

Markets in Historical Contexts

Ideas and Politics in the Modern World

edited by

Mark Bevir and Frank Trentmann

 **CAMBRIDGE**
UNIVERSITY PRESS

PUBLISHED BY THE PRESS SYNDICATE OF THE UNIVERSITY OF CAMBRIDGE
The Pitt Building, Trumpington Street, Cambridge, United Kingdom

CAMBRIDGE UNIVERSITY PRESS
The Edinburgh Building, Cambridge, CB2 2RU, UK
40 West 20th Street, New York, NY 10011-4211, USA
477 Williamstown Road, Port Melbourne, VIC 3207, Australia
Ruiz de Alarcón 13, 28014 Madrid, Spain
Dock House, The Waterfront, Cape Town 8001, South Africa
<http://www.cambridge.org>

© Cambridge University Press 2004

This book is in copyright. Subject to statutory exception
and to the provisions of relevant collective licensing agreements,
no reproduction of any part may take place without
the written permission of Cambridge University Press.

First published 2004

Printed in the United Kingdom at the University Press, Cambridge

Typeface Plantin 10/12 pt. System L^AT_EX 2_ε [TB]

A catalogue record for this book is available from the British Library

Library of Congress Cataloguing in Publication data
Markets in historical contexts : ideas and politics in the modern world / edited by
Mark Bevir and Frank Trentmann.

p. cm.
Includes bibliographical references and index.

ISBN 0 521 83355 8
1. Markets – History. 2. Markets. I. Bevir, Mark. II. Trentmann, Frank.
HF5471.M38 2004 380.1 – dc21 2003055052

ISBN 0 521 83355 8 hardback

Contents

	<i>page</i>
<i>Acknowledgements</i>	vii
<i>List of contributors</i>	viii
1 Markets in historical contexts: ideas, practices and governance MARK BEVIR AND FRANK TRENTMANN	1
2 Improving justice: communities of norms in the Great Transformation JAMES LIVESSEY	25
3 The politics of political economy in France from Rousseau to Constant RICHARD WHATMORE	46
4 Tories and markets: Britain 1800–1850 DAVID EASTWOOD	70
5 Guild theory and guild organization in France and Germany during the nineteenth century HEINZ-GERHARD HAUPT	90
6 Thinking green, nineteenth-century style: John Stuart Mill and John Ruskin DONALD WINCH	105
7 Tönnies on ‘community’ and ‘civil society’: clarifying some cross-currents in post-Marxian political thought JOSE HARRIS	129
8 German historicism, progressive social thought, and the interventionist state in the United States since the 1880s AXEL R. SCHÄFER	145

vi	Contents	
9	Civilizing markets: traditions of consumer politics in twentieth-century Britain, Japan and the United States	170
	PATRICIA MACLACHLAN AND FRANK TRENTMANN	
10	The ideologically embedded market: political legitimation and economic reform in India	202
	ROB JENKINS	
11	The locational and institutional embeddedness of electronic markets: the case of the global capital markets	224
	SASKIA SASSEN	
	<i>Index</i>	247

Acknowledgements

Markets in Historical Contexts is the result of a dialogue between historians and social scientists thinking about markets in modern society. How should we approach markets at the beginning of the twenty-first century? What alternative ways of thinking about markets can we recover from the past? Contributors were asked to explore the changing meaning and social contingency of markets in their particular subject area.

About half the chapters in this volume derive from a conference that we organized at Princeton University in September 2000. We should like to thank, for their generous support of the conference, the Davis Center, the President's Fund, the Center for International Studies, the Woodrow Wilson School, and the Committee for European Studies, all of Princeton University. We also thank Frank's former colleagues at Princeton's history department for their encouragement, and Pamela Long for administrative help. We are especially grateful to those who contributed so much to our discussions at the conference: Arun Agrawal, Terence Ball, Sheri Berman, Victoria de Grazia, Shel Garon, Eagle Glasheim, Molly Greene, John Hall, Harold James, Ellen Kennedy, Allan Megill, Dan Rodgers, Herman Schwartz, Gareth Stedman Jones and Shannon Stimson. We are also grateful to the anonymous readers and to Michael Watson of Cambridge University Press. Finally, we should like to thank Laura Bevir for her help with the index, and Joanne Hill for copy-editing the manuscript.

10 The ideologically embedded market: political legitimation and economic reform in India

Rob Jenkins

Introduction

India's shift to a market-oriented development strategy during the 1990s was made possible by the political skill of elites operating within established, yet flexible, state and non-state institutions. This often showcased the less democratic elements of the liberal parliamentary tradition – what has been called 'reform by stealth'.¹ Underhanded tactics, aided by propitious international circumstances during most of the 1990s, may well have sufficed to promote the initial stages of India's process of marketization. But by the end of the decade, the continued deployment of unsavoury dissent-management tactics had revealed themselves as insufficient to the task of consolidating, politically, India's *second-generation* reform agenda. The new phase represented an attempt to move beyond macro-economic stability and deregulation to the creation of durable structures to mediate state–market interaction – a much more demanding brief.

This chapter argues that second-generation reforms will require not just institutional adaptability, but also for ideas about the market to embed themselves within India's unique ideological context, where a range of political traditions – backed by powerful organizational expressions – appear within the public arena. When politics is examined as more than a machine for processing actor preferences, it becomes visible as a site where fluctuating yet stable relations among competing ideological traditions are also established. This is because the form and legitimacy of markets depend ultimately on the political cultures in which they are embedded.

Not only does the market share the ideological stage with three other powerful political formations – lower-caste assertiveness, Hindu nationalism, and issue-based social activism – but all three of these competitors share a partial claim to the most potent anti-market ideological tradition in India over the past century: *swadeshi*, a multifaceted Indian variety of

economic nationalism. The fate of the market as an idea in Indian politics will depend on its interaction with *swadeshi*'s competing incarnations.

The remainder of this chapter proceeds as follows. The next section introduces changes in the understanding of markets in the development discourse; outlines the political dimensions of India's shift towards a market-oriented development strategy during the 1980s and 1990s; and situates the market amidst three other ideological tendencies that were maturing at the same time. The third section surveys the renewed political interest by all three groups in the idea of *swadeshi*. The fourth section examines the efforts of the coalition government led by the Bharatiya Janata Party (BJP) to redefine the Hindu nationalist variety of *swadeshi*. The final section concludes by reviewing the main arguments and advancing a few further points on the relationship between *swadeshi* and (1) institutional analysis, and (2) the regionalization of Indian politics.

Embedded markets, Indian policy reform and the ideological context

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. And yet, in light of the east Asian economic crisis of the late 1990s and other signs of vulnerability in the global economy, there has been widespread scepticism about the broader 'projects' with which the idea of 'competitive markets' has often been associated. The de-coupling of belief in the power of markets from the more extreme positions of market fundamentalism has been found not only on the receiving end of economic evangelism, but in the high church itself. The World Bank has, for all its faults as an institution, shown itself capable of rethinking the nature and role of markets. Its institutional position on these questions evolved substantially during the 1990s.

Bank researchers and operational personnel working in rural development, corporate governance and industrial policy acknowledged the importance of embeddedness. This culminated in the public rebukes to the Washington Consensus model of the market economy delivered by the former World Bank chief economist Joseph Stiglitz after he left the Bank in 2000.² But this was part of a larger, gradual process. By the

¹ R. Jenkins, *Democratic Politics and Economic Reform in India* (Cambridge, 1999).

² J. Stiglitz, *Globalization and Its Discontents* (London, 2002).

mid-1990s, many components of the Bank had already shed the more simplistic models of market activity. In short, 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. The charge that neo-liberal economics ignores power relations is no longer true, if indeed it ever was. That it underestimates the significance of beliefs, culture and traditions is substantially more correct.³

Polanyi conceived of markets not only as rooted in a larger social totality, but also as the product of conscious political construction. For markets to be sustainable, they must be capable of at least staking a claim to furthering the ethical basis of social life. This is simultaneously an argument about equity and efficiency. That market competition should not be permitted to destroy the social fabric into which markets are woven – that human compassion and civility must be preserved – is not only a plea that the market's role as means rather than ends should be recalled; it is also a warning not to kill the goose that laid the golden egg. Which is why prominent men of wealth, such as investment guru George Soros, have taken pains to quote Polanyi.⁴ Markets are sustained and fleshed out as practices only within the context of ideological traditions.⁵ And it is through the politics of ideas – not simply the political economy of interest representation, or the impersonal mechanisms of government institutions – that such traditions are formed. The overlapping social and cultural settings in which economic life is embedded help to stabilize and regulate market functioning. But they also perform a third service: they help to *legitimize* particular market outcomes, and therefore particular types of markets.⁶ What is legitimate emerges largely through repeated practice. But it also emerges, at least in part, from the struggle between competing traditions.

If it is now widely understood that markets are inherently socially embedded, there is still a great deal of diversity in the way in which this embeddedness operates and is conceptualized. The Indian case demonstrates that analysis of the political sustainability of market-oriented reform must look beyond merely the institutional dimension of politics, and

³ See P. Hall, ed., *The Political Power of Economic Ideas* (Princeton, 1989).

⁴ G. Soros, *Crisis of Global Capitalism: Open Society Endangered* (London, 1998).

⁵ See ch. 1 above.

⁶ These points have been made eloquently, in a slightly different context, by the Indian social activist and writer Rajni Bakshi. See her 'Beyond Market Fundamentalism', *The Hindu* (Chennai, 24 September 2000).

inquire into the constitutive role of beliefs and traditions. 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 environment with which they interact.

The unveiling of a new economic liberalization programme by the Government of India in 1991 was driven at least partly by the demands of one of its larger creditors, the World Bank. This was not the first time that multilateral agencies were implicated in forcing market policies onto India's economic agenda. India's 1965–6 devaluation crisis, a dress rehearsal for 1991 in many ways, resulted in some piecemeal relaxation of market controls, and more importantly has stood as an icon of national embarrassment in political debate ever since.

What made 1991 different, however, was that the political leadership of India's national government, largely out of financial compulsion, decided not only to plunge towards greater reliance on market mechanisms, but also, simultaneously, to integrate the Indian economy (or selected portions thereof) to the international economic system – through exposure to capital and goods markets, participation in international organizations and regimes, and through the harmonization of Indian institutions of economic governance with those prevailing internationally.

These issues did not suddenly appear on the agenda in 1991, of course. Ideas about all aspects of markets – the configuration of property rights, the arrangements for ensuring fair competition, and even the means by which economic actors and activities are to be taxed – have fuelled fierce political debate in India for most of its existence as an independent state. Market advocates were on the ascendant throughout most of 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.⁷

So when markets made an ideological comeback in 1991, no one was predicting a long political shelf life for them. The entrenched interest groups arrayed against greater market orientation in policy 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

⁷ P. Bardhan, *The Political Economy of Development in India* (Oxford, 1984).

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 more precarious parliamentary majority for the ruling party the second time around.

The general scholarly consensus has been that a combination of social division, institutional adaptation and interest-group reconfiguration helped to keep market-reorientation politically feasible during the first generation of reforms, though at great cost to the institutional inheritance of Indian politics.⁸ Serious doubts have been expressed as to whether more complex reform challenges might be handicapped by this politics of de-institutionalization. In managing the first generation of reforms, political leaders sought 'the relegation of reforms to a secondary political status',⁹ and did not seek to promote, at the levels of rhetoric and conviction, the democratic possibilities of various market principles – for instance, the market's ability to threaten status hierarchies. Not surprisingly, then, the neo-liberal market as a political idea failed to acquire legitimacy within the ideological environment of 1990s India.¹⁰ 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'.¹¹ They had not found an idiom through which to 'normalize', through political discourse, market-orientated policies.

The lack of legitimacy of the neo-liberal (global) market in India appears in two dimensions: general political attitudes about the market and the specific configuration of ideological forces arrayed against it. The study of India is striking for the sheer range of physical and conceptual locations in which ideas about markets crop up. Burton Stein noted the market-like qualities of financial contributions to South Indian temples.¹² Robert Wade has revealed the workings of a 'market for public office' in India that regulates appointments to government jobs.¹³ Given these associations, it is not surprising that suspicion of the market has been

⁸ Jenkins, *Democratic Politics*, ch. 7; J. Sachs, A. Varshney and N. Bajpai, eds, *India in the Era of Economic Reforms* (New Delhi, 1999).

⁹ A. Varshney, 'Mass Politics or Elite Politics? India's Economic Reforms in Comparative Perspective', *Policy Reform* 2 (1998), pp. 301–35.

¹⁰ 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 it fosters de-politicization.

¹¹ Jenkins, *Democratic Politics*, ch. 6.

¹² B. Stein, 'The Economic Function of a Medieval South Indian Temple', and 'The State, the Temple and Agricultural Development: A Study in Medieval South India', in *All the Kings' Mana: Papers on Medieval South Indian History* (Madras, 1984).

¹³ R. Wade, 'The Market for Public Office: Why the Indian State Is Not Better at Development', *World Development* 13/4 (1985), pp. 467–97.

widespread. The 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*.¹⁴

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. America's government and firms – as well as US-dominated international organizations (like the World Bank and IMF) – are common embodiments of the market in this discourse. Ironically, the one thing that binds together the three other tendencies in Indian politics (represented by the politics of Mandal, Mandir, and Movement, to be discussed later) is that *none* of them is driven by a belief that 'no one is in charge' of the market. The idea of the self-regulating market has found India difficult soil to penetrate.

Kaushik Basu 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'.¹⁵ Several underwear advertisements from 1984 – all from the Delhi edition of the *Indian Express*, an English-language daily – struck him as especially revealing. Taken together they document a price war among retailers. But they also 'represent a common effort by firms to counter the widespread Indian mistrust of business'. The first advertisement contained, alongside the thirty-three-rupees-per-item pitch, a statement of the proprietor's personal business credo: his last mortal act would be to 'pray to god to send me again to the great land of India, so that I can give more hosiery service to my countrymen'. Rather than simply identifying the business-owner's generic commitment to the consumer's welfare, Basu argues, the advertisement 'appeals to morals

¹⁴ G. Das, 'Why Indians Hate Capitalism', *Times of India* (17 March 1993).

¹⁵ K. Basu, 'India and the Global Economy: Role of Culture, Norms and Beliefs', *Economic and Political Weekly* (Mumbai, 6 October 2001). See also his *Prelude to Political Economy: A Study of the Social and Political Foundations of Economics* (Oxford, 2000).

beyond the marketplace . . . it appeals to the seller's patriotism'. The second advertisement (placed by a competing shop) contained another personal mission statement – the proprietor this time promising 'to sell hosiery item worth up to Rs 200 for only Rs 25 because I am the son of that respectable mother who did not desire bungalows from me, but desired the service of my nation'. This kind of nationalist bravado can be found in many 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 strategem but an act of honour'.

While there may be no definitive evidence of the existence of the phenomenon Basu emphasizes – the excessive taint associated with commercial activity, and the corresponding tendency to clothe ambition in the language of national service – many people *believe* that this belief exists. There is, in other words, a strong intellectual and popular tradition in India, as there is in many other formerly colonized countries, associating 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 era of colonial rule – and the extent to which a commercial society was introduced by force, at much expense to the lives and livelihoods of local people – has given the market a tarnished image throughout Asia, Africa and Latin America.

The habit of associating the market with foreign domination, though widespread as a political phenomenon, has varied from country to country. At least three factors account for the intensity of this syndrome in India. First, as Basu points out, India's first interaction was with the East India Company rather than with the crown. This promoted a 'fear of multinationals and a mistrust of business and trade [that] would get etched in the collective memory of India'. The country, as a result, 'would design its economic policy in the shadow of this memory'. Second, Indian politics could draw on the popular belief that Hindu tradition – the weight of *dharma*, or sacred law and duty – required not only regulation of commercial activity, but also an active sequestering of the market itself, lest the taint of commerce infect less-soiled realms of society, or worse, disrupt the divinely sanctioned division of labour through which the trading, ruling, priestly and labouring limbs of the body politic were each quarantined in their own respective *varna* categories. Third, Indian resistance to foreign rule – and especially commercial domination – had given birth to its own idiom, that of *swadeshi*, an idea that has been the subject of constant reinvention throughout the twentieth century, and beyond. Ostensibly an idea about the relationship between community and outsider, the idea has, in practice, been central to virtually all debates about economic behaviour, and hence markets, in India.

The market's moral standing is just one facet of its complex character, however. At least as important is the array of ideological forces – expressed in each case by substantial political organizations – that are arrayed against it. In theoretical discussions, the market is normally situated dichotomously, opposite the state, or else situated at one point of a triangle, with the state and civil society perched upon the other two. It is these kinds of relationships that have guided the institutional analyses highlighted above. But it is also possible to locate the market ideologically, within a quartet of forces seeking to mould the shape of Indian politics during the 1990s: Market, Mandir, Mandal, and Movement.¹⁶

Mandir (temple) refers collectively to the politically organized manifestations of Hindu nationalism. The movement, which dates itself to the first quarter of the twentieth century – making it co-terminous with much Eastern and Southern European nationalism – 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 co-existed, even (as Jaffrelot has pointed out) oscillating according to a strategic logic.¹⁷ This oscillation can be found on economic issues as well.

The BJP 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 the Ram temple (the origin of the Mandir

¹⁶ Numerous articles in the Mumbai-based *Economic and Political Weekly* have used variations of the Mandal-Market-Mandir analytical framework, as have Stuart Corbridge and J. Harriis in *Reinventing India: Liberalization, Hindu Nationalism and Popular Democracy* (Cambridge, 2000). The way in which the terms are employed in this paper builds on ideas found in an earlier paper, which added the fourth category (the increasingly important sphere of Movement politics). See R. Jenkins, 'La Réforme économique libérale et les diverses conceptions de la démocratie en Inde', in S. Mappa, ed., *Le Lien social du Nord au Sud* (Paris, 1999), pp. 328–54.

¹⁷ C. Jaffrelot, *The Hindu Nationalist Movement and Indian Politics, 1925 to the 1990s* (London, 1996).

label) in the northern state of Uttar Pradesh drove the BJP's electoral rise in the late 1980s and early 1990s. By 1998 the party was no longer politically untouchable, and it headed a diverse coalition government, with good representation among regional parties. Fresh elections in 1999 only strengthened the BJP's 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 (after a ten-year delay) the recommendations on affirmative action in government service set forth in the report of the Mandal Commission (which is named after its chairman, Mr B. P. Mandal). This shifted the fault line of Indian politics from rural/urban 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/occupational groups officially designated as having been historically discriminated-against, and therefore eligible for quotas in public employment and state scholarships.

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 Rudolphs' 'demand groups'¹⁸ (like students). 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)

¹⁸ This term was coined in L. I. Rudolph and S. H. Rudolph, *In Pursuit of Lakshmi: The Political Economy of the Indian State* (Chicago, 1987).

politics, which shifted the burden of progressive opposition to these newly emergent 'non-party political formations'.¹⁹

These four ideological traditions (if we include the market) have overlapping constituencies. One key point of differentiation among them concerns how best to establish lasting social cohesion, the basis for economic activity. The Market itself seeks to do this through voluntary exchange relationships centred on individual enterprise and risk-taking behaviour; it thus considers itself non-exclusivist, and is relatively open to the world beyond India. The politics of Mandir, which has many different strands, represents a move towards a form of majoritarianism that, to the extent it highlights Muslims as 'enemies within' (that is, by definition, originating without), is both exclusivist and isolationist. Hindu nationalists have thus developed a policy favouring 'internal economic liberalization' but not 'globalization'. 'Mandalization', on the other hand, refers to a process whereby certain, previously marginalized, groups not only play the game of party politics (that is, they legitimize the organized political sphere of procedural democracy), but (significantly) do so as representatives of independent parties, not as factions of larger 'broad-based', upper-caste-dominated parties. Cohesion, in this vision, is to be structured around the social realities of caste and community, and effected through adherence to *non-market* principles of affirmative action. Finally, Movement politics considers inequality and the lack of meaningful participation in democratic life the main sources of social fragmentation. The strategies for rectifying these flaws are as numerous as the movements that make up this category, but one point of common ground is the Gandhian belief in the unifying capacity of ongoing struggle.

Of course, the ideological environment could be represented in numerous alternative ways. Situating the market amidst these three other traditions has the virtue of helping to show 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 mobilizing ideas in modern Indian political discourse: *swadeshi*.

Contested conceptions of *swadeshi*

The 'coming together' of Mandal, Mandir and Movement around the idea of *swadeshi* has usually taken place more figuratively than in concrete

¹⁹ For an excellent definition and analysis of this phenomenon – which he calls Movement Groups – see D. L. Sheth, 'Globalizing Democracy versus Deepening of Democracy: The Post-Cold War Discourse', paper for the Lokayan Seminar on 'Globalization and South Asia', Centre for the Study of Developing Societies, Delhi, October 2001.

form. *Swadeshi* ('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.²⁰ Forever linked with the boycott of goods, and the use of this tactic against British imports and Western-style products during the 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*), which can be realized at the level of individual consciousness, the village community or the national polity. *Swadeshi*, at heart, describes a variety of political assertion that insists upon the value of the local or indigenous 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 through foreign means involving advanced mechanization. Interestingly, the movement was sparked off by a political act (Lord Curzon's partitioning of Bengal), rather than any change in economic policy.²¹ This is a pattern that continues today: the contemporary *swadeshi* upsurge 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. Differences, of course, remain. In the early twentieth century the Bengali Nobel Laureate Rabindranath Tagore became the poet of *swadeshi*, while also publishing essays on practical matters such as an indigenous form of governance for India ('*Swadeshi Samaj*'). No such figure exists today, and the artistic and literary dimension to *swadeshi* is missing from its avatar in contemporary Indian politics.

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 (SJM), 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) and the Karnataka Rajya Raita Sangha (a farmers' organization) – groups more

²⁰ These are illuminatingly analysed in S. Sarkar, *The Swadeshi Movement in Bengal* (New Delhi, 1973).

²¹ C. A. Bayly, *Origins of Nationality in South Asia: Patriotism and Ethical Government in the Making of Modern India* (Delhi, 1998), p. 198.

closely associated with Movement politics and leftist intellectuals than with the Mandir constituency embodied by the SJM. We shall return to the Mandir category in the discussion of the BJP's government/party conflict over *swadeshi* and its approach to market integration.²²

The category of *Movement* politics is, in places, highly influenced by the idea of *swadeshi*. It should be, since this is the natural home of contemporary 'Gandhians', who come in a bewildering number of varieties that outsiders seek to classify at their own peril. Nevertheless, Gandhi and *swadeshi* are inextricably linked: his 'second' *swadeshi* movement (the Bengal movement of 1903–8 being the first) was part of the process by which he turned the elite-oriented Indian National Congress of the early twentieth century into the mass-based organization it became by the 1930s and 1940s. Particularly after Gandhi's 'ascension to the leadership of Congress in 1920, [*swadeshi*] became a vehicle for mobilising India's vast rural populace'.²³ The Gandhian ideal of homespun cloth was a potent symbol of the need for people to participate actively (and constructively) in public life. Through spinning Gandhi could enact *swadeshi*'s moral message of self-reliance. The spinning wheel became part of the Congress flag, and later the flag of the new Republic. The loose poetic licence Gandhi took with the original idea of *swadeshi* was typical of his political style. Bhikhu Parekh reminds us that it was Gandhi's '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'.²⁴ This tradition continues today in Indian politics.

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*. Gandhi 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

²² Some SJM leaders claim closer support from left-leaning issue-oriented movement activists like Gene Campaign and the Narmada Bachao Andolan, *Sunday* (7–13 June 1998), p. 23. Certainly the position statements of *swadeshi*'s left and right wings sound similar themes on flagship global market issues like the WTO. See 'RSS Meet Cautions Centre about WTO Provisions', *The Hindu* (14 March 1999).

²³ S. R. B. Leadbeater, *The Politics of Textiles: The Indian Cotton Mill Industry and the Legacy of Swadeshi* (New Delhi, 1993), p. 16.

²⁴ B. Parekh, *Colonialism, Tradition and Reform: An Analysis of Gandhi's Political Discourse* (New Delhi, 1989), p. 130.

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 ousting of the foreign. It was as rewarding and life-giving as the swadeshi.'²⁵ This implies, among other things, that *swadeshi* was not solely, or even primarily, about opposition to alien rule. It was about 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*,²⁶ were the primary purpose, the 'ousting of the foreign' merely an added bonus.

Gandhi did at certain points call for the lifting of government controls on market activities (especially during food crises). The irony is that when political groups began to rediscover this facet of Gandhi's thought in the 1980s and 1990s, it was used to promote precisely the opposite values to those espoused by Gandhi. Gandhi, Jain argues, '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 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.'²⁷ The more conventional view, of course, is that Gandhi contributed to the marginalization of the market principle in Indian policy making. This was grounded in clear analysis: '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.'²⁸

Either way, Gandhi's *swadeshi* orientation furnished the votaries of Mandir politics with a point of entry into secular constituencies. The RSS has used *swadeshi* as a critical means of appropriating Gandhi, as if to neutralize the association of the RSS with Gandhi's assassin. This strategy has not gone unanswered. Disgust with the BJP's 'rank opportunism' – making political mileage out of indirect association with the Mahatma – reached a peak in late 1997 in reaction to the RSS's scheduling of its 'Mass Contact Programme on Swadeshi' to coincide with Gandhi-related festivities for the fiftieth anniversary of India's independence. Stung by

²⁵ L. C. Jain, 'Gandhi and the Market', *Lokayan Bulletin* 12/3 (1995), p. 6.

²⁶ Pinto, for instance, says that '[o]ne of the contemporary ways by which Gandhi's vision of swadeshi takes effect is through self-reliance'. V. Pinto, *Gandhi's Vision and Values: The Moral Quest for Change in Indian Agriculture* (New Delhi, 1998), p. 111.

²⁷ Jain, 'Gandhi and the Market', p. 10.

²⁸ Leadbeater, *The Politics of Textiles*, p. 16.

this criticism, a BJP general secretary retorted angrily that 'Mahatma Gandhi is not the monopoly of the Congress party'. This referred to the Congress Party president's remark that the forces of Mandir were attempting to 'hijack' Gandhi. Noorani argues that 'the issue is not one of anyone "monopolizing" a national hero but of a [Hindu nationalist] political movement opposing him ferociously while he lived, rejecting his ideology for decades and suddenly hailing him... all the while continuing to espouse a credo fundamentally antithetical to his'.²⁹

This is a widely held view among Movement Gandhians and others inspired by some aspect of Gandhi's life. Ashok Chousalkar argues that the RSS's adoption of the Mahatma took place much earlier, during the agitations against Indira Gandhi's declaration of a state of internal Emergency in the mid-1970s. The precursor party to the BJP, the Jan Sangh, ended up sharing power with centre-left parties in the Janata Party-led coalition government in the late 1970s. When the Jan Sangh was reincarnated in 1980 as the BJP, with the moderate A. B. 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.'³⁰

But arguably the appropriation of Gandhi by the forces of Mandir politics took place a long time earlier. During the 1950s, modified versions of *swadeshi* thought were emerging through the 'Integral Humanism' of Deendayal Upadhyaya, a former president of the Jan Sangh.³¹ Upadhyaya's philosophy is a Hindu chauvinist form of Gandhian socialism. Upadhyaya's thought is, remarkably, still being elaborated by contemporary Hindutva ideologues, the attempt to increase proximity to Gandhi never far from the surface.

The forces of *Mandal* politics reflect greater ambivalence about *swadeshi*. On the one hand there is a natural affinity: *swadeshi* has often been promoted as a way of resisting the attempt of foreign business interests to immiserate the rural poor – overwhelmingly from the lower castes – who are routinely portrayed as embodying all that is authentic about traditional village life. Programmatically, moreover, *Mandal* is in conflict with the market: affirmative action relies on a large state to distribute jobs to lower-caste people, whereas advocates of the market press for a more streamlined state, staffed by fewer (better-trained)

²⁹ A. G. Noorani, *The RSS and the BJP: A Division of Labour*, 2nd edn (Delhi, 2001), p. 49.

³⁰ A. Chousalkar, 'BJP and the Ethnic Constitution of the Nation', *Economic and Political Weekly* (Bombay, 12 February 2000), p. 535.

³¹ Some of these ideas also emerged in an interview with M. C. Sharma, the BJP's chief whip in the upper chamber of the Indian parliament and an economic theorist with the Swadeshi Jagran Manch who has published a book on the *Economic Philosophy of Deendayal Upadhyaya*, New Delhi, 5 March 2002.

employees. Thus is Mandal nudged further into *swadeshi's* anti-market embrace.

On the other hand, there is a palpable sense of mistrust of the idea at a fundamental level in some quarters of the Mandal constituency. That the attempted appropriation of Gandhi by the forces of Mandir has taken place through the medium of *swadeshi* is part of this aversion. But things Gandhian have always been suspect among the practitioners and supporters of Mandal politics. The strong condemnation of Gandhi's views on untouchability, voiced by the Dalit leader and fellow freedom fighter D. R. Ambedkar, both before and after independence, had long ago depressed Gandhi's stock in the Mandal camp. Thus, given the inescapable Gandhi-*swadeshi* connection, *swadeshi* has been less in evidence in the programmes of caste-based parties than one might otherwise have expected. An informal discussion on *swadeshi* among a contemporary group of social activists, as reported by Bakshi, reveals the continued mistrust: 'Swadeshi was not an unquestioned gospel for all the participants. The Dalit 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.'³²

Mandal politics has also shied away from *swadeshi* because of the less heroic uses to which the notion was put in earlier nationalist campaigns. Guha examines '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, popular support for the boycotts of foreign goods was not always as unanimous as subsequent generations have been led to believe. Many of the boycotts were certainly less voluntary than their organizers suggested publicly. Guha reproduces extracts from colonial reports stating that 'there was massive indulgence in physical coercion' of people who refused to support the boycott, or threatened to do so.

More importantly, from the perspective of Mandal politics, 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'.³³ The denial of ritual services – the cleansing of pollution – to those who refuse to abide by the boycott

³² R. Bakshi, *Bapu Kuti: Journeys in Rediscovery of Gandhi* (New Delhi, 1998), p. 310.

³³ R. Guha, *Dominance without Hegemony: History and Power in Colonial India* (New Delhi, 1998), p. 110.

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.³⁴

Guha argued not only 'that mobilization for the Swadeshi Movement relied on caste sanction to no mean extent',³⁵ but also that by using the idiom of caste to enforce the voluntary boycotts, the *swadeshi* campaign became 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 result – not likely to appeal to the forces of Mandal – was 'a political ethos soaked so thoroughly in Hinduism' that it made 'the discrimination between purity and pollution', the barriers between dominant and oppressed castes, 'a defining principle of nationalist conduct'.³⁶

Governance, Mandir politics and the redefinition of *swadeshi*

Swadeshi, then, engages with virtually all of the key ideas associated with the market – competition, exchange, inequity, impersonality, economies of scale and scope. It is also suffused through all three of the ideological traditions highlighted above as competing for influence with the market in the arena of contemporary Indian politics. Thus the nature and extent of the legitimacy a market-orientation attains in policy making – how it becomes ideologically embedded – will depend in part on the battle between competing conceptions of *swadeshi*. The most prominent site for that battle is between the government and organizational wings of Mandir politics.

During the mid-to-late 1990s, the BJP's highlighting of *swadeshi* raised great expectations among SJM activists, who at the time had misapprehended the ruling party's intentions: the BJP government had employed *swadeshi* as, above all, a way of burnishing its Gandhian credentials. Once the BJP-led government came to power, and showed its true pragmatic orientation, the *swadeshi* activists in Mandir politics were to be bitterly disappointed. Because of the organizational strength of these critics from within the Hindu nationalist fold, who could draw on the resources of the RSS network, the BJP has been forced to address *swadeshi* critics of the market. This, as we shall see, has led the BJP to seek a redefinition of the Mandir conception of *swadeshi*.

³⁴ *Ibid.*, p. 117. ³⁵ *Ibid.*, p. 111. ³⁶ *Ibid.*, p. 119.

Swadeshi-oriented critics of the market focus on what they see as its two basic negative attributes: first, its tendency to compromise sovereignty (because of the market's ability to act as a channel of 'foreign economic dominance'); and second, its documented tendency to erode the foundations of the social order (by promoting various forms of mobility). Part of the BJP-led coalition government's response to this two-pronged attack has been to adopt its own idiosyncratic 'national interest' version of *swadeshi*, through which the government permits itself to engage with external economic actors, and even to bind India's economy to international markets, in those instances when it deems such actions necessary for the strengthening of the nation. This form of *swadeshi* may help to neutralize charges that continued movement in the direction of market-led policy is contributing to further economic subjugation from abroad, but it does nothing to counter the second kind of charge – that markets lead to social breakdown. And it is this that is becoming the rallying cry among an influential element within the *Swadeshi Jagran Manch*.

As Baldev Raj Nayar has argued, the version of *swadeshi* that has been put forward by the pragmatists within the political leadership of the Hindu right is closely aligned with the idea of 'national interest'. Nayar argues that the Jan Sangh's nationalism has always contained a pragmatic streak. The party's first election manifesto, in 1951, advocated the 'revival of Bharatiya culture and revitalization of true Bharatiya nationalism on its basis, with such adjustments as may be necessary to make our country truly modern, progressive and strong'. This is the larger doctrinal framework within which the 'national interest' school of *swadeshi* rose to prominence.³⁷

This broader framework was applied in the chapter of the BJP's 1998 manifesto entitled 'Our Swadeshi Approach: Making India and Global Economic Power'. As the manifesto put it: 'India, too, must follow its own national agenda . . . [and] the broad agenda of the BJP will be guided by Swadeshi or economic nationalism . . . Swadeshi simply means "India First". This is the governing principle of all nations.' Nayar makes the important observation that *swadeshi* 'is not to be understood simply in the narrow sense of protectionism', clarifying this point by quoting from the 1998 manifesto: 'By Swadeshi one means that the local resources and talents have the full scope for development in national interest.'³⁸

³⁷ *BJP Election Manifesto 1951*, pp. 10–11, cited in Baldev Raj Nayar, 'The Limits of Economic Nationalism: Economic Policy Reforms Under the BJP-Led Government', paper prepared for the conference on 'India and the Politics of Developing Countries: Essays in Honour of Myron Weiner', 24–6 September 1999, Kellogg Institute of International Studies, University of Notre Dame, Indiana.

³⁸ *BJP Election Manifesto 1998*.

This view was elaborated by the BJP's Yashwant Sinha (who has been both finance and external affairs minister).³⁹ Sinha echoed the idea of *swadeshi* as a way of pursuing national interest in an almost market-like setting: 'Swadeshi actually means competition, going out to the world and winning.'⁴⁰ Sinha is seeking to connect the idea of *swadeshi* with an understanding of the multidimensionality of national power, stating: 'I understand swadeshi basically as a concept which will make India great.' Through this means he makes the link between *swadeshi* and economic power by drawing on the role of military power as a signifier of national greatness:

Nuclear tests [undertaken by the BJP government soon after taking office in early 1998] were Swadeshi, because they made India powerful. Now India must be a powerful economic nation to match its military might, and the only way you can become an economic power is by being able to test your strengths against others. Which means going out into the world and competing – or letting the world come in and compete.

The government's flash of *nuclear swadeshi*, according to one reading of Sinha, means that it need not be defensive about its abandonment of *economic swadeshi*. Sinha argued that it was nonsense to think that '[a]fter the nuclear tests . . . we will go the East India Co. way, or that transnationals will come in and take over, or that they will exercise undue influence'. The association of *swadeshi* with the struggle against foreign domination, or with the need to promote security through inward-looking policies, 'are all concepts which are not valid any more. And therefore, swadeshi, globalizer, and liberalizer are not contradictions in terms. I personally think that globalization is the best way of being Swadeshi.'⁴¹

One news analysis argued that 'Mr Sinha's remarks must be galling for the swadeshi lobby as he was seen as their nominee for the finance minister's post.' Others were irked as well. Elaborating on the earlier charge that the BJP had 'stolen the word from the Congress', one Congress MP claimed that it had done so clumsily. Sinha was incapable, he wrote, of composing a '500-word essay on swadeshi'.⁴²

But the nuclear tests had shaken not just the confidence of America's CIA analysts, who reportedly learned of the detonations from CNN, but also some of the key alignments in domestic politics as well. This worked to Sinha's advantage. The outside world has difficulty grasping

³⁹ *Business Today* (22 January 1998), pp. 98–101.

⁴⁰ 'Swadeshi is competition, not return to dark ages: Sinha', *Economic Times* (11 September 1998).

⁴¹ *Business Today* (22 January 1998), pp. 98–101.

⁴² M. S. Aiyar, 'Saffron Swadeshi: Does the BJP's Economics Derive from Gandhi or Golwalkar?', *India Today* (20 April 1998), p. 29.

how important the nuclear tests were in strengthening the BJP's rhetoric of national interest *swadeshi*, neutralizing other forms in the process. As one editorial put, 'one of the first casualties' of the nuclear tests 'has been *swadeshi*'.⁴³

The realpolitik vision of national interest *swadeshi*, however, also served to undermine *swadeshi*'s moral appeal. National interest *swadeshi* becomes a classic reaffirmation of the position taken by the realist school of international relations, which emphasizes a belief in the essential amorality of the inter-state system, where might makes right. The amorality stems from the fact that there is no universally legitimate and effective higher enforcement authority above the state to regulate conflict and that, as a result, every state must provide for its own security. And yet this bleak message is emerging at a time – the early twenty-first century – when the moral dimension of *swadeshi* is more evident than at any time since Gandhi's death. According to one statement of BJP policy: 'It is . . . necessary to revive the spirit of *Swadeshi*. This will save us from reckless imitation, from unnecessary and excessive dependence on foreign capital and create in us a tendency of restraint and avoidance of conspicuous consumption.'⁴⁴ Another example of concern with the moral fabric of the nation can be found in attempts to reconsider what 'the founding fathers of the Indian Renaissance and the leaders of the anti-colonial resistance' thought of *swadeshi*. New theoretical interpretations contend that the great nationalist leaders were 'opposed not to *Videshi* (that is, [things/ideas] originating in foreign countries) but to *Aupaniveshi* (that is, [anything] having its source in *Aupaniveshik Manasikta* or colonial mentality)'.⁴⁵

Given this fluid political and ideational landscape it is not surprising that, ideologically speaking (or at least at the level of party manifestos), the Congress and BJP views on *swadeshi* and the market began to bleed into one another a bit around the time of the 1999 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.⁴⁶

⁴³ *Times of India* (19 May 1998). ⁴⁴ *BJP Election Manifesto* 1998.

⁴⁵ P. C. Joshi, 'Countering *Aupaniveshik Manasikta*: *Swaraj* and *Swadeshi* in Indian Social Science', *Mainstream* (24 May 1997), pp. 13–24.

⁴⁶ *Outlook* (New Delhi, August 1999).

And yet this indicates little more than an indeterminate degree of 'passive parliamentary consensus'. This is different from a shared political programme, the absence of which is likely to prevent the emergence of any substantive joint activity or outcome. Still, it is a step in *some* direction – forward or back we do not yet know, but tending to bring to the fore divisions between the BJP and the RSS.

Conclusion

The Indian experience of introducing market reforms demonstrates the importance of analysing the ideological field left uncaptured in interest-based institutional analysis. In India, a market-orientation in policy making has been confronted by various forms of *swadeshi*, a notion invoked by actors from across the political spectrum. Further research will be required to determine the factors most influencing whether conflicts among these visions remain contained mainly within the ruling party's organizational structures – that is, between the RSS's 'hardline activists' and the 'party pragmatists' in the BJP-led government – or whether they spread further into other domains, pitting the pragmatists against a combination of SJM functionaries and organizations representing the politics of Mandal and Movement. Some of the answer, however, may lie in the relationship between *swadeshi* and (1) the nature of institutional analysis, and (2) the regionalization of Indian politics. Each is examined briefly below.

First, *swadeshi* has long been used as a vehicle for building institutions and coalitions based on perceptions of overlapping interests. For instance, Gandhi's closeness to several industrialists is often remarked upon as a source of contemporary industry's willingness to build a coalition around the *swadeshi* idiom. But this tradition goes much further back than Gandhi's period of influence over the Congress. As Dharma Kumar reminds us, Bombay in the first decade of the twentieth century was 'in the midst of a great boom. At the same time, India generally was engulfed by an enthusiastic *swadeshi* agitation to which the Tatas [a large Indian business conglomerate] appealed in their prospectus. The Tatas . . . were an ideal group to take advantage of this fortunate conjuncture of conditions.'⁴⁷

Many of contemporary India's leading industrialists now claim to have overcome their initial aversion to market competition, and to have

⁴⁷ D. Kumar, *The Cambridge Economic History of India – Volume II, c. 1757–c. 1970* (Cambridge, 1982), p. 590.

embraced liberalization. Those of this ilk prefer to save their protectionist special-pleading for private negotiations with government officials. Other business leaders have flirted with *swadeshi* on occasion, emphasizing the need for the government to create a 'level playing field' for indigenous capital in the face of multinational competition. This took its most concrete form in the early 1990s with the rather ad hoc Bombay Club, a group of business leaders who questioned the pace and sequencing of market liberalization, not whether reform was needed at all. This lent further legitimacy to *swadeshi* ideas that had been marginalized due to their association with the (at the time) politically untouchable RSS.

Second, the regionalization of Indian politics has, through a variety of mechanisms, put additional decision-making power in the hands of state governments. States have had to use the very limited resources available to them to compete among themselves (and with destinations outside India) for inward investment. In doing so, they were among the only group of political leaders in India that *did* deploy their rhetorical skills to make the political case for market orientation. Regional level political elites with something like a political vision for markets can be found in a handful of India's states. Chandrababu Naidu in Andhra Pradesh is an unabashed modernizer.⁴⁸ He has, in contrast to his counterparts in the neighbouring state of Tamil Nadu, publicly associated himself with the reformist agenda, subsuming it within a larger vision of a more responsive form of government. Why conditions in Andhra Pradesh should have made him so inclined is a matter of some controversy.⁴⁹

At least some others are found elsewhere, most notably in Karnataka, where chief minister S. M. Krishna has earned praise. But even mafia-tainted Sharad Pawar, chief minister of Maharashtra during the late 1980s and early 1990s, was able to ground market reforms in something approaching a legitimating ideology, one that considered politics a fair transaction, in which the voter could expect service or go elsewhere (which helps to explain why Pawar was ousted in 1995). The Communist Party of India-Marxist (CPI-M) during Jyoti Basu's reign as chief minister (1977–2000) is another example of political regionalism helping the market to embed itself ideologically. This had much to do with Basu's skill at portraying *parts* of liberalization as a liberation for West Bengal from 'central planning' – not because the CPI-M was opposed to planning, but because

⁴⁸ C. Naidu (with Sevanthi Ninan), *Plain Speaking* (New Delhi, 2000).

⁴⁹ For a comparison of the political strategies underlying economic reform in these two states, see L. Kennedy, 'Contrasting Responses to Economic Reform in Andhra Pradesh and Tamil Nadu', in Rob Jenkins, ed., *Regional Reflections: Comparing Politics Across India's States* (Oxford University Press, forthcoming).

the 'central' part had deprived the region of what it saw as its fair share of national resources. State-level politicians are key linkage elites with huge potential to draw on regional political idioms to legitimate 'market-orientation'.⁵⁰ Their actions and rhetoric will be a huge influence on the ability of the market to become ideologically embedded in India.

⁵⁰ P. R. Brass, *The New Cambridge History of India, IV-1: The Politics of India Since Independence*, 2nd edn (Cambridge, 1994).