

# Globalisation and the National Market<sup>1</sup>

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The Indian market is vast, and recently even the Prime Minister of India attempted to sell it to the west. This raises worrying questions, since the corrosion of the national market will rob the forces opposed to globalisation of their very basis. This paper, based on a popular lecture delivered to bank employees, traces out why the Indian state needs to globalise, while Indian society must not. It examines the nature and threat of globalisation to the national market, and the instruments available to the Indian society to resist it.

## ***The Negative Fallout of Globalisation***

Globalisation refers mainly to the growing internationalisation of the national economy: growing international trade, increasing entry of foreign products and technology into the Indian economy and the growing presence of global capital.

Globalisation may stimulate economic growth in the short run, but will have several negative long run effects.

1. Labour will be less secure than ever before: for two reasons. First, a loosening up of labour laws is likely to be demanded by foreign capital, as in Italy. Secondly, foreign capital is very much larger and mobile than national capital. Indian capital, when tired of labour unrest, moved from Calcutta to other parts of the country, but global capital can move out of the country itself. This increases its leverage in matters of labour laws and conditions.
2. National capital will be severely affected by global competition, and may opt for collaboration or work as subsidiaries.
3. The threats of agricultural imports, IPR etc. are also a threat to farmers.
4. However the biggest threat of globalisation is the destruction of the national market in India.

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### ***The National Market***

The roots of Indian nationalism lie in the national market.

“Be Indian, buy Indian”, said Gokhale and then Gandhiji. They called it 'swadeshi'.

From this slogan developed the national market on one hand, and the national movement on the other. It is this national market that gives strength and bargaining power to the monopolist, the small capitalist, the worker and the peasant. Once the national market is undermined, all classes will lose their independent strength and bargaining power.

The fight against globalisation will therefore be won or lost on the strength or weakness of the national market. Here lies the mother lode. Hic Rhodus, hic salta! as Marx would have said: 'here is the rose, here dance!'.

### ***Discordance between State and Society***

The reaction to globalisation is bound to be discordant. The state is unlikely to resist it, while the society must.

Experience shows that Indian state's opposition to globalisation is bound to be paralysed by strategic economic and security considerations. If India is to survive as a nation, its growth rate has to be much higher than in the past. Only if the growth rate touches double figures, is it possible to see visible improvements in the standards of life within a generation. This is not only a matter of poverty alleviation. China is now growing above 10% p.a. with the help of foreign capital, and hopes to be on the world economic map within 20 years. Considering the traditional alignment of China vis-à-vis India's neighbours and separatist movements in India, we cannot afford to be far behind it.

More important than economic growth, is the influx of foreign technology and its absorption in strategic sectors. Modern warfare is increasingly hi-tech, and indigenous know-how and global military partnerships will have to go hand in hand, to face the treats of the future. We have no Al Quaida prisoners to exchange for a military umbrella, and our traditional military ally: Russia, although still the most reliable, is no longer the leading super-power that it used to be.

Hence, the state cannot effectively oppose globalisation. The Indian state cannot unilaterally stand out of the global economic process, while its immediate neighbours join in and grow. Sooner or later this will tell on our survival as a nation. So the state may bargain for some change here or some change there, but whatever the government, all will have to sign on WTO or other international agreements.

This means that social action to resist globalisation must necessarily be independent of the political will and governmental decisions. Society has to move in a direction

opposite to the state, moving to protect itself by extra-governmental actions. Such a social movement can take the form of class actions, and a national social-cultural mobilisation.

### ***Class Actions against Globalisation***

Class actions will primarily protect of the special interests of different classes against the onset of globalisation. Workers may protect labour laws and the gains of decades of trade union struggles. Capitalists may bargain for a better positioning in the global market, or/and seek to collaborate and share in the gains of a globalising economy. Farmers may fight the dangers from the WTO and IPR successfully. But however successful, the class actions are likely to be sharpest on the particular interest of the concerned class. The general interest of the national market is unlikely to elicit the same intensity of response of the national classes, as their own particular interests.

One reason for the dilution of class reaction to the threat to the national market from globalisation comes from the ambiguity of their own position with regard to foreign products.

- Capitalists and the managerial class have stakes in the national market as sellers, but are interested in foreign products as consumers. And given the opportunity, most would not be averse to share in the business and prosperity of global capital.
- Workers' stakes in the national market are only indirect, since they are not themselves, sellers of products. And, although to a lesser extent, workers too are touched by the mania for foreign products. The author has seen even casual daily labour buying Pepsi Cola to beat the heat! Much of the time, their budget, rather than their tastes, precludes the workers from favouring foreign products over *Deshi* ones.
- Farmers' interests are confined to agricultural products, and beyond that they are susceptible to all things *videshi*: according to their degree of prosperity.

For these reasons, it may be concluded that class actions, irrespective of the slogans they operate under, may not protect the national market in the final analysis. Nationalist slogans may only indicate a vague awareness of the national interest in the best of cases, and in the worst, may only serve to advance the specific interests of the classes.

How then can the national market be protected? There seems to be no alternative to a national socio-cultural mobilisation based on market demystification.

### ***National Socio-cultural Mobilisation***

The protectionist importance of socio-cultural mobilisation becomes evident from the way American products sell. American products are costly and frequently lack the

quality edge. And yet they sell as a part of a way of life. When a Hyderabadi buys an American pizza for Rs. 150/- rather than a desi pizza at Rs. 30/-, he is not buying a Pizza, he is buying a way of life. American products sell only because the American way of life sells. They sell as a part of a life-style. And this life-style sells mostly because it is a sign of social status and achievement.

Hence, one step in the defence of the national market is to rob this life style of its social status. It is in this context that the so-called 'obscurantist' protests against the Valentine's day and the like, have to be seen. Whatever their roots, these protests have the support of sections of the national capitalist class, for the same reasons for which the working people are worried opposition to globalisation of the national market.

In the struggle against global capital, 'communalists' and communists are two sides of the same national coin! The cultural mobilisation against the American way of life may be recast in a modernistic mould, if one prefers. And a modernised form is more likely to penetrate the new managerial class, which is now becoming the torch-bearer of the American way of life. But the struggle to conserve cultural barriers to the national market is a common struggle of all national classes.

But why touch culture, which bursts at the seams with the stresses of history and strife? Let us recall the astonishing growth of the Japanese till the 80s. This was partly based on an insular national market which favoured only things Japanese. In the process, they ran up a huge trade surplus which they had to invest in buying up Hollywood, among other things. The same is true of France and Germany, whose cultural insularity protects them somewhat from the competition of the 'wild west'.

Culture is easier to invoke than reason. That is another reason why traditional classes fall back on culture to protect their interest. The working people are also comfortable with reason. And so, this socio-cultural mobilisation must be supported by the powers of Reason: through a demystification of the market.

### ***Demystifying the market:***

It is the mystique of the market that it converts the relation between people into a relation between things. When you make a thing, you are serving its purchases. And when you buy a thing, you are supporting the families of its producers. When I buy a HMT watch, I am giving jobs to its makers in Hyderabad. When I buy a Swiss watch, I am giving livelihood to its makers in Switzerland. It is not the government that gives jobs. It is the consumer.

In the market place, this social interdependence is forgotten, and all that one sees is commodities being bought and sold. The labour theory of value demystifies the simple acts of purchase and sale of commodities, and tells us that when we eat, we put food on other tables. It is for the consumer to decide whether this other table should be Indian or

Foreign.

The labour value of commodities estimate their labour content, and tells the consumer how many hours of employment would be generated by their purchase of a certain product. Prima facie, one coca cola is likely to employ fewer Indians than three glasses of sugarcane or tea. This is Reason's argument for a national market.

Thus, an analysis of the value sources of commodities, and estimates of their labour values can educate consumers about the employment implications of their purchase. They can use this information along with considerations of quality and other factors while making their purchases. If this information supplements a cultural movement to conserve the national market, it is more likely to be effective in influencing consumer decisions than otherwise.

### ***Alternative to Protecting the National Market***

The above reasoning may sound uncomfortably Swadeshi.

One can alternatively take an internationalist stance, and prefer to take a change with the Global market. In an unilinear view of history, where one moves from the lower to the higher, and the national to the international, this may seem to be progressive. This would be a gamble.

As a nation we may gain from the gamble. If we lose the gamble however, we may land up like the Argentineans, beating pots and pans to rotare governments in an endless cycle. That is because, globalisation will move the forces that adversely affect the interests of our people beyond the national border, and beyond the reach of their political voice and action.