CHAPTER  2

DEBATE ON NEO-LIBERAL STATE
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2.1 Introduction

Every crisis moment in history, particularly which occurs due to the ruptures in the historical process, invites new theorization. This may be, as has been pointed out by Neera Chandhoke, due to the fact that the object of theoretical investigation is seen to have changed, or that the particular mode of enquiry is flawed in its inner logic of structuration. In such a situation, the conceptual hierarchies need to be restructured or re-oriented. The restructuring or reorienting the existing conceptual hierarchies, or bringing into focus new conceptual categories, is, however, not at all a value-neutral act. It is associated either with the interest of the dominant (hegemonic) classes or that of the subordinate classes asserting their rights. In other words, new theorization either attempts at providing legitimacy to the unfolding interests of the hegemonic classes or it may expose them inviting alteration to the existing system through new set of conceptual categories. So, new theorization is bound to be conflict-ridden as well as competitive.

The late twentieth century witnessed various ups and downs in the historical process creating a ‘crisis moment in history’. This is mainly due to the collapse of the socialist bloc in the East Europe and in the erstwhile USSR without any viable alternative. It has pushed these countries into a crisis situation. However, this explicit crisis was accompanied by many other developments- particularly the new modus operandi of the global capitalism- transforming itself from its characteristic feature of rivalry for hegemony among the advanced national capitalist systems towards acting in unison among themselves. This was also a moment of unprecedented development in science and technology- particularly information and communication systems. The penetration of science and technology created an unprecedented situation in human history. At some instances, it has created a situation where the space for collective mobilization for political change or radical politics has gradually been evacuated. This was also a moment of erosion of faith in the ‘welfare state’. Some time it was due to

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1 Neera Chandhoke (1994) Understanding the Post-Colonial World P 1
the excess committed by the state in the name of collective interest and development and at many instances due to the failure to carry forward the promised goals. As the new millennium was approaching, the conceptual categories, which dominated the postwar economy and politics, were giving way to new conceptual categories. And, in political discourse, one of the most important categories- the state, emerged as a most vulnerable entity.

Reflecting on the reversal of a centuries long process of consolidation of the nation-state system in late twentieth century, Eric J. Hobsbawm said:

"I think we are faced with the reversal of a centuries-long process, the long historical wave which moved towards the construction and gradual strengthening of territorial states or nation-states in the political sense of the term. It is a trend that has dominated the developed world at least since the sixteenth century, up to, I would say, around the 1960s. . It applied to all regimes, irrespective of whether they were liberal, conservative, fascist, or anything else...........It acquired knowledge and power, enlarged its ambitions, and widened its responsibilities and areas of intervention. When this process reached its zenith in the middle of the Short Century, there was very little that the state did not control.

This tendency appears to have come to a halt. I don't know whether it has been reversed, but certainly has lost its momentum since the 1960s."  

This reversal or loss in momentum of the state has evoked a vibrant debate. Although, different schools of thought participated in this debate, however it is the neo-liberal school of thought, which is dominating this new debate or theorization on the paradigmatic shift of the state.

This new theorization of the state, on the other, has taken place both within a specific historical moment as well as within definite ideological configuration. The specific historical moment is the consolidation of capitalist globalization and the ideological

\(^2\) Eric J. Hobsbawm (2000) **The New Century** p 31-32
configuration within which it has generated its legitimacy is neo-liberalism. The ‘thinned down’ state brought about by this moment and configuration is known as the ‘neo-liberal state.’

Although, the current theorization of the state is a product of hegemonic (capitalist) globalization, however, this new theorization derives its legitimacy from a broader context. In other words, the disenchantment with the post- Second World War collectivist state is found not only within the hegemonic (capitalist) forces, but also outside of it and it is grounded on plurality of factors. Accordingly, the alternatives to the ‘all powerful collectivist state’ were also projected differently. However, the hegemonic forces gradually sidelined the plurality of alternative conceptual categories and have imposed their own conceptual categories providing them a sort of ‘consensual status’. This imposed ‘consensual status’ is based on the ideological premises of neo-liberalism.

Before taking up the issue of hegemonic domination over the discourse on alternative to the collectivist state or the state as a public domain and the emergence and consolidation of the ‘neo-liberal state’, let the very foundation of the post-world war collectivist-welafarist state be mapped out along with the wide-ranging dissatisfaction with this collectivist state around the world.

2.2 Collectivist-Welfare State: The Moment of Consolidation

Under historical compulsion, the pervasive pro-capital character of the liberal state had undergone changes and it developed a more pragmatic approach in the post World War period in mid-twentieth century. This pragmatism was not based on any intellectual coherence. And, this pragmatic construction of the state resulted in the impressive economic miracle and social progress around the world. Hobsbawm argues that practical success rather than intellectual coherence or intellectually

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3 The factors behind this compulsion were: the rivalry for hegemony among the leading national capitalist systems which resulted in two devastating world wars and one unprecedented economic depression in 1930s; emergence of the USSR and a few other socialist countries providing a real alternative to liberal-capitalist ideology and system; acceleration of the process of de-colonization etc.
attractive or impressive theory was the key to success in the post war economy and politics⁴.

Both in the developed West and developing East as well as both at the national and international levels, this pragmatic approach brought into existence several institutions pursuing collective objectives. Bargaining power of the working classes and poor people were provided institutional support and safeguards through various institutional measures. The state emerged as a rallying point of resistance against domination and subjugation in the civil society as well as an agency to take forward the cause of the marginalized categories. This does not mean that the class component of the state was totally wiped out. Rather, it was under constant pressure from the forces in the civil society not allowing the state to be totally monopolized by any single class. This was also a moment of intense political activities debating on plurality of models for development and democracy. As the colonial empires eroded, the new and energetic forces from the East played an important role to bring into focus new political imagination whether through Non-alignment in international affairs or through Ujamma in Africa or Swaraj and Non-violence in India for political governance and social reconstruction. As far as the state was concerned, it emerged as a 'public domain' to take forward the people's cause towards materialization or as the rallying point of resistance against oppression and exploitation at different levels. There were many contradictions of these states. As for example, the Indian State as a public domain was made weak and at times defunct by the dominant interests of the 'nascent bourgeoisie' or of the 'feudal lords'. Nevertheless, the state was perceived as a collective entity providing a space for political mobilization to put pressure on it for realizing collective goals.

At the international level, the adoption of a few important Declarations and Covenants by the UNO had far reaching implications in broadening up this 'public domain' of the nation-state systems in most of the countries around the world. The most important among those were:

⁴ Eric J. Hobsbawn (1995) • The Age of Extremes, pp 560-61
(a) *Universal Declaration of Human Rights* adopted and proclaimed by the United Nations General Assembly Resolution 271 A (III) of 10 December 1948, which pledges that "Whereas recognition of the inherent dignity and of equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world...." Besides recognizing several civil and political rights, this declaration, very clearly states a set of social rights to be realized through collective endeavor, and in case of these rights, the state will play a very positive role. For example Article 22 of the Declaration states: "Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each state, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality." Article 25 (1) also states: "Everyone has the right to a standard of living adequate for the health and well being of himself and his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control."

(b) Both the *International Covenant on Economic, Social and Cultural Rights* and *International Covenant on Civil and Political Rights* adopted and opened for signature, ratification and accession by the United Nations General Assembly Resolution 2200 A (XXI) of 16 December 1966 reasserts the basic principles laid down by the Universal Declaration of Human Rights 1948 as well as lay down new set of economic, social, cultural and civil and political rights and also-pin down specific responsibility on the state to ensure the full realization of those rights. Article 2(1) of the Part II in the International Covenant on Civil and Political Rights states: "Each State Party to the present Covenant undertakes to respect and to ensure to all individuals within its territory and subject to its jurisdiction the rights recognized in the present Covenant, without distinction of any kind, such as race, colour, sex, language,
religion, political or other opinion, national or social origin, property, birth or
other status.” Article 2(2) states: “Whereas not already provided for by
existing legislative or other measures, each state party to the present Covenant
undertakes to take the necessary steps, in accordance with its constitutional
processes and with the provisions of the present Covenant, to adopt such
legislative or other measures as may be necessary to give effect to the rights
recognized in the present Covenant.”. International Covenant on Economic,
Social and Cultural Rights also echoes the same responsibilities to be
performed by the state. Article 2(1) of this Covenant also very specifically
states: “Each State Party to the present Covenant undertakes to take steps,
individually and through international assistance and co-operation, especially
economic and technical, to the maximum of its available resources, with a
view to achieving progressively the full realization of the rights recognized in
the present Covenant by all appropriate means, including particularly the
adoption of legislative measures.”

Realization of all these objectives necessitated on the part of the people outside the
domain of the state to constantly put pressure on the state. This invited constant
political mobilization. In other words, mass political mobilization became a point of
necessity for full realization of the rights declared by various International
Declarations and Covenants. In the Independent states, these mass mobilizations
basically put pressure on the state for fulfilling those obligations. In the colonies,
mass political mobilization targeted both the foreign occupants as well as the national
leadership fighting for liberation. As a result, both in the already independent states as
well as in the post-colonial states, set of legislations came up to provide multiple
forms of securities to the masses. However, mere enactment of Acts cannot fulfill
these obligations. It necessitated never-ending pressure from the people or a constant
political mobilization.

On the development front too, various legislations were adopted, policies were
formulated and implemented as well as institutions were built up as a part of this
pragmatic political imagination. Although, in a country like India, the initiative under
the state for education, health care or other crucial measures for human security and human development has never been adequate, but the necessity for these initiatives constituted an important part of this pragmatic political imagination. The common and severe constraints to human development, otherwise neglected by the private entrepreneurs seeking profit, were considered as important responsibility of the state. In Indian context, this was well recognized by the Indian Constitution itself through the incorporation of the Directive Principles of State Policy, which assigned the state to play a positive role in the society. At the international level also, as long as this 'pragmatism' prevailed, various international institutions like ILO or WHO played an important role in convincing the world community to allow the state to play a positive and collective role and even to strengthen people's bargaining power through institutional arrangements being backed by the state.

In other words, converting the state into a public domain and not allowing the state either to be a domain exclusively controlled by its power holders or by particular dominant classes were the basic objectives of the Covenants as well as of the mass movements during this period. Neither the state nor the civil society can be different segregated parts under this formulation. And the disenchantment either with the state or disillusionment with the civil society emerges when both of these two categories fail to locate oneself in the other. This is true both in terms of theoretical formulation as well as in terms of practical policy formulation and implementation.

2.3 Eroding the Legitimacy: Disenchantment with the Collectivist-Welfare State

By 1970s, this collectivist state lost its legitimacy as a result of wide range of disenchantments, either because of its excess in terms of intervention or because of its failure to fulfill the mission that was enshrined in its shoulder. But, the most important reason behind turning this 'collectivist state' upside down has been the consolidation of global capital in new form with new modus operandi. The following section reflects on these wide-ranging disenchantments in a few details.

(1) The most significant disenchantment with the 'collectivist approach', of course, emerged at the very moment of its consolidation from within liberalism. It
emerged on the ground that the collectivist paradigm fouls the basic logic of classical liberalism and thereby violates individual freedom and entrepreneurship. For example, libertarian thinker F. A. Hayek criticized the 'collectivist' welfare state from the moral and philosophical perspective that basically emanate from classical liberalism.

Arguing against the "consciously directed" central planning agenda for particular ends through particular means by the holder of "coercive power", Hayek wrote in the pages of The Road to Serfdom in 1944:

"'Planning' owes its popularity largely to the fact that every body desires, of course, that we should handle our common problems as rationally as possible, and that in doing so we should use as much foresight as we can command. In this sense every body who is not a complete fatalist is a planner, every political act is (or ought to be) an act of planning..........But it is not in this sense that our enthusiasts for a planned society now employ this term.....According to the modern planners, and for this purpose, it is not sufficient to design the most rational permanent framework within which the various activities would be conducted by different persons according to their individual plans......What our planners demand is a central direction of all economic activity according to a single plan, laying down how the resource should be "consciously directed" to serve particular ends in definite way."5

Hayek, who was skeptical about all forms of 'collectivism', argued: "The various kinds of collectivism, communism, fascism, etc. differ between themselves in the nature of the goal towards which they want to direct the efforts of society. But they all differ from liberalism and individualism in wanting to organize the whole society and all its resources for this unitary end, and in refusing to recognize autonomous sphere in which the ends of the individual are supreme. In short, they are totalitarian in the true sense in this New World which we have adopted to

5 F. A. Hayek (original 1944, edition 2001) The Road to Serfdom p 36
describe the unexpected but nevertheless inseparable manifestations of what in theory we call collectivism.”

Hayek, however, very clearly stated that it is important not to confuse opposition against this kind of planning with a dogmatic laissez-faire attitude. “The liberal argument is in favour of making best possible use of the forces of competition as a means of coordinating human efforts, not an argument for leaving things as they are. It is based on the conviction that where effective competition can be created, it is a better way of guiding individual efforts than any other.” Hayek, reminded us that, it does not deny, but even emphasizes, that, in order that competition should work beneficially, a carefully thought out legal framework is required. He also admitted that that neither the existing nor the past legal rules are free from grave defects.

Robert Nozick, another libertarian thinker, interlinked the case for ‘retreat of the state’ with that of a normative concept, what he calls ‘self-ownership’. Robert Nozick, as pointed out by Neera Chandhoke, launches a fairly powerful philosophical defence of private property, which he relates with his normative concept of ‘self ownership’. Arguing that autonomy and inviolability of a person is the core of his theory of freedom, Robert Nozick strongly opposes measures such as state redistribution of property as it not only interferes with individual’s inalienable right, but also serves to violate the basic norm of human freedom. “Redistribution of property via taxation results in transfer of property rights and thus the transfer of self-ownership, emphasizes Nozick.”

Both Hayek and Nozick argued in favour of the self-regulating market mechanism as the alternative to the atrocities of the ‘collectivist state’.

(2) Gross dissatisfaction arising out of overreach of the state and thereby denying autonomy of individuals in different spheres of their lives. The assertion for a

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6 Ibid p 60
7 Ibid p 37
'third sphere' by the East European intellectuals in 1980s is due to this overreach of the state.

During 1970s and 1980s East European intellectuals, political activists and trade union leaders turned their back on the two political options that historically had been available to them. The first of these was reform of state power from above. The second was social revolution from below. Neera Chandhoke has argued that the efficacy of both these strategies had been ruled out because the Brezhnev doctrine had stipulated that the erstwhile Soviet Union would not hesitate to intervene in any East European country whenever the need arose to defend socialism. According to Chandhoke, the past experience of Soviet intervention in the affairs of East European states had simply foreclosed the options of both reform and revolution.9

So they looked for the 'Third Sphere', which can provide a viable alternative to the people "reeling under insensitive state power, arbitrary bureaucracies, lack of civil and political rights and the rule of law. The civil society emerged as the 'Third Sphere'.10 Chandhoke has pointed out that intellectuals theorizing in the Tocquevillean mode imagined that this sphere of social association, based on solidarity and self-help would facilitate the ordinary men and women to associate and express their sentiments in freedom and without fear under the protection of institutionalized civil rights and rule of law.

In the context of 'Stalinist states', this project proved to be earthshaking. The invocation of civil society in the East European context, as pointed out by Chandhoke, came to embody three, and possibly more, meanings, all of which led to some sensational consequences.

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10 Ibid p 29
(a) First, the civil society argument sought to limit the untrammeled power of the state by institutionalizing political and, more importantly, civil rights and rule of laws.

(b) Second, the argument correspondingly sought to carve out a domain that would function independently of state regulation.

(c) Third, it propelled an important issue onto the political agenda.¹¹

All these three dimensions, Neera Chandhoke has very correctly pointed out, gave the civil society argument a critical normative edge inasmuch as it sought to emancipate, what Jurgen Habermas has called in another context the 'life world' from the instrumental rationality of the state. What the argument did not demand, however, was the emancipation of the life world from the instrumental rationality of the market. "For intrinsic to the civil society argument was the demand for property right and a free market."¹²

(3) Gross dissatisfaction with the state also arose for its 'developmentalism', particularly in the postcolonial societies like India, indulging in 'homogenized vision of development'. This vision denied plural views on development and in turn people's right to plurality of models of development. The resistance towards this oppression in the name of development forced, in turn, the state to aggregate its coercive apparatuses, which ultimately forced people to fight against the state imposed development and to search for an alternative space- a creative and accommodative one and also to debate and discuss their concern over rights. Various anti-Dam movements in India (for example the movements steered by Narmada Bachao Andolan or by Pagladia Bandh Prakalpar Kshatigrasta Alekar Sangram Samiti in Assam) are exploring their possible solution in a non-state sphere, currently defined as civil society.

Rajni Kothari, one of the leading political theorists of Indian State and democracy, in his early writings also conceptualized the state as the prime force behind the achievement of national expectation aroused by the freedom struggle. However,

¹¹ Ibid 29-30
¹² Ibid p. 30
the 'developmentalism' brought many miseries and even disaster through acts like the 'homogenized vision of development' Once people started resisting the state on its failure to ensure pro-people development as well as against the imposition of certain kind of development disregarding the plurality of the society, the state changed its character from an agency of developmentalism to an agency of coercion. "An enchantment with the metaphorical "Nehruvian" state gave way to disenchantment, the fact that the roots of this shift were to be found outside the state began to be taken seriously."13 The sphere of civil society, a distinctive and autonomous entity, emerged as a vibrant sphere of political initiative and in Indian context, varieties of social movements and grassroots political movements filled up this sphere.

(4) Growing despotism of the states within formal democratic framework, particularly in many third world countries. It was basically owing to the failure on the part of the state to materialize people's expectations, on the very basis of which the states historically emerged in these countries. This is particularly true in postcolonial societies of Latin America and Africa.

Carolyn M. Elliot argues that people in large parts of the world picked up the language of civil society. Elliot pointed out that for the Chinese students, demonstrating in Tienanmen Square, civil society became a kind of 'aspirational shorthand' for ideas of equity, participation, and public fairness. In other parts of the world too, for example in South East Asia or in Latin America it has been used by advocates of democracy and civil rights or by social movements seeking transformation into a new egalitarian and participatory socio-economic order. In the Middle East the intellectuals used the vocabulary of civil society while opposing repressive regimes. In Africa too, analysts have noted the capacity of peasants to subvert or defy the predatory state through diverse ways of invisible government embedded in kinship, ritual, and magic. "Global society theorists have expressed their frustration with governments throughout the world by adopting people-centred

development as their answer to the state’s failure to bring about social and economic transformation”.\textsuperscript{14}

In other words, the disenchantment with the state is grounded on plurality of factors. So, the alternative imaginations were also plural in nature.

However, all these interpretations have neglected the political economy dimension of the gross dissatisfaction with the collectivist and welfare state. The political economy approach argues that the emergence of a new form of state is closely linked up with the change in the nature of global capital.

A set of political theorist and political economists (Leo Panitch 1998; Prabhat Patnaik 1995, 2003), have argued that late twentieth and early twenty first century mark the consolidation and spatial expansion of capitalism as well as the ‘internationalization of the state’ and so it is necessary to understand the current moment in history not in terms of transnational capital escaping the nation state, rather in terms of ‘state becoming more and more attuned to fostering and/or accommodating to capital accumulation in a world scale’.\textsuperscript{15}

Accordingly, under the current hegemonic wave of globalization, we witness a change in the basic structure, and the mode of functioning of capitalism. The growing marginalization of the state and prioritization of transnational financial institutions have also been made possible by the new mode of ‘acting in unison’ by global capitalist forces. This brings into being a qualitative change in the functioning of capitalism. Immanuel Wallerstein, the renowned World System theorist, pointed out that one important and fundamental feature of capitalism has been the rivalry for hegemony apart from the other important feature like continuous accumulation of capital and profit. Wallerstein argues that each capitalist nation-state strived for its exclusive dominance in the world to fulfill capitalism’s constant strive for accumulation of capital and profit. It necessitated more territory for investment and

\textsuperscript{14} Carolyn M. Elliot (ed) (2003) Introduction to Civil Society and Democracy: A Reader pp 2-3
marketing along with raw materials and cheap labour. This led towards intra clash within the capitalist bloc. The inevitable out comes, as witnessed in history, were the global wars like First World War and Second World War. However, of late, capitalism has changed; its mode of functioning, and now, the ‘rival capitalist economies’ as pointed out by Prabhat Patnaik, works under unison. This is due to various reasons, particularly due to the formation of multi-national companies as well as the global resistance against capitalism by the victim counties and people.

Patnaik argues that, although, there has been hue and cry about the decline of the nation state system or a desirability of it under the auspices of the hegemonic (capitalist) forces, however, capital cannot function without the backing of the state. But, with the change in the nature of capital over time, from the era of free competition to monopoly capitalism, the nature of the functioning of the state also undergoes corresponding changes. On the other, capital is not there only in one single national bloc with only one state backing it. Rather there have been multiplicities of national capitals, which work with the backing of the respective nation states. “The relationship between these nation states, or what one may call the nature of the international state system, is determined by the relationship between the different national capitals.” Paitnaik argues that with the change in the nature of capital many other things also change- nature of the state whose backing the capital enjoys as well as the nature of relationship between capital and the state. It also brings changes to the nature of the relationship of one state with other states. “This is why different phases of capitalism throw up different patterns of ‘international politics’.” 16

Reflecting on the current moment in history, Patnaik argues that this moment is characterized by the tremendous flow of capital in the form of finance or the globalization of finance. This new situation demands a new form of state to defend the interests of global capital operating in the form of global finance. This new state must be in the form of a world-super state. However, for the reason of juridical legitimacy, this world-super-state will not eliminate the existing nation-sate systems; rather, “it will emerge from them and will be super imposed upon them. We will, in

other words, have a world where nation states continue to exist but there is an 
abrogation of the sovereignty of a host of them acting in unison, and thereby 
constituting, for all practical purposes, a world super state” This situation necessitates 
the imperialist nation states to act in unison. And ultimately, we witness a changed 
relationship within the existing configuration of nation states.\(^{17}\)

The neo- liberal state is unfolding within this new configuration of international 
finance capital. And, in this context, the projection of the ‘retreat of the state’ is rather 
a myth. Patnaik has very categorically pointed out that the perception of retreat of the 
state- a movement towards \textit{lasseize-faire} from state intervention, shared alike by both 
the protagonists as well as the critics of such a shift, is however erroneous one.

Pointing out this erroneous dimension, Bjorn Beckman argues that neo-liberalism 
brings into force a new definition of the role of the state in an attempt to promote 
capitalism, commercialization and markets. “It is neo-liberal not in an abstract 
orthodox sense but in a specific historical and regional context. This redefinition has 
taken place, not just because of the failure of the previous strategy, but because of a 
shift in the balance of forces, undermining the bargaining power of the post-colonial 
nationalism.”\(^{18}\) In the effort to de-legitimize the principal ideological rival- economic 
nationalism- neo-liberals seek to de-legitimize the state, the main locus of nationalist 
aspirations and resistance to the neo-liberal project. In order to undercut the claims by 
the state to represent the nation, its alien nature is emphasized. Its retrogressiveness is 
explained in terms of its separation from civil society.\(^{19}\)

In the context of the postcolonial societies like India, the process of the hegemonic 
 disaggregation of the State implies a paradigmatic shift from its relative ability to 
control and regulate the capital and the market to that of a situation where the state is 
being more or less regulated by capital and market. So, the disaggregation of the 
states in the postcolonial societies is not providing durable spaces for local or 
community initiatives. Rather, the disaggregation of the states, if it is happening at all.

\(^{17}\) Ib\(\text{id}\) 94  
\(^{18}\) Bjorn Beckman (1994) \textit{The Liberation of Civil Society: Neo-liberal Ideology and Political Theory in an African Context} in Manoranjan Mohanty et\(\text{il}\) (ed) \textit{People’s Rights} pp 46-47  
\(^{19}\) Ib\(\text{id}\) p 46
paves the way for aggregation and consolidation of a more coercive and powerful state under the auspices of transnational economic forces.

This erroneous notion has been created very deliberately so as to de-legitimize the consolidation of 'economic nationalism' as well as the pubic domain within the state in the developing post-colonial world in the Post-Second Word War period. And this has been done in the interest of transnational capital striving for more avenues of investment and marketing as well as profit. The all round disenchantment owing to different set of reasons only provided legitimacy to the transnational economic forces to bring into existence a new form of state. This state, however, grossly neglects the people's aspirations emanating from disenchantments with the state. The discourse on human security needs to critically analyze this transition or erosion with proper theoretical grasp.

2.4 Taming the Neo-liberal State: The Market and the Civil Society

Two different spheres were identified as the alternative to the state: the market, also called as the second sphere and the civil society or the third sphere. But, there hardly exists a clear line of demarcation between these two spheres. Although, at many instances, the emergence of civil society or the third sphere is treated as the outcome of the growing disenchantment both with state and the market, however, the consolidation of the neo-liberal state is being supported both by the market and the civil society. At many instances, on the other, the market is considered as one of the important constituents of the civil society. Besides, under neo-liberalism the state intervention itself has changed from one paradigm to another paradigm without being displaced either by the market or by the civil society.

The market as a creative domain outside the state and within the domain of civil society is very much inherent in the premises of liberalism. Neo-liberalism, which is also defined as liberalism with new-configuration, uses the logic of liberalism, or classical liberalism and very particularly the logic of the school of classical political economy for its legitimacy.
Although it was John Locke who initiated the articulation of a limited state and civil society in the 17th century, however, it was carried forward to its logical conclusion by the school of classical political economy in 18th century.

The school of classical political economy projected the state as a necessary evil and so launched a strong case for its dis-aggregation. On the other, the civil society was projected as an autonomous category as well as a domain of unbridled individual freedom and so a real site for democracy. The concept of civil society has a long intellectual history. However, civil society gained coherence and lucidity as a concept in the historical context of consolidation of capitalism. The centrality of civil society is closely associated with the rise of impersonal political power, and the centrality of economic life under capitalist arrangement of the society.\(^{20}\)

Neera Chandhoke argues that civil society, in classical political economy, emerges as not only the system of wants satisfaction, but as the home of self-conscious individual. "The individual is egoistic, but his self-interest is mediated by the realization that the satisfaction of his interest depends upon the satisfaction of the interests of other individuals. Thus the rational pursuit of self-interest, argued Adam Smith, leads to the social cohesion, encourages division of labour, and enhances productivity." \(^{21}\)

Adam Smith believed that the rise of civilized society was the result of the profit seeking behaviour, rather than due to the plan of any political sovereign. With this comprehension, Smith strongly advocated that this natural inclination of an individual should be left alone and he believed that any attempt to interfere with it would rob society of its potential of progress. The neo-liberals like F. A. Hayek, Robert Nozick and others are also putting forward same sort of arguments while advocating for turning upside down the post war consensus on welfare state.

\(^{20}\) Neera Chandhoke (1995) State and Civil Society: Explorations in Political Theory p 78
\(^{21}\) Ibid p 95
The classical political economy saw no contradiction between the egoistic behaviour of individuals pursuing their self-interest and social harmony. Where to locate 'the political'- i.e. the state- in this formulation? Analysis would show that the classical political economy marginalized the role of 'the political'. Smith believed that it is as a member of this society that an individual can achieve both self-realization and benefit and social order. But this can be achieved only if this sphere is left alone by the political order. For him, people are capable of realizing their interests in harmony with others. They do not really need a regulating authority as was articulated by Hobbesian leviathan to save them from themselves. This leaving to people themselves and non-interference in their day-to-day activities enables a society to be productive, creative and progressive.\(^\text{22}\)

This romanticization of civil society by the classical political economy came under attack both from within and outside the liberal tradition. Hegel was appreciative about the emancipatory potentialities of the civil society. However, he criticized it on the ground that modern society, which is restless, self seeking, searching endlessly for gratification can create inward human beings and the society, in turn, may becomes the aggregate of competitive, egoistic and self-indulgent subjects.\(^\text{"}\)

At the current moment in history, the ideology of neo-liberalism appropriates the basic philosophical foundation of liberalism, however, denies its moral dimensions. Hegel’s warning has been totally overlooked by the advocates of neo-liberalism. Besides, at the level of policy formulation and policy implementation, even the very philosophical foundation of liberalism has been totally flawed. The current neo-liberal moment represents a crucial blend of market coercion along with state and corporate coercion. In other words, although, the state has been projected as the 'necessary evil', however, the state has been retained to guarantee the juridical foundation of neo-liberal market economy. Besides, the coercive apparatuses of the states around the world have been strengthened to face any eventuality of the neo-liberal economic regime.

\(^{22}\) Ibid p 97
Karl Marx and his followers developed a radical critique of liberal notions of state and civil society, particularly the supposed dichotomy between the state and civil society. Marx pointed out that the sphere of civil society is not merely the ground where one man’s selfish interest meets another man’s selfish interest, but it is also the domain of exploitation in a specific sense. It is the place where the appropriation of surplus labour takes place. There can be no reconciliation of basically conflicting interests within the existing frame, since the frame itself is flawed. So, this historical stage must be transcended. And Marx categorically stated that the State in capitalist society is not an antithetical category to the civil society. Rather, the State is bound to remain in force to ensure guarantee of the protection of private property as well as the law and order for smooth functioning of the capitalist market economy. In terms of interest, as long as capitalist class enjoys hegemony, there is no conflict between the state and civil society.

Antonio Gramsci carried forward the Marxian project. Gramsci informs us that in the capitalist society the power is diffused at various sites and takes various forms. Gramsci made a distinction between political and civil society to analyze the distinct sites and forms of power. According to Gramsci, political society is the location where the coercive apparatus of the state is located—-in prisons, judicial system, the armed forces and the police. Civil society is the location where the state operates to enforce ‘invisible, intangible, and subtle forms of power, through educational, cultural and religious systems and other institutions. The political society disciplines the body through its penal codes and prisons, but civil society disciplines the mind and the psyche through these institutions. More importantly, if the latter are present and operative, then the former is just not required except in moments of crisis, when the system itself is threatened.23

All these contradiction of liberalism have assumed more intensity with the consolidation of the neo-liberal state in a different historical context of consolidation of capitalism in late twentieth and early twenty first century. This state, for its legitimacy, keeps on referring to the basic logic of liberalism and the significance of

23 Ibid p 149
the non-state forces, particularly of the market as the determining force for unbridled progress of democracy. However, a close scrutiny shows that the neo-liberal state, even, does not conform to the basic logic of liberalism. As a result of it, the state under neo-liberalism has emerged as more powerful and aggregated structure both in terms of coercion and intervention. As pointed out by Gramsci, this state and its beneficiaries have also used all non-state forces to bring legitimacy for its continuance. So, the neo-liberal state is ‘full of contradictions’ which needs to be revealed carefully in any discourse on development, democracy or human security.

There has also been an attempt to distinguish civil society from the market in the recent past. This is due to the discriminatory outcome of market operation in the last decade and so. Market has already failed to keep its promises and invited sharp criticisms. It has even failed to satisfy and convince the school of liberal humanists. This is evident through various reports and writings like UNDP Human Development Reports published since 1990. Under these circumstances the notion of civil society necessitated re-articulation. As a result, civil society has been articulated as a third sphere distinguished from the market. This new notion is based on the theoretical foundation provided by Alexis Tocqueville and fulfils the desire of the neo-liberal ideologues. Tocqueville defined civil society as a distinct sphere both from the state and the market- the first and second sphere respectively. He called it an associational sphere and this is filled in by "parties, public opinion, channels, moral crusades, literary and scientific societies, and professional and recreational groups....."24

Contemporary formulation on civil society increasingly reflects this thesis, which consciously attempts to escape the structures of pervasive and deep-rooted power of both the state and the market.

24 Neera Chandhoke (2003) ibid p 45
Very benign in appearance, the contemporary formulation of the civil society, however, “turns its back upon the idea of power, domination, and oppression, and embraces “feel good’ theorization.”

Criticizing this mode of formulation on civil society, political theorists have pointed out that civil society can only be conceptualized in relation to the state and vice versa. “The de-linking of the state and civil society has greatly impoverished our understanding of both the concepts.”

But this de-linking is associated with the hegemonic effort towards the consolidation of the neo-liberal state, which was not the case with the discourse on civil society initiated by most of the social movements in India and other places. This hegemonic effort grossly neglects plurality of alternatives put forward by plurality of disenchantments with the state.

2.5 Ambiguities of the Neo-liberal State
As stated, the consolidation of the neo-liberal state has miserably failed to address the gross disenchantments with the state in 1970s onwards. Rather, in the interest of global capital, the state has emerged as an exclusive domain of the ‘dominant economic forces’. This new state has been sustained through coercive rather than democratic means. Under the new international economic and political milieu, the State has gradually been de-centered and disaggregated. But, it still continues to establish the essential infrastructure and juridical conditions of markets, private property and contract within their territorial domain.

The ambiguities of the neo-liberal state are clear in many ways:
(a) Process of coercive aggregation of the state;
(b) Discrimination among the centres and peripheries of capitalism in terms of consolidating the neo-liberal state;
(c) Failure to breakdown the domains of dominance of the state in the development sector as is the case with India under the neo-liberal state;

25 Ibid p 42
26 Ibid pp 23-24
Ujjawal Singh argues that the current moment witnesses a peculiar phenomena, what he calls Permanence of the Temporary i.e. the continuing existence of a "spate of anti-terrorism laws worldwide, under a so called 'international consensus', which has become more explicit over the Bush doctrine of 'spreading democracy'" in the aftermath of 11th September attack on WTC and Pentagon. In case of India, one very well witnesses the aggregation of the coercive apparatuses of the state, particularly under the Vajpayee Regime of Second Generation of Economic Reforms- the high proclaimed way for unbridled self-initiative, enterprise and freedom-, through extraordinary laws and ordinances like Prevention of Terrorism Act (POTA) 2002.

Indeed, the recent history of India witnesses the ugly aggregation of the state through extraordinary laws. There has been .. almost an unending string of extraordinary laws in recent history, from TADA, 1985, 1987 through efforts to bring in the Criminal Law Amendment Act and a Prevention of Terrorism Bill after TADA expired in 1995, to POTO and POTA, 2002. "Such laws, as can be seen in the case of TADA, have a definite and prolonged 'life after death' so that cases under TADA continued to be tried in various designated courts and the Supreme Court several years after it expired."28

Another irony of the neo-liberal state is that it has not uniformly been implemented around the world. The third world countries have been forced to adopt and implement the neo-liberal policies in its most orthodox form. Although the centers of today's global capitalism, like the USA, Germany, France or UK have also implemented the neo-liberal policies but in terms of intensity, it is mostly the third world countries who have been forced to do away with any 'domestic protectionism' pursued in the post Second World War period in the interest of 'national construction'. Besides, almost all high human development countries (like Norway, Iceland, Australia, Sweden to name a few), identified by the UNDP, still pursue the


28 Ibid p 149
'pragmatic public-private paradigm of development' with the public sectors playing the dominant role. Interestingly, these countries have also achieved high human development status in comparison to that of the other countries implementing the neo-liberal market economy. In other words, global capitalism acts in its most discriminatory form by pushing the peripheral countries into vulnerable position. In terms of human security, the countries pursuing neo-liberal policies in the developed west, has done terribly badly as is the case with the US today. Recent studies reveal that rate of atrocities on women and children have increased in the US as a result of implementation of neo-liberal economic policies like informalization of services.29

The Generations of Reform, implemented under the neo-liberal regime, on the other, have not brought changes to the state-centric development paradigms of many third world countries. In India, for example, the Nehruvian homogenized vision of development still sustains and it has been strengthened over the years. Under Nehruvian vision, the state acts as the ultimate agency to plan and implement development projects. In India, rather than the planning being done away with, it has become more non-transparent as well as undemocratic. In other words, the planning process is more coercive and undemocratic today than ever before. The people's struggle against the demonic state either in Narmada Valley or in the bank of Pagladiya River in Assam may be the cases for reference.

All the more, even the low-intensive representational democratic polity has also been gradually dismantled by the current neo-liberal international regime with the aggregation of power at the international levels by the international financial institutions like World Bank or IMF. UNDP pointed out that although developing countries are deeply affected by the decisions of the institutions such as the IMF, World Bank or WTO today, they have little power in their decision-makings. There is an unavoidable democratic deficit in international organizations because people do not directly elect (or throw out) their representatives. The important decisions are

taken in the Board meetings where the developed countries have got un-proportionate
decision making powers.

Let us just refer to the undemocratic structure of the two very important monetary
institutions in the world now- i.e. IMF and the World Bank. In IMF, US, Japan,
France, Saudi Arabia, China and Russian Federation has 48% of voting power and the
rest 52% only is meant for rest of the countries in the world. The share in the World
Bank is 46% and 54% respectively. Besides, both IMF and the World Bank are
patriarchal in terms of its decision making power. The Board of Directors in IMF has
no female member i.e. it is controlled by 100% male and in the World Bank’s Board
of Directors female has got only 8% representation remaining 92% being given to the
male. 30

The construction of this state is bound to invite challenges from various quarters.
Because, for about a half century, people around the world- particularly from the
lower middle and lower classes have perceived the state as a public domain and
pinned their hope on it to remove many of the obstacles in individual and community
life.

So, it has become an urgent task on the part of global hegemonic forces to explore
other devices to be carried forward along with the coercive ones for legitimizing and
sustaining the neo-liberal state.

2.6 Legitimizing and Sustaining the Neo-liberal State

By now, it has become very clear that the neo-liberal state is not a solution to the
collectivist state. The neo-liberal state is all-coercive and it acts in the interest of the
global capital. In different parts of the world, say for example in Latin America,
people have already come on the street against the neo-liberal state and neo-liberal
policies.

Global hegemonic forces explored all possible means to face this situation. As a part of strategic mitigation, these forces have particularly targeted the various intellectual discourses. For example varieties of theses on ‘Endisms’- ‘End of State’; ‘End of Society’ or ‘End of History’ and also ‘End of Intellectuals’ etc.- along with the attempt to replace politics by social capital or the state by governance have also been put into operation for this purpose. The consolidation of post-modernism has also been conducive in this regard. A comprehensive review of all those categories and attempts will be out of relevance in this context. But, a select reflection cannot be avoided to understand the growing consolidation of the neo-liberal state.

One of the early attempts towards legitimization of the emerging neo-liberal regime has been Francis Fukuyama’s *The End of History?*, written in the backdrop of the collapse of the East European socialist bloc and the crisis in the erstwhile Soviet Union in the year 1989.

In this article Fukuyama argued that a remarkable consensus concerning the legitimacy of liberal democracy as a system of government had emerged throughout the world in the past few years, as it conquered the rival ideologies like hereditary monarchy, fascism, and most recently communism. More than that, defining equality and liberty as the core principles of liberal democracy, Fukuyama argued that liberal democracy may constitute the ‘end point of mankind’s ideological evolution’ and the final form of government and as such constitutes the ‘end of history’. Fukuyama did admit that today’s stable democracies like the United States, France or Switzerland were not without injustice or serious problems. But, these problems were ones of incomplete implementation of the twin principles of liberty and equality on which modern democracy is founded, rather than on the flaws of the principle themselves.31

Fukuyama, although, did not categorically speak on the new configuration of liberalism in the current moment, but he referred to the expansion of market economy and called it contributory towards furthering liberal democracy.

31 Francis Fukuyama (1992) *The End of History and the Last Man* p xi
Fukuyama wrote:

"And yet, the good news has come. The most remarkable development of the last quarter of the twentieth century has been the revelation of enormous weaknesses of the core of the world's seemingly strong dictatorship, whether they be of the military authoritarian Right or the communist totalitarian left. From Latin America to Eastern Europe, from Soviet Union to Middle East and Asia, strong Governments have been falling over the last two decades. And while they have not given way in all cases to liberal democracies, liberal democracy remains the only coherent political aspiration that spans different regions and cultures around the globe. In addition, liberal principles in economics- the 'free market'- have spread, and have succeeded in producing unprecedented levels of material prosperity, both in industrial developed countries and in countries that had been, at the close of the World War II, part of the impoverished third world. A liberal revolution in economic thinking has sometimes preceded, sometimes followed the move towards political freedom around the globe."

32

Through all these assertions the hegemonic (capitalist) forces endeavoured to wipe out even the possibility of alternative ideological imagination. Liberalism- and arising out of it, the socially defunct state and market orthodoxy, has been projected as the only alternative and accordingly the thesis of TINA- meaning there is No Alternative- has also been widely and wildly propagated. In fact, with all countries around the world, including Socialist China and the erstwhile Socialist Bloc- adopting this "TINA" phenomena as the best option for survival and prosperity, the alternative political imagination is gradually getting weakened. This is not happening only at the highest decision making levels. It is also happening among the majority of the enlightened categories even of the third world countries. This success on the part of hegemonic forces in manufacturing consent among the enlightened section is contributing towards the longevity of neo-liberal state.

Along with this propaganda of *End of History and other Endisms*, definite attempts have been made to ‘de-politicize’ either the notion of development or democracy along with to de-politicize the very sphere of 'civil society' itself. The categories like 'social capital' put against 'politics' and 'governance' put against 'state' have been

32 Ibid ppxii-xiv
crucial in this regard. The discourse on neo-liberal state must take up these categories in due course.

De-politicization attempts to de-functionalize the very mode of resistance through collective and political mobilization. It is an attempt to maintain the status quo or the established order either with all of its contradictions or with some minor reforms. Its basic objective is to keep people confused about the contradictions of a given society or of a particular historical situation. At a moment, when people’s consciousness and aspirations for democratic rights has reached a definite stage, then, denying those rights in naked form or their suppression through coercive means become an impossibility. This is to be done through sophisticated means—through propaganda and manipulated discourses. Taking recourse to de-politicization is such a strategic move on the part of hegemonic forces.

Eric J. Hobsbawm, the celebrated historian of our time, has attributed this mode of de-politicization both to the logic of neo-liberal market economy as well as to that of the unprecedented development in science and technology which has gradually eliminated the spaces for political mobilization through people to people contact and interaction.

Pointing out this problem, Hobsbawm writes that free-market theory effectively claims that there is no need for politics because the sovereignty of the consumer should prevail over everything else. Under this formulation the market is supposed to guarantee maximum choice for consumers, and allows them to satisfy all their needs and desires through that choice. This route, however, bypasses the political process, and makes it a by-product or derivative of the market. Hobsbawm has also pointed out that this is the reason behind the tremendous spread of occupations like public relations and spin doctoring, and the application to politics of systems such as the focus group, which are in fact modeled on market research. This undermines the function of citizenship. “If consumers are able to achieve their aims by exercising their power of choice everyday through the purchase of goods or the indication of their opinions to the mechanisms of media consultation, what exactly remains of
citizenship? Is there still need to mobilize groups of people for political objectives? This development destroys the very foundation of political procedures."^{33}

Hobsbawm also pointed out that the establishment of direct relationship between the lowest point in the system, the consumer, and the highest point, the political decision maker does not leave any room for the essence of politics, defined as the organization of the "public sphere" in which people form opinions and unite to achieve collective objectives. "This, in other words, is everything that we have until now understood by politics in liberal and democratic societies."^{34}

There is obviously room for mass mobilization of a different kind. For example, there is the possibility of demagogic and populist mobilizations around particular figures or celebrities who attract attention and enlist emotions of great masses of people. The case of Princess Diana is an excellent example. "It is also possible to attempt political mobilizations suited to free market society, in the style of Berlusconi who organized his politics in the same manner as he mobilized supporters for his football club."^{35}

On the other, the role of the state has also been gradually taken up by NGOs. There has been proliferation of NGOs around the world in parallel to the consolidation of neo-liberal market and neo-liberal state. And, most importantly many of these NGOs have international networks. Authentic reports suggest that in 1839 there was only one International NGO- the Anti-Slavery Society. The numbers increased to 32 in 1874. In 1994 the number of International NGOs was 1,083, which increased to 37,000 in the year 2000.^{36} Apart from these international NGOs, there are thousands of NGOs at the national, regional and local levels.

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33 Eric J. Hobsbawm (1995) *The New Century* p 113
34 Ibid 113
35 Ibid p 114
According to the Union of International Association, membership in international NGOs in low- and middle-income regions has increased faster than in high-income regions, with biggest increase in Asia and Eastern Europe. In 1996 the largest-ever survey of non-profits found more than 1 million such groups in India and 210,000 in Brazil.\textsuperscript{37}

The following table indicates the faster growth rate of International NGOs in 1990s.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>1990</th>
<th>2000</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and recreation</td>
<td>2,169</td>
<td>2,733</td>
<td>26.0</td>
</tr>
<tr>
<td>Education</td>
<td>1,485</td>
<td>1,839</td>
<td>23.8</td>
</tr>
<tr>
<td>Research</td>
<td>7,675</td>
<td>8,467</td>
<td>10.3</td>
</tr>
<tr>
<td>Health</td>
<td>1,357</td>
<td>2,036</td>
<td>50.0</td>
</tr>
<tr>
<td>Social Services</td>
<td>2,361</td>
<td>4,215</td>
<td>78.5</td>
</tr>
<tr>
<td>Environment</td>
<td>979</td>
<td>1,170</td>
<td>19.5</td>
</tr>
<tr>
<td>Economic development, infrastructure</td>
<td>9,582</td>
<td>9,614</td>
<td>0.3</td>
</tr>
<tr>
<td>Law, policy and advocacy</td>
<td>2,712</td>
<td>3,864</td>
<td>42.5</td>
</tr>
<tr>
<td>Religion</td>
<td>1,407</td>
<td>1,869</td>
<td>32.8</td>
</tr>
<tr>
<td>Defence</td>
<td>244</td>
<td>234</td>
<td>-4.1</td>
</tr>
<tr>
<td>Politics</td>
<td>1,275</td>
<td>1,240</td>
<td>-2.7</td>
</tr>
<tr>
<td>Total</td>
<td>31,246</td>
<td>37,281</td>
<td>19.3</td>
</tr>
</tbody>
</table>

Source: UNDP, HDR 2002 p 103

In deed, today it is the NGOs who occupy the larger space within civil society. And its role has increased at the cost of other actors such as social movements and voluntary social associations. Neera Chandhoke has pointed out that the NGO sector enlarged its activities to cover all available areas of political action from environmental decay, to human rights, to women’s issues, to local self government, to training and imparting skill for livelihood, to effecting people’s participation in local

\textsuperscript{37} Ibid p 102
self government bodies. Accordingly it also gradually acquired an astonishing degree of control over major decisions such as what kind of development should the country adopt, to the movement against big dams, to the kind of popular participation that should be effected in the rural areas. As a result of this increasing prominence assumed by the NGOs today, most of the donor agencies have started channelising their grants through the NGOs. "In fact, bilateral assistance, which in theory provides a combination of grants and loans for both governments as well as NGOs, is increasingly channeled to NGOs in developing countries. The Organization for Economic Cooperation and Development reports that the proportion of total aid from member countries channelled through NGOs rose from 0.7 per cent in 1975 to 3.6 percent in 1985, and to at least 5 percent in 1993-4, or some US$ 2.3 billion in absolute terms. The UK based Overseas Development Institute reports that in the decade leading to 1993-4, the UK increased its funding to NGOs by almost 400 percent. In 1993, Canadian official development assistance to Canadian NGOs reached 70 percent of total aid. The story is the same in the case of NGOs from the US, and Swedish NGOs. The European NGOs also allots US $80 million to NGOs in the South, with larger and more influential NGOs receiving a disproportionate amount of funding. On the other, at the same time we have witnessed the emergence of a new idea called 'global civil society'. With this, the role of the transnational associations in international politics has dramatically increased. These associations challenge the hegemonic forms of development or democracy and keeps on putting forward different alternative to them. In all significant global events- Earth Summit in Rio in 1992, Cairo World Population Conference 1994, Fourth World Conference on Women in Beijing to name a few- these transnational associations have played significant role either participating directly in international conferences or holding parallel conferences, which incidentally attract more media attention than the official meet does.

No doubt, both the NGOs as well as the transnational associations have played a positive role in focusing on the new challenges as well as helping people to fight

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39 Ibid p 82
40 Ibid p 82
against them without the bureaucratic checks and balance of the state system. These NGOs and associations have also empowered the people in terms of perceiving the problems in an alternative way as well as defining the solution differently from that of official versions. However, the explosion of these associations and initiatives has posed severe challenges to the very foundation of politics and democracy. On the other, all these also have provided legitimacy to the process of consolidation of the neo-liberal state as these have asserted that the severe challenges to people’s problems could be amicably resolved without the assistance of the state. Many theorists are afraid of the fact that NGO Raj indirectly legitimizes the hegemonic mode of neo-liberal domination. The political theorists have argued that the new normative vision articulated by the NGOs not necessarily transcends either the values of the state or the values of the global capitalist economy. They have also failed to transcend those power structures that they have claimed to counter. So, NGOs “not only speak the same language that the state does, they mirror the same values as the neo-liberal/post-Washington Consensus does-push back the state and free the economy and the community.”

As a result, the very foundation of politics as well as that of its rallying point- a democratic and accountable state- erodes. The mode of articulation and aggregation of interests, without outside intervention, the evolution of representational leadership, the art and courage of questioning the existing power relationships-, which are the core of democratic politics, etc will lose ground with the consolidation of neo-liberal state. The agencies, which carry out this process- the political party or other organizations like trade unions will also lose popularity as a result of it.

The global trend indicates that both in case of political parties as well as trade unions there has been a consistent decline of membership, both in the developed West as well as developing East.

The following figures provide an overall picture about the trend.

41 Ibid p 89
Table 2.2 Falling Membership in Political Parties

<table>
<thead>
<tr>
<th>Country</th>
<th>Period</th>
<th>Change in numbers</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>1978-99</td>
<td>-1,122,000</td>
<td>-64.6</td>
</tr>
<tr>
<td>Italy</td>
<td>1980-98</td>
<td>-2,092,000</td>
<td>-51.5</td>
</tr>
<tr>
<td>United States</td>
<td>1980-98</td>
<td>-853,000</td>
<td>-50.4</td>
</tr>
<tr>
<td>Norway</td>
<td>1980-97</td>
<td>-219,000</td>
<td>-47.5</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>1993-99</td>
<td>-225,000</td>
<td>-41.3</td>
</tr>
<tr>
<td>Finland</td>
<td>1980-1998</td>
<td>-207,000</td>
<td>-34.0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1980-2000</td>
<td>-136,000</td>
<td>-31.7</td>
</tr>
<tr>
<td>Austria</td>
<td>1980-99</td>
<td>-446,000</td>
<td>-30.2</td>
</tr>
<tr>
<td>Switzerland</td>
<td>1977-97</td>
<td>-119,000</td>
<td>-28.9</td>
</tr>
<tr>
<td>Sweden</td>
<td>1980-98</td>
<td>-143,000</td>
<td>-28.0</td>
</tr>
<tr>
<td>Denmark</td>
<td>1980-98</td>
<td>-70,000</td>
<td>-25.5</td>
</tr>
<tr>
<td>Ireland</td>
<td>1980-98</td>
<td>-28,000</td>
<td>-24.5</td>
</tr>
<tr>
<td>Belgium</td>
<td>1980-99</td>
<td>-136,000</td>
<td>-22.1</td>
</tr>
<tr>
<td>Germany</td>
<td>1980-99</td>
<td>-175,000</td>
<td>-9.0</td>
</tr>
<tr>
<td>Hungary</td>
<td>1980-99</td>
<td>8,000</td>
<td>5.0</td>
</tr>
<tr>
<td>Portugal</td>
<td>1980-2000</td>
<td>50,000</td>
<td>17.0</td>
</tr>
<tr>
<td>Slovakia</td>
<td>1994-2000</td>
<td>38,000</td>
<td>29.6</td>
</tr>
<tr>
<td>Greece</td>
<td>1980-98</td>
<td>375,000</td>
<td>166.7</td>
</tr>
<tr>
<td>Spain</td>
<td>1980-2000</td>
<td>809,000</td>
<td>250.7</td>
</tr>
</tbody>
</table>

UNDP Human Development Report 2002, p 69

However, the crisis is not merely confined to the decline of membership. People's trust on political parties is also declining at a fast rate. With that, other institutions, such as armed forces, church or a single political office like President are occupying high trust. For example in Central and Eastern Europe political parties receives low priority (less than 20%), whereas armed forces receives highest priority in terms of trust (around 45%). Church also receives good priority and next to it is the President. National Congress, Judiciary etc.- the core institutions in a democratic polity receives very little respect and trust from the people. In case of Latin America also the trend is more or less same- Church receiving highest trust among the people and next to it is
the armed forces. Political parties, National Congress and Judiciary receiving very low priority among the people. All these are bound to weaken the very foundation of democratic polity of a country. Although, the proponents of 'End of History' asserts that the post cold war neo-liberal era marks the dawn of a sustainable democratic era, but the practical trend do not support this self-proclamation.

Adherence to these empirical trends, however, does not mean that, the resurgence of political movements, even under the current neo-liberal regime, has been underestimated. The global resistance movements against globalization through forums likes World Social Forum (WSF) or Mumbai Resistance Forum have brought new energy to the arena of global politics. Along with the movements of the marginalized communities in India like the movements of the Dalits, Scheduled Castes', ethnic groups and even the movements against the big dam projects like Narmada Bachao Andolan (NBA) certainly signify new and energetic moment of politicization. All these also indicate that the politicization have now crossed its conventional elitist boundary and has brought about second generation of democratic revolution in the context of a country like India. However, a critical analysis reveals that these movements are facing new challenges. With the consolidation of the neo-liberal state and proliferation of NGOs and other non-state hegemonic forces, these political movements have been manipulated and fragmented.

The consolidation of neo-liberal state has also been pursued through other anti-politics discourses like social capital. Social capital is a notion that emphasizes on trust, coordination and solidarity etc. as the foundation of social progress and democratic transition. It endeavours to de-legitimize the discourses on power, conflict, exploitation, domination etc. as detrimental to societal progress.

The notion of social capital has many interpretations and many theorists like James S. Coleman and Pierre Bourdieu invoked this idea to understand development and democracy. However, it was Robert Putnam's conceptualization, which has received wider currency. Interestingly it happened at the behest of the World Bank. Harvard

Professor Robert Putnam defines ‘social capital’ as: “trust, norms and networks, that can improve the efficiency of society by facilitating coordinated actions”\(^{43}\) in his famous book titled *Making Democracy Work: Civic Traditions in Modern Italy* (1993). ... Putnam stressed that ‘social capital’ and the closely related idea ‘trust’, and the ideas and activities around ‘civil society’ (held to be the sphere of association, outside the state, in which people freely participate), ‘participation’, and non-governmental organizations have come to constitute new means of pursuing development and democracy. John Harris, a critic of ‘social capital’, however, argues that these are clever ideas, which suit the interests of global capitalism because “they represent the problems that are rooted in differences of power and in class relations as purely technical matters that can be resolved outside the political arena. They are directed in particular, therefore, against movements of the political left ... for progressive socio-political and economic change, that do identify the roots of poverty and social deprivation in class differences.”\(^{44}\)

Once the unbridled market economy came under attack both from outside and within liberalism, the notion of *social capital* captured the imagination of the hegemonic block that can save it from ‘rolling back the market’ and ‘bringing the state in’. As stated, civil society emerged as one of the most viable strategies in this regard and now for sustaining ‘civil society’ in its most de-politicized form they searched for new notions that can prevent the coming in of radical discourses. Putnam’s version of ‘social capital’ emerged as the most viable one in this regard. John Harris informs that until about 1997 the idea of social capital was not an established part of the ‘development’ lexicon. Now it has become so attractive that World Bank has even produced a wed site on it (accessible at: www.worldbank.org.poverty/scapital). The Home Page of this website carries the headline: “increasing evidence shows that social cohesion-social capital-is critical for poverty alleviation and sustainable human and economic development”. Its definition of social capital conforms to that of given by Putnam as one prominently displayed box defines social capital as ‘the norms and

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social relations embedded in the social structures of societies that enable people to coordinate people to achieve desired goals.  

To sum up, consolidation of this neo-liberal state has had tremendous negative implications on human security of the common people around the world. The following chapters will examine these negative implications with special focus on health security in Guwahati City.

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45 Ibid p 84