, the origins of parliaments, the creation of bureaucratic oversight mechanisms, the formation of public associations in civil society and systems of wealth-creating institutions that span the public-private divide (Tilly 1975). In short, in order to spur private-sector wealth creation, the taking of risks by those with much to lose but potentially much more to gain, governments must signal their commitment to essential policy continuity, to the protection of contractual relationships, and also organize themselves in ways that place checks on the ability of officials to back out of commitments. A separation of powers between branches of government, and the structuring of multiple, cross-cutting and enforceable accountability relationships is part of this institutional balancing. So is the division of powers between central authorities and political units operating at lower levels of territorial aggregation. Indeed, an entire academic speciality has emerged to examine the 'market-preserving' properties of various forms of federal political systems (Weingast 1995; Montinola *et al.* 1995).

So, despite continued protestations to the contrary from familiar critics, the work of neo-liberal economists, and in particular development economists applying the new institutional economics within professional settings like the World Bank, has succeeded in forging a far more nuanced understanding of the ways in which markets rely upon existing patterns of social interaction as well as the design of state institutions. But, if it is now widely understood that markets are inherently socially embedded, or (more limitedly) that their power as an allocative mechanism is diminished when they become disembedded from society, or, worse, when social interaction becomes driven primarily by market relations, there is still a great deal of diversity in the way in which this embeddedness operates. Even if the issue is confined to the politically embedded market, distinctions must be drawn between different forms of analysis. Those based on formal modelling of the incentives facing rational actors and the rules of the game under which they operate, which can be classified as interest-based institutional analysis, differ profoundly from investigations that take as their main point of reference the intellectual currents within which legitimacy claims are put forward.

While both types of analysis are useful, one of the main purposes of this article is to demonstrate the extent to which mainstream academic and practitioner thinking about the reception of markets into formerly commandist economies in the South has neglected the role of ideas in favour of the allegedly more practical tools of interest-based institutional analysis. And, at the risk of contributing to the terminological confusion and possibly implying a nested hierarchy of embeddedness, the article suggests that it may make sense to discuss what might be termed the 'ideologically embedded market'.

The increased understanding of the social relations in which markets are embedded has by all accounts informed operational policy and improved both the Bank's capacity to facilitate participatory approaches to market-centred development programmes and to target rural development interventions more precisely. But other aspects of the Bank's operational work, such as its efforts to

analyse (and thereby to contribute to) the political sustainability of neo-liberal economic reforms – that is, the introduction of both the idea of the market and the practical reality of *global* market integration, at a *society-wide level* – would benefit from an application of the principles underlying the study of the embedded market – indeed, one based on a broader understanding of embeddedness, extending beyond the institutional domain, which the Bank and others have already accommodated, to the ideological domain.

For instance, a Bank study in the mid-1990s was designed to develop 'a new theoretical framework to help analysts draw reliable judgements about political credibility' (Lupia *et al.* 1996: 5). This framework identifies three components of a reformer's political credibility: incentive to reveal, institutional capability and sustainability prospects. The idea was eminently practical: 'With our framework in hand, future analysts, including Bank staff, should be better able to direct their empirical efforts towards more accurate empirical assessments of a country's readiness for reform' (Lupia *et al.* 1996: 6). This kind of analysis has two applications: first, as a 'development investment' decision-making tool of the sort implied here, which is different from a straight *financial* investment assessment, in that 'returns' as perceived by an organization like the World Bank are measured by political indicators as well. Second, it can be used as a guide to the reform of institutions as part of a development 'investment', once decided upon.

These two purposes correspond, roughly, to the concerns of two streams of World Bank-funded research undertaken in the 1990s that examined the politics of economic restructuring from the perspective of either (a) institutions and their ability to constrain or shape the incentives facing interest-group actors, operating under varying informational regimes, or (b) the impact of the actor-oriented variables on the shape of institutions or on institutional reform. The first stream, centred around the 'Voting for Reform' project, focused on political-system variables such as the relative fragmentation of the party system, the structure of civil society groups and so on (Alesina 1994). The second stream of Bank research is visible in a research programme that sought to learn the 'lessons' of structural adjustment programmes in sub-Saharan Africa. It looked more closely at variables associated with executive leadership and in general the internal organization of the state (Husain 1994a, 1994b). Both streams of the literature continue to ramify and evolve, but remain broadly consistent with the institutional concerns of the 'politically embedded' market school outlined earlier.

The shift to markets: India's politics of economic reform in the 1990s

The Indian case demonstrates that analysis of the political sustainability of market-oriented reform must look beyond merely the institutional dimension of politics and confront the domain of ideas and ideologies. Were organizations

like the World Bank to grasp more firmly how markets become ideologically embedded in national contexts, they might also then better understand why market-oriented economic reforms are sometimes sustained in the face of daunting interest-group opposition, and sometimes thwarted. In other words, the domain of political ideologies – and questions relating to their plasticity, the movements and traditions from which they emerge and the skill with which they are deployed – are as important as the institutional environments with which they interact.

Before addressing this case material, it is worth addressing three potential objections: 1) that ideological questions are beyond the remit of the World Bank and other international economic organizations; 2) that ideological questions are not easily quantified in ways that make cross-national comparative analysis possible; and 3) that markets *already have* a companion political ideology, liberal-pluralist democracy, a system well entrenched in India and surely capable of absorbing and supporting market orientation in matters of policy. Beginning with the third objection, because it is most easily addressed: there is no evidence to support the claim that, simply because markets and liberal-pluralism have sometimes 'gone together', to paraphrase Hirschman (1990), they always do; an exercise of political will and institutional adaptation is required for this to occur. The second objection is best dealt with simply by pleading guilty, while insisting that the questions require investigation nonetheless. The case material is drawn from India. The implication is not that India is representative in any respect, but neither that is necessarily exceptional. Or, rather, it is unique only in the sense that every country represents a unique conjunction of forces.

As for the first objection, a reminder of the Bank's own substantial ideological interventions should be enough to convince most people that it is without merit. Sadly, it is not. So it should be added that the two streams of Bank research on the politics of adjustment (there are many other tributaries, each of a much more specialized nature, dealing with trade, finance and so forth) both *themselves* refer to ideology. Both do so as afterthoughts, as it were, and the analyses are rather weak. Parts of 'Voting for Reform' examine the implications of varying levels of ideological coherence among reforming countries. But this is executed in very party-centred terms, focusing on parliamentary numbers games.⁶ Moreover, the second stream, working its own 'leadership and organizational change' angle, also refers to ideology – or rather the political presentation of a strategic 'vision' of reform. Indeed, it was the lack of this vision, according to the Bank-published volumes that came out under the editorship of Ishrat Husain, that contributed greatly to the failure of reform to become rooted in domestic politics – that is, for the market to become ideologically embedded – in the sample of sub-Saharan African countries examined in that study.

With the World Bank itself having raised the issue of ideology – of the political legitimacy of markets in political discourse – and ideology's importance to the sustainability of neo-liberal reform, it is fair game for the rest of us to pay closer attention to these questions. India provides a compelling case through which to do so.

The market's advocates had been in the ascendant in India throughout the 1980s, reflected in the somewhat hesitant but symbolically important reform programme undertaken by Rajiv Gandhi's government in the second half of the decade. When Rajiv turned back to statism in the latter part of his five-year term, India's neo-liberals were seen to have been thwarted in their aim of longer-term hegemony by a consortium of powerful domestic constituencies whose political clout could forestall pro-market change. Pranab Bardhan (1984) classified the defenders of the statist (or 'mixed economy') *status quo* as a delicately balanced coalition of 'dominant proprietary classes', including such heavyweights as rich farmers and import-substituting industrialists. Much criticism and rebuttal has rushed forth since Bardhan's thesis was put forth, the book having given rise to healthy questioning of assumptions about how and why anti-market interest groups adopt the associational and lobbying strategies that they do – and most of all the role of the state (or governing elites) in shaping the decisions that face them.

So, when markets made a comeback on the policy stage in 1991, no one was predicting a long political shelf life for them. The interest groups arrayed against them were formidable and battle-tested in their ability to exercise veto power. Moreover, both formal and informal political institutions had been compromised such that they allowed disproportionate influence for groups like public-sector workers. And yet the reform programmes introduced, and sustained, in the 1990s proved to have greater staying power than those of the 1980s, despite the much larger parliamentary majority enjoyed by Rajiv's government in the late 1980s.

There have been many attempts to explain specific aspects of market reforms – for instance, with respect to sectoral policy such as capital market deregulation (Echeverri-Gent 2000) – but surprisingly few studies that examine the gradual market reorientation of public policy in general. Three notable exceptions are Sachs *et al.* (1999), Jenkins (1999a) and Varshney (1998). All three works see significant cracks and fissures within each of the 'lobbies' identified in the literature on interest-group dynamics and economic reform, of which Bardhan is merely the *locus classicus*. Sachs *et al.*, for instance, see ethnic, regional and caste divisions among better-off farmers as undermining the unity, and therefore political influence, of this vital constituency. Jenkins pays closer attention to the role of the state in fragmenting political resistance to economic reform through a number of underhand means, including semi-legal union busting, reneging on political promises and the use of outright corrupt and illegal practices. What proved decisive in this account was the ability of formal and informal institutions – analysed empirically through, respectively, case studies of the federal system and party-leadership networks – to disrupt the oppositional capacity of anti-reform groups.

Varshney's argument, on the other hand, was not just that governments would increasingly have to execute reforms in sectors of mass concern – as they already have since his article was published – but also that, in order to do so effectively, an articulation of the market and its relations to popular values

would have to be undertaken in the realm of mass politics. As Varshney put it in another context,

in few countries have . . . reformers been voted in power due to the commitments of masses to a market-oriented strategy. At the mass level, the links between markets and mass welfare are not easily understood . . . [yet] few politicians are emphasizing the links between markets and mass welfare. Political language and rhetoric aimed at creating a mass constituency for reforms are not generally in evidence, and arguments that reforms can make life better for the masses, not simply for the middle class and the rich, has not emerged as an electoral argument in mass politics.

(Varshney 2000: 735–6)

It is therefore not surprising that the neo-liberal market as a political idea had still failed to acquire legitimacy within the ideological environment of 1990s India.⁷ Through a decade of reforms, neo-liberalism's reluctant vanguard had relied on institutional loopholes, faux-populist gimmicks and a good deal of 'political skill' (Jenkins 1999a: 172–207). They had not found an idiom through which to 'normalize', through political discourse, the market orientation of policy.

Markets and the ideological environment

Suspicion of the market has been a recurring – and fairly widespread – theme in Indian social thought and political practice. Leading Indian corporate executive Gurchuran Das reflected on why it might exist:

Often I ask myself, why is it that so many Indians, especially intellectuals, hate the market. There are two reasons I can think of. One, *no one is in charge* in the market economy and this causes enormous anxiety. And two, we tend to equate the market with businessmen. Since we think that businessmen are crooked we tend to transfer this negative image to the market. . . . This suspicion of markets is magnified when it comes to the global marketplace, for there *truly no one is in charge*.

(Das 1993)

This is not a very convincing explanation for the market aversion of India's intelligentsia, which, as Das implies, is just the tip of a public-opinion iceberg. Far from believing that there is no agency controlling the direction and pace of the global economy, the market's critics in India are most spectacularly of the view that certain governments and concentrations of private capital determine the global economy's very shape. Indeed, the one thing that binds together the three political tendencies that have been vying for supremacy in India since the late 1980s (represented by the politics of Mandal, Mandir and Movement) is that *none* of them is driven by a belief that 'no one is in charge' of the 'market'.

Kaushik Basu (2001) has written that India's economic life, past and present, 'cannot be understood if one ignores the variables that conventional analysis has

taught us to ignore – the social norms, culture, beliefs and the fabric of social interaction'.⁸ Basu cites examples of advertisements in India's press that appeal 'to morals beyond the marketplace'. One could probably identify similar opinion patterns in other countries, but Basu argues that '[i]n India there is a disproportionate effort to couch business in morality, to show that the low price of the big sale is not a business stratagem but an act of honour' (Basu 2001).

While there may be no definitive evidence of the phenomenon Basu emphasizes – the excessive taint associated with commercial activity – a great many people *believe* that this belief exists. As in many other formerly colonized countries, a strong intellectual and popular tradition in India associates private-sector economic activity with foreign commercial interests and, thence, to the humiliation of alien rule. The *manipulation* of markets by political interests during the colonial era – and the force with which the imperfectly understood components of a commercial society were introduced, at much expense to the lives and livelihoods of people – has tarnished the image of the market throughout Asia, Africa and Latin America, and has made defence of the market an uphill struggle. Indian resistance to foreign rule – and especially commercial domination – gave birth to its own idiom, that of *swadeshi*, an idea that has been the subject of constant reinvention throughout the twentieth century, and beyond. It is an idea that, in theory, is about the relationship between community and outsider, and between cultural continuity and material change. In practice, the idea has been central to virtually all debates about economic behaviour, and hence markets, in India.

The study of actual, physical marketplaces – and the marketing systems of which they are a part – helps at the very least to furnish a grassroots empirical referent for the many popular beliefs about markets and the actors within them. They are a stage on which ordinary people play prominent roles, as opposed to the mediated position they occupy in political debates about the desirability of competing institutional arrangements for regulating economic activity. Anand Yang's study of markets in one region of colonial India differentiates itself from the mainstream of historical studies on India's markets by moving beyond the notion of a market centre as 'a settlement or an aggregation of economic functions that is the hub of a hierarchical system which includes other settlements or communities' (Yang 1998: 6). Yang's study took 'its inspiration from Karl Polanyi's "substantivist" insistence on recognizing the social parameters of economic action and economizing behaviour' (Yang 1998: 14). Yang views markets as an arena 'within which power and influence were dispersed and exercised and within which people increasingly developed and acquired notions of identity and community' (1998: 16). One of his main interests is the role of markets and marketing systems 'in the evolving relationships between the colonial state and indigenous society'. Drawing on the work of Agnew (1986), Yang sees markets as not only a social nexus, but also 'as a container and crucible of solidarities as well as of antagonisms and contradictions' (Yang 1998: 16).

This idea of markets as crucibles of solidarities is a useful point of departure for analysing the impact of the competitive ideological environment of the 1990s

on the politics of India's economic reform. Effective resistance to markets – slowing down the introduction of reforms, *not* reversing their general direction – came from groups dispersed among three highly ideological political tendencies in Indian politics, those associated with the politics of Mandal, Mandir and Movement.⁹ The three additions signify, respectively:

Mandir (temple) refers collectively to the politically organized manifestations of Hindu nationalism. The movement, which crystallized into something resembling its current form in the early decades of the twentieth century (though some would place its origins in the late nineteenth century), promotes a particularly muscular vision of India's (Hindu) national identity. The base of the Mandir political hierarchy is the Rashtriya Swayamsevak Sangh (RSS), a mass, membership-based organization that promotes the deepening of Hindutva (or 'Hindu-ness') in all spheres of life – through educational programmes, social welfare provision and the staging of religious festivals that also serve as a form of political mobilization. The RSS and its associated organizations are ostensibly interested in reviving the glory of the ancient Hindu kingdoms. Critics see RSS politics as a thinly disguised political vehicle for upper-caste reaction against lower-caste political assertiveness (see Mandal below). That too is a simplistic view. The fact is that pragmatic and extreme versions of Mandir politics have long coexisted, and have even, as noted by Jaffrelot (1996), oscillated according to a strategic logic. This oscillation can be found on economic issues as well. The Bharatiya Janata Party (BJP), or Indian People's Party, is the parliamentary face of the RSS – not that BJP officials always follow the RSS line at all times. Prime Minister Atal Behari Vajpayee (who heads the National Democratic Alliance coalition government in New Delhi) is the 'leader' of the BJP. The protracted RSS-led campaign to (re)construct a Hindu temple on the site of a centuries-old mosque in the northern state of Uttar Pradesh is the origin of the Mandir label for the Hindu nationalist political tendency. The often violent campaign to tear down the mosque – which finally took place in December 1992 – drove the BJP's electoral rise in the late 1980s and early 1990s, but had made it something of a pariah among India's mainstream 'secular' parties. By 1998, however, the BJP was no longer politically untouchable, and it emerged at the head of a diverse coalition government, with good representation among India's numerous regional parties. Fresh elections in 1999 only strengthened to BJP's parliamentary position.

Mandal is a common term for the politics of assertive subaltern identity, particularly its electoral aspect, which took on vastly increased significance following the decision of a centre-left government in 1990 to implement the recommendations on affirmative action in government employment set forth in the report of the Mandal Commission (which is named for its chairman, Mr B. P. Mandal). This shifted the fault line of Indian politics from rural-urban (*Bharat-India*) issues, which had been successfully pushed onto the national agenda during the 1970s and 1980s by various farmers' movements, to one based on an upper/lower caste cleavage. The politics of Mandal has become increasingly complex of late, with regional variations emerging on an almost constant

basis and a heightened awareness of how the benefits from reservation policy are being spread among the various Other Backward Classes (OBCs), the administrative term for localized kinship/ethnic/status groups officially designated as having been traditionally discriminated against, and therefore eligible for quotas in public-sector employment.

Movements are those purposive collectivities that nevertheless adopt a loose, inclusive, network form rather than the organizational model embodied by functionally differentiated, systemically integrated corporate entities (like business associations or service/entitlement-oriented NGOs), or the more formal of the 'demand groups', such as students, identified in the political typology developed by Rudolph and Rudolph (1987). At first glance, it might appear that each of the other three political forces could claim to be a movement in its own right, making this category superfluous. But Movement politics deserves its own category if we refer specifically to the Indian case where the reference is to campaigning organizations that are (a) not based primarily on identity politics, (b) critical of the Indian state's developmentalist ideology and (c) not specifically linked to any political party. During the 1990s, groups like the Narmada Bachao Andolan, which fought against exorbitant infrastructure projects that displaced large numbers of people, created a broad-based platform from which to act as chief critics of market-based policies. The National Alliance of People's Movements, as well as countless single-issue campaigning networks, emerged partly as a result of the displacement of socialist ideological politics by caste-based (Mandal) politics, which shifted the burden of progressive opposition to these newly emergent 'non-party political formations'.¹⁰

Needless to say, these four ideological traditions – or four 'M's, if we include the Market – have overlapping constituencies. The ideological environment could also, of course, have been represented differently. Situating the market amidst these three other political tendencies, however, has the virtue of showing what it is up against – in the marketplace of ideas, as it were. Moreover, an important reason why it has been so difficult for the market to take root politically in this environment is that each of the other three tendencies – Mandal, Mandir and Movement – shares a partial claim to one of the most evocative, *seemingly* anti-market, mobilizing ideas in modern Indian political discourse: *swadeshi*.

Contested conceptions of *swadeshi*

Swadeshi (literally 'of one's own country') is the kind of political idea that, because of its abstract nature, tends to accumulate a multitude of competing definitions. These have been illuminatingly categorized and analysed by Sarkar (1973), among others. Forever linked with the boycott of consumer goods, and the use of this tactic against British imports and Western-style products during India's freedom struggle, *swadeshi* acquires meaning largely in relation to a cluster of cognate terms associated with the anti-colonial nationalist movement –

such as national 'self-reliance' and 'self-rule' (or *Swaraj*),¹¹ which can be realized at the level of individual consciousness, the village community or the national polity. Indeed, Pinto argues that '[o]ne of the contemporary ways by which Gandhi's vision of swadeshi takes effect is through self-reliance' (1998: 11).¹² A common meeting point among these ideological traditions, however, is that *swadeshi* describes a variety of political assertion that insists upon the value of the local over the remote.

Following the articulate and sustained opposition to British imports in the late nineteenth century, *swadeshi*'s 'first peak' as a campaigning slogan was in the Bengal movement against imported cloth, and indeed cloth woven domestically through 'foreign means' – that is, involving advanced mechanization (Sarkar 1973). The *swadeshi* upsurge in today's economically liberalizing India, like its antecedent movements, is as much a reaction against India's political engagement with (and exposure to) the outside world – manifested most notably in the closer alliance between the governments of India and the United States – as it is a revolt against the specific economic policies themselves.

Despite the figurative rather than literal quality of their meeting of minds on *swadeshi*, the forces of Mandir, Movement and Mandal have at least been mutually aware. The leaders of the RSS-linked economic front organization, the Swadeshi Jagran Manch (the main manifestation of *swadeshi* in Mandir politics), have repeatedly stated that they have been able to propel *swadeshi* back into mainstream political discourse (that is, as an active mobilizing principle, rather than an organizational shibboleth) only with the 'assistance' of Gandhian organizations like the Azadi Bachao Andolan (Save Our Independence Movement), a group usually more closely associated with Movement politics and leftist intellectuals than with the Mandir constituency embodied by the SJM.¹³ To make matters even more complicated, the Mandir category is itself divided between the ruling BJP government and the 'family', or *parivar*, of Hindu nationalist organizations with which it is affiliated. Some of the more militant fringe groups – on which the SJM relies to stage violent demonstrations against high-profile foreign investments – have adopted the *swadeshi* cause mainly as a way of putting pressure on the prime minister for his failure to take action against what they see as the pampering of India's religious minorities.¹⁴

The category of Movement politics is, in many quarters, highly influenced by the idea of *swadeshi*. It should be, since this is the natural home of contemporary 'Gandhians'. The Swadeshi Movement was part of the process by which Gandhi turned the elite-oriented Indian National Congress of the early twentieth century into the mass-based organization it became by the 1930s. Particularly after Gandhi's 'ascension to the leadership of Congress in 1920, [*swadeshi*] became a vehicle for mobilising India's vast rural populace' (Leadbeater 1993: 16). The Gandhian ideal of homespun cloth, and the need for people to participate actively in the spinning process (because this was essential to enacting what Gandhi saw as *swadeshi*'s moral message of self-reliance), became captured in powerful political symbolism that lives on in the image of the Charkha (or traditional spinning wheel), which in various forms has adorned the flag of the

Indian republic.¹⁵ This kind of loose poetic license with political terms was classic Gandhi, as Bhikhu Parekh reminds us: 'It was also his practice to take over terms familiar to his audience and to define them in the way he thought proper without much worrying about their conventional meanings; for example, his definitions of satya, swaraj, swadeshi, and brahmacharya' (Parekh 1989: 130).

Among the variety of social activists associated with the Movement camp, *swadeshi* has found a place among those trying to find a way to wed the political energy of issue-based mass mobilization to electoral politics. For instance, the 1996 election manifesto of the Samajwadi Janparishad (the Socialist People's Council) saw *swadeshi* as a way of tempering the excesses of the market that were unravelling India's moral and social fabric: 'Lure of consumerist culture, extravagant life-style and inessential expenditure increase corruption in the society' (Samajwadi Janparishad 1996). This was combined with a strong streak of Gandhian national self-reliance: development could 'be only on the basis of India's own natural resources, own labour, own intellect, ideas, technology. . . . This is Swadeshi, the only alternative to so-called development' (Samajwadi Janparishad 1996).

In an essay called 'Gandhi and the market', L. C. Jain, one of India's leading economic planners in the post-independence period, reveals something of what Gandhi instilled through the use of *swadeshi*, which stressed the cultivation of, on the one hand, self-respect and self-reliance and, on the other, an ethic of concern for the effect of one's economic actions on those to whom one is in proximity. Jain recounts a study tour he undertook in the 1950s to review ways of improving production in the handicraft and hand-woven products sector. He quotes the craftspeople he met as having said: 'If we are here today, even if half alive, it is because of Gandhiji.' When Jain asked them why, '[t]hey all gave the same answer: swadeshi'. Some said 'not only did Gandhiji teach us swadeshi but, along with it, the ouster of the foreign. It was as rewarding and life-giving as the swadeshi' (Jain 1995: 6). This account implies, among other things, that *swadeshi* was not solely, or even primarily, about opposition to actual alien rule. It was about moral issues and the negative impact of markets on society generally, and the personal moral commitment required to overturn the powerful forces of the *status quo*. Self-knowledge and self-actualization, two further concepts that Gandhi ingeniously fused with *swadeshi*, were the primary purpose, the 'ouster of the foreign' merely an added bonus.

Jain notes that it was only with the advent of liberalization that India's rulers woke up to the fact that Gandhi himself had a clear understanding of the market's purpose. He points out that Gandhi's (practically) dying wish was that restrictions on food-grain markets be lifted so as to alleviate the suffering of ordinary people. Jain sees the further irony that, when the political mainstream did finally begin turning to the idea of the market in the 1980s and 1990s, it was the *global* market they advocated. But Gandhi, as Jain reminds us,

rejected governmental control so that the strings of the economy could be in the hands of the people. . . . The structure of the new economic policy [of the

1990s] has no relationship with Gandhi's ideas and is its very opposite. The new economic policy is going so far as to separate the market from the villages and globalising them. Instead of the reins being in the hands of the people, and being village based, they are being handed wholly to the multinationals.

(Jain 1995: 10)

Gandhi's at times romanticized notions of decentralized village republics, whose virtues for him were largely the result of *insulation* from larger market currents, live on in a number of forms, including anti-corporate resistance movements and idiosyncratic 'Gandhi-inspired' micro-planning methodologies that increasingly resemble those propagated through the mainstream development profession.¹⁶ These are designed to influence the shape of the local government institutions mandated by constitutional amendments of the early 1990s. Much of this is built upon Gandhian preoccupations with equality, a far cry from the exclusivist claims involve in the 'foreign boycott' tradition. Pinto describes it this way:

Gandhi's prime concern in struggling for swaraj through swadeshi for India applies to Indian planning in the post-independence years. Gandhi defined swaraj of his dreams as a reality in which the necessities of life are to be enjoyed by the poor. . . . Agricultural planning as related to swadeshi means that attention is paid to this seminal aspect of his dream.

(Pinto 1998: 111)

Leadbeater, using the example of textile policy, argues that Gandhian *swadeshi* (regardless of his proclamations when confronted with mass famine) contributed to the marginalization of the market principle in Indian policy making:

Gandhi considered that the mills starved villages of rural employment; in consequence the swadeshi movement encouraged a set of values in relation to industrial development which questioned the legitimacy of the very existence of an organised mill sector. As a political legacy after independence these values were translated into government textile policy.

(Leadbeater 1993: 16)

The presumed anti-capitalist profile of *swadeshi* won Gandhi great popularity among the organized working classes, and ultimately created an institutional niche within the state for 'Gandhians', the Khadi and Village Industries Corporation (KVIC), a national public-sector enterprise devoted to the production and marketing of village crafts. Of late, Hindu nationalists have increased their participation in this institution, including at the level of the government-sponsored 'primary' (village-level) spinning co-operatives.

This, however, is just symbolic of a larger change afoot. Gandhi's *swadeshi* orientation has furnished the RSS and the BJP a point of entry into other non-Mandir political constituencies as well. Noorani (2001) argues that, during the 1990s, the RSS used *swadeshi* as a critical means of 'appropriating Gandhi'. But Chousalkar, in fact, claims that the RSS's adoption of Gandhi took place much

earlier, during 1977–9, when the Jan Sangh party (the BJP's early incarnation) collaborated with centre-left parties in the Janata coalition government that had ousted Indira Gandhi from office. When the Jan Sangh was reincarnated in 1980 as the BJP, with the moderate Atal Behari Vajpayee as its leader, it 'wanted to claim the political legacy of the Janata Party. Therefore, it did not change Janata Party's philosophy of Gandhian socialism' (Chousalkar 2000: 535). It was this cringing embrace of socialism by the Hindu right – through the idiom of Gandhian *swadeshi* – that caused sophisticated political commentators to elaborate on comparisons between the RSS and European fascists. Arvind Das noted that, occasionally, 'the populist elements within the Sangh Parivar declared that they were followers of . . . social democracy, just as the followers of Adolf Hitler styled themselves National Socialists' (Das 1999).

But, arguably, the appropriation of Gandhi, if such it was, took place a long time earlier. Mahesh Chandra Sharma, at this writing the BJP's chief whip in the upper chamber of the Indian parliament, is also an economic theorist with the Swadeshi Jagran Manch who has published a book on the *Economic Philosophy of Deendayal Upadhyaya* (2002).¹⁷ Upadhyaya is a much-quoted former president (during the 1950s) of the Jan Sangh, the BJP's antecedent political incarnation, who wrote on a great many matters, including schemes for the decentralization of government and the means for organizing economic production, exchange and distribution. Upadhyaya's outlook was, according to Sharma, 'absolutely socialist', as was the programme of his party, according to a public statement he issued in 1953 (though how much so at different points of time is a source of debate). The 'Integral Humanism' of Upadhyaya, which stresses local decision making and the collective ownership of property, is still being developed and revised by Sharma and other disciples in the SJM. In contrast to Gurchuran Das's assertion that Indian political culture's hostility to the market is driven by fear that markets are ungovernable, with no one at the helm, Upadhyaya saw (and his followers in today's SJM largely agree) that the impersonal market often produces no competition at all, but merely a passing phase of consumer leverage that inevitably buckles under the force of powerful agencies. As Sharma put it, 'it is said that free and competitive marketing provides the individual the liberty of consumption. . . . [but] After the elimination of the contestants, one or a few producers snatch away the rights of democracy' (Sharma 2002: 69).

Regardless of when it began, the BJP's use of *swadeshi* to further burnish its Gandhian credentials clearly picked up steam in the latter part of 1997, just prior to the formation of the first-ever BJP government. This raised the expectations of SJM activists in the Hindu nationalist camp, who expected a reversal of the previous five years of government policy, whereby India's economy had become much more closely aligned with global markets. The result was bitter disappointment at the pragmatism of the BJP-led coalition government once it came to power. This set the stage for continuous conflict, mostly within the confines of private meetings convened by the Hindu nationalist *parivar*, but often in public as well.

The forces of Mandal politics reflect an even greater ambivalence about *swadeshi*. There is mistrust of the idea at a fundamental level in some quarters, and the latter-day association between *swadeshi* and the Mandir camp is a fundamental part of this. The RSS's adoption of Gandhi as its patron saint of protectionism cuts little ice with such critics, as Mandal politics is at times as hostile to Movement politics as it is to the politics of Mandir. Gandhi's public conflicts with B. R. Ambedkar, the best-known leader among India's untouchable community during the nationalist movement, long ago sowed the seeds of antipathy towards Gandhi from among many people active in Mandal politics. In this vein, Bakshi recounts an informal discussion on *swadeshi* among a group of social activists:

Swadeshi was not an unquestioned gospel for all the participants. The Dalit [or ex-untouchable] activists resisted the term 'Swadeshi' because of its contemporary associations with the [RSS]. Besides, for them the concept of Swadeshi was meaningless unless it included land reforms and a firm stand on the hierarchical and exploitative caste structure.

(Bakshi 1998: 310)

These are typical reactions among people active in Mandal politics, for whom caste oppression, rather than issues of economic nationalism, is the primary political concern. This sense of mistrust on the issue of *swadeshi* – directed, it bears repeating, against both Mandir and Movement political tendencies – is sharpened by the uses to which *swadeshi* was put in earlier nationalist campaigns. Ranajit Guha examined 'some of the disciplinary aspects of the Swadeshi Movement of 1903–1908', finding that '[c]oercion had already established itself as a means of mobilization for Swadeshi quite early in the campaign'. That is, support for the boycotts was not always voluntary. Guha reproduces extracts from colonial reports stating that 'there was massive indulgence in physical coercion'. There was also 'social coercion' which 'came in the form of caste sanctions which meant, in effect, withdrawal of ritual services, refusal of inter-dining, boycott of wedding receptions and funeral ceremonies, and other pressures amounting to partial or total ostracism of those considered guilty of deviation from Swadeshi norms' (Guha 1998: 110). Guha saw this as a clinching piece of evidence:

If therefore it transpires, as it does from the evidence, that mobilization for the Swadeshi Movement relied on caste sanction to no mean extent, it should help us to grasp the character of Indian nationalism itself as a tissue of contradictions with its emancipatory and unifying urge resisted and modified significantly by the disciplinary and divisive forces of social conservatism.

(Guha 1998: 111)

The link, via social boycott, to ritual categories of purity and pollution is inescapable. For instance, to deny ritual services – the cleansing of pollution – to those who refused to abide by the boycott

was to trap a Hindu irretrievably in a state of impurity. And since status

within the caste hierarchy related critically to the degree of one's freedom from ritual uncleanness, the imposition of this discipline could condemn its victim to total excommunication. No wonder that those who wanted Swadeshi to win out in a short and swift campaign settled on this device as their most favoured weapon.

(Guha 1998: 117)

And it was through this and other means that the campaign became, in Guha's view, part of a larger pattern of Hindu revivalism, through whose 'ideology . . . the image of the Brahman was promoted as that of the mentor and warden of Hindu society'. The increase in their power could hardly be denied: 'For what they lacked in other respects was made up by the ritual authority they alone could exercise to confer purity on those who had polluted themselves by some breach of the Swadeshi code' (Guha 1998: 118).

The result – not likely to appeal to the forces of Mandal – was 'a political ethos soaked . . . thoroughly in Hinduism and the discrimination between purity and pollution established as a defining principle of nationalist conduct' (Guha 1998: 119). Bayly agrees that the *swadeshi* movement in early twentieth-century Bengal was indeed 'a modern attempt to define the boundaries of community and polity in terms of the production and consumption of cloth' (Bayly 1998: 199). These political values were literally woven into the homespun fabric that was the alternative to imported cloth, since 'the very homeliness and loose, thick weave of village cloth were lauded for their naturalness, purity and lack of sophistication. . . . Village songs of the 1905–10 period associated country cloth with images of motherhood, with thick white rice and curd, and with the good things of the unpolluted countryside' (Bayly 1998: 200).

Given this setting it is not surprising that, ideologically speaking – or at least at the level of party manifestos – Congress and BJP views on *swadeshi* and the market began visibly to bleed into one another around the time of India's 1999 general election. As one commentary put it:

The consensus appears to have evolved gradually, with the Congress talking of 'self-reliance', which in a way is a tacit acceptance of the fact that BJP's 'swadeshi' agenda does have its appeal. At the same time, since BJP is only a part of the NDA [National Democratic Alliance], it has been forced to tone down its swadeshi rhetoric. Hence both manifestos seem to have found a common meeting ground.

(Outlook 1999)

Conclusion: the politics of ideological adjustment

By way of conclusion, let us consider how we might move beyond the by now familiar observation that political ideologies represent a fundamental influence on the trajectory of economic policy change. Of particular importance, it seems, is the necessity of dissecting the *substantive nature* of the interaction between, on

the one hand, imported neo-liberal ideas, and on the other, indigenous political traditions that have sought to balance a society's economic and non-economic activities.

Two possible types of interaction present themselves. The first is, arguably, what has taken place in India since 1991: the adaptation of the idea of *swadeshi* to a form that has made it more consistent with the project of globalizing the Indian economy. This, following Baldev Raj Nayar (1999), we can refer to as the 'national interest' form of 'competitive' *swadeshi*, in which the market's ideological embeddedness is achieved through an adjustment to (some would say outright perversion of) an indigenous political tradition. On the level of practical politics in India, a modified form of Mandir *swadeshi* has indeed won the day. In order to neutralize complaints from within the Hindu nationalist movement that provides the core of its political support, the BJP has given a national-interest/security thrust to the idea of *swadeshi*. This has involved BJP leaders, not least the current foreign minister, claiming publicly that the Hindu nationalist version of *swadeshi* manifests itself both in India's ability to compete in global markets and in the country's determination to declare itself a nuclear power, which it did in May 1998 (*The Economic Times* 11 September 1998).

There is a shortcoming to this political strategy, however. The national interest form of *swadeshi* may help to counter charges – from the SJM, among others – that continued movement in the direction of market-led policy is contributing to further economic subjugation from abroad, but it does nothing to counter a second kind of charge: that markets contribute to social breakdown. And it is this dimension that is becoming the rallying cry among an influential element within the SJM. As Sharma, one of its leading linkmen with the party hierarchy, argues: 'the market (as the linchpin of the capitalist economy) causes reaction in the society as it does not establish a harmonious society' (Sharma 2002: 70). Sharma's subsidiary point is that social harmony is undermined, above all, by the *capitalist* market's tendency towards greater centralization – capitalism of a sort embodied by the multinational firms with which the Government of India increasingly wishes to do business.

While, to date, the interaction between the imported economic philosophy of neo-liberalism and India's indigenous *swadeshi* tradition has been characterized by this type of ideological adaptation, in which the notion of *swadeshi* is forced, under the combined weight of external economic pressure and internal political tensions, to all but abandon its potentially most meaningful features, another form of encounter is, theoretically speaking, possible. Transnational development actors, were they so inclined, could adapt their conceptions of the market to align it, however tentatively, with India's indigenous ideological traditions. This would involve a considerable investment in dialogue and self-reflection on the part of international agencies, of a sort which it may be too naïve to expect. But, if such a commitment were forthcoming, it is possible to envisage a more fruitful engagement than might at first glance appear possible: for it turns out that *swadeshi*, as a political idea, is particularly suited to advancing a more subtle

conception of how markets can take root in diverse social contexts. Arguably, *swadeshi* is itself about market embeddedness.

Even if this is too tall a claim, there is no doubt that the idea of social embeddedness is not unfamiliar to *swadeshi* thought. Some discussions of *swadeshi*, in fact, come close to *defining* it as a *means* for socially embedding the market. Even the Swadeshi Jagran Manch's assessment of the 'Institutional Foundations of Swadeshi' – which is far from the most nuanced statement on the matter – manages to capture this point:

while capitalism solely rests on Market and State as the twin socio-economic delivery systems, socialism primarily rests on the State as the delivery system. In contrast, the Swadeshi thought *relies on the social institutional order*, besides Market and State, as the socio-economic delivery system. This makes the Market and the State share the public space with family, community and society.

(Swadeshi Jagran Manch 1999, emphasis added)

This view also takes seriously fears concerning the social-order-depleting qualities of markets. In the process, the SJM ends up redefining markets, espousing the same views as those who advocate a normative definition of the socially embedded market: 'The market *has to be* an instrument and not the master of the people' (Swadeshi Jagran Manch 1999, emphasis added). This could be Karl Polanyi speaking.

The idea of economic life as just a small component of the public sphere is of course central to the idea of the social embeddedness of markets. And this notion finds favour with advocates of *swadeshi* from political groups from beyond the Mandir category. A progressive approach to economic policy change, voiced from firmly within the Movement camp, takes the position that 'Swadeshi is a spiritual and cultural concept. Economics is a part of it. . . . A Swadeshi perspective has to direct the economy. . . . Protection of a society's culture and distinctiveness is basic to *swadeshi*' (Ramaswamy 1995). And yet the social institutions relied upon in this conception require continuous renewal and maintenance. This imposes a 'cost' on societies; the skill with which a political system devises ways to pay for these services largely determines that country's ability to sustain efficient, stable markets. Formulated in terms of 'Swadeshi Metaphysics', this requires a recognition that 'contemporary economic and political sciences based on the concept of homo economicus . . . are incompatible with a purushartha view of social sciences' – that is, one based on a philosophy that seeks to promote 'noble human endeavour' (Devdutt 2002: 117).

Material relations, in this vision, are too important to be left hostage to the randomness of impersonal economic exchange. Devdutt continues by arguing that 'Philosophically, the concept of Hindutva *swadeshi* is derived from a non-dualist world-view, which if applied in economic matters, means that the economic "order" is not autonomous' (Devdutt 2002: 130). This *swadeshi* approach to market embeddedness, then, conceives of public life in more

holistic terms, failing to make sharp distinctions between the economic and political realms. And, while this may scare away some advocates of the market, those with a more realistic understanding of the sheer practical impossibility of insulating economic decisions from political ferment may see the long-term benefits of allowing these forces to manifest themselves openly, rather than to become channelled into wholly oppositional activities. As Vandana Shiva, one of India's most well-known social activists has put it: 'I have recognized that . . . Gandhi's idea of *swadeshi*, that society should put its own resources and its local capacities to use to meet its needs as a basic element of freedom, the economic pillar of political freedom, is becoming increasingly relevant' (Shiva 1997).

In the end, it is to some degree the very flexibility of *swadeshi* as a political idea that, paradoxically, makes it a particularly difficult concept for transnational development organizations openly to embrace, let alone adapt to. This is despite the fact institutions like the World Bank have, as we have seen, been found to share, with at least some strains of *swadeshi* thought, an understanding of markets as embedded within a set of evolving yet stable social formations. The immediate political problem is that *swadeshi* has become so closely associated in recent years with the Hindu right. The votaries of Mandir may have had the most success in re-defining *swadeshi* for a new era, but this has raised alarm bells among other competing political forces. Many Mandal-oriented political organizations (those pursuing social justice through the politics of caste-based public-sector quotas) are intensely suspicious of the Hindu right's version of *swadeshi*. While it speaks an inclusive language of organically rooted economic relations – of, one might say, socially embedded markets – the Mandir tendency raises quite legitimate fears that its brand of *swadeshi* is promulgated with an altogether more oppressive form of embeddedness in mind, one built around the further entrenchment of hierarchical social relations of caste. These kinds of fundamental political disagreements, which cut a deep seam through the fabric of India's democracy, make ideas like *swadeshi* too controversial for most transnational development actors. Institutions like the World Bank remain more comfortable with the usual form of ideological encounter – one in which autonomous, competition-enhancing markets are held up as the central principle around which domestic political ideas must adjust.

Notes

- 1 An alternative taxonomy of explanatory types is 'Ideas, Interests and Institutions'. For one application of this framework, see Bierstecker (1992).
- 2 As Ellerman (2001) put it in a more recent commentary: 'The market is not itself the problem. The problem is the employment relationship that treats people as being "rented" or "employed" by a company. . . . Democratic businesses, "owned" and controlled by the people working in them, are the best structural solution. Then companies are automatically part of the community; the market is then socially embedded and can be a servant rather than master of social life' (emphasis added).
- 3 A good review of the literature, combined with a number of original insights, is found in Misztal (1996). A popularized account of key debates is Fukuyama (1995).

- 4 An example of this practice from south India is found in Konana and Balasubramanian (2002).
- 5 The large literature in this area includes not only the standard theoretical works of the new institutional economics, but also a range of historical studies, including, for instance, Amyx (2001), which discerns 'the origins of state power embedded in a structure of public-private sector interdependence', and the key 'economic role of the *sankin kotai* institution stemming from its embedded market-preserving interests'. Evans (1995), whose notion of 'Embedded Autonomy' is central to his explanation for economic outcomes in India, South Korea and Brazil, pursues a slightly different line of analysis. See also Bates *et al.* (1998).
- 6 A good example that slightly preceded 'Voting for Reform', but which included many of the same analysts and operated from a very similar analytical framework, is Haggard and Kaufman (1992).
- 7 Arguably, of course, the ideology of the market was spread through the channels of production and consumerism – including mass advertising, entertainment and media; but I take this to be a non-political ideology, or political only to the extent that it fosters *de-politicization*.
- 8 For a fuller treatment of these issues that ranges beyond India, see Basu (2000).
- 9 This use of a four 'M's framework follows Jenkins (1999b). An approach based on three 'M's (Mandal-Mandir-Market) is found in Corbridge and Harriss (2000).
- 10 For an excellent definition and analysis of this common term in Indian political parlance, and why it may be preferable to begin thinking of these forces as 'movement groups', see Sheth (2001).
- 11 That these related terms continue to thrive in Indian political discourse is underlined by the fact that Gram Swaraj, or Village Self-Rule, is the slogan being used by the (Congress Party) Government in the state of Madhya Pradesh to 'brand' its local government reforms.
- 12 Emphasis added. *Swadeshi* is in fact defined as self-reliance in some philosophical accounts – for instance: 'Swadeshi, self-reliance, was for Gandhi an integral component of *swaraj*' (Theosophical Society 2000: 14).
- 13 The ABA has, for instance, co-published radical critiques of the government's economic liberalization policies. See, Alternative Economic Survey Group (1998).
- 14 Either way, there is no doubt that *swadeshi* advocates in the Mandir camp sound similar themes to those emanating from the world of Movements, especially on flagship global market issues such as the WTO. See *The Hindu* (1999).
- 15 It has sometimes been a Charkha and sometimes a Chakra, the discus emblem associated with India's third-century BC Emperor Ashoka. For an interesting account of the political significance of India's flag, as it has evolved during the twentieth century, see Roy (2002).
- 16 A particularly vivid example of this phenomenon is provided in Peaceful Society (1998).
- 17 Some of ideas in this section of the paper emerged in an interview between Mr Sharma and the author, New Delhi, 5 March 2002.

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Housing and ethopolitics: constructing identities of active consumption and responsible community

John Flint

Abstract

Recent developments in social housing policy, including large-scale stock transfers, have been proclaimed as marking 'the death of council housing' in the UK. The decline of public housing and new techniques for the governance of social housing provision are symbolic of the transformation of welfarist social regimes in advanced liberal democracies. This paper explores recent social housing policy in the UK and suggests that policy developments reflect changes in technologies for governing the conduct of social housing tenants and practitioners. The ethopolitics (Rose 2001) of social housing are characterized by emerging identities of active, entrepreneurial consumption and the invocation of responsabilized community. The paper examines how ethopower is manifested through technologies of social housing governance and identifies conflicts inherent within this new politics of conduct.

Keywords: ethopolitics; liberal governance; social housing; consumption; responsibility; community.

Introduction

Social housing in the UK is currently going through a major transformation. The public housing tenure has long been in proportional decline, enhanced by the Conservative governments' promotion of home ownership during the 1980s and 1990s and the policy of granting the right for public housing tenants to

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