

Political Economy of Land Grab

A new phase of capitalist expansion led by “global capital” is driving governments, including those of the left, to dispossess and displace peasants from agricultural land, even using force to break up peasant resistance. The article offers an understanding of this new phase, with a focus on the role and compulsions of governments. The analysis is in the tradition of radical political economy, and is based on a revaluation and expansion of Marx’s conceptualisation of rent and the primitive accumulation of capital.

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The question of displacement of farming communities to acquire land for industrialisation has assumed great political significance, primarily because of the strong resistance offered by these communities at Singur in West Bengal and Ghaziabad in UP. Land acquisition has become a prime objective of the state governments, as they clamber over each other to seek the graces of global capital.¹ Following in the true tradition of the distributors of grace, global capital doles out the goodies to those who offer the best tributes in terms of tax exemptions, subsidised provision of natural resources like land and water, and the like. The idea of special economic zones (SEZs) suits this particular need of governments and of global capital. The SEZs are territories demarcated by the state governments with the concurrence of the central government. Enterprises located in these territories are exempted from customs duties, income and excise taxes. They are also enticed with other privileges like free or subsidised water supply, subsidised electricity supply and, most importantly, with the promise that the right of the labourers to associate in trade unions will be suspended. The areas where the SEZs are located are usually chosen by some global enterprise or a fraction of global capital. The concerned state government then acquires the land from the farmers against payment of some meagre compensation.

The peasants are resisting such virtual eviction in many places, but the state governments are using or threatening to use a colonial Land Acquisition Act, which allows the government to acquire “for public purpose”² any land, on payment of “compensation”, even though the owner may not be willing to part with the plot. The acquired land is then handed over to the enterprise at a subsidised rate. That is, global capital has to pay just a fraction of even the meagre compensation that is given to the peasants.

This is just the beginning of this new phase of capitalist expansion. Critics of this policy argue that the compensation being offered is not “adequate”; that those who are not landowners but depend on agriculture for their livelihood are not compensated; that agricultural production will go down as the proposed SEZs or industrial estates are largely located on prime agricultural land; that the tax exemptions offered to enterprises located in SEZs together with the loss of water cess and other payments, which the displaced farmers used to make, cause heavy revenue losses to the state governments; that severe ecological damage will occur where the SEZ is located on what was originally forest land. The governments of the states are impervious to such arguments, whatever the colour of the party in power in the state. They are also equally ready to use force to break up farmers’ resistance. This raises the obvious question: why are the state governments bent

on pursuing a policy that is bound to cost them a lot of rural votes?

The pithy answer is that they have no option. Once the path of development called globalisation has been chosen, such eviction was always on the cards. Of course, they hardly had a choice. Without a grass-root level movement with a different ethics and morality based on the local³ (as opposed to the effortless surrender to that, which is globally mobile) this course of development was inevitable, no matter what be the public posture of the party or coalition in power.

To understand the compulsions of the Left Front government one must try to understand the phenomenon of globalisation, how the meaning of imperialism has changed in the context of globalisation and how the role of the state has undergone a drastic transformation in the age of globalisation. These questions can be properly addressed only if one revalues and expands the concepts of rent⁴ and primitive capital accumulation.

It is often said, and quite validly, that there is a great gulf between the imperialism of today and that of Lenin’s time. But this statement often implies that the significance of the state has diminished greatly in this new era of globalisation. It is true that the flexibility of the state, particularly in economic matters, is being gradually eroded, especially in the poor countries, through the process of liberalisation. But this does not mean that the need for state power has been exhausted.

One of the characteristics that differentiate this age of imperialism from its immediate predecessor (that is the period extending right up to the 1960s and 1970s of the last century) is its immense dependence on state power for rewriting economic laws and for their harsh implementation. In the previous period – which used to be called the period of neo-imperialism – imperialist capital’s open and observable reliance on the state was not the order of the day. While in the present era laws, regulations, and even principles of jurisprudence are being grossly altered with impunity to facilitate imperialist plunder. In this overt fight the international economic organisations play a stellar and crucial role, but it is only through state power, acting at the behest of global

capital, that the necessary changes can be implemented.

Capitalist Rent

The principle endeavour of imperialism in the current age is to extract rent, taking advantage of natural or imposed immobility and non-replicability. The reason can be found in the history of evolution of capitalism. Grossly put, since the 1970s, technology and the organisational structure of capitalist enterprise have evolved in such a way that income distribution is becoming acutely skewed. Technological innovation is directed towards reducing manpower requirement. At the same time the need for technicians with some degree of mechanical competence in the operation of computer-aided production processes is increasing disproportionately. This technical labour force has to be compensated for the investment in acquisition of such training. Though they can hardly be differentiated from their older traditional counterpart in the labour force, in terms of their mechanical deference to the orders of the management, they earn higher wages. For this small segment of the workforce, as well as for the expanding segment of managerial staff, salaries and wages are rising. For the large masses of the population, who cannot afford to acquire such skills, unemployment is on the rise. To maintain the demand-supply balance, the sectoral division of investment is adapted to the increasingly unequal distribution of purchasing power. An increasing proportion of the workforce is employed in the production of luxury goods and services. Demand has to be generated for such commodities. Esoteric needs have to be created in the minds of the small fraction of the workforce that can buy. So there is an expansion in the workforce employed in sales and advertisement. But this is insufficient for compensating for the sluggishness of demand caused by the phenomenal decrease in the rate of growth of the demand for mass consumption goods. The culture of the market-oriented society has mutated to the aid of sustaining/seducing the exponentially expanding desires of the rich. An elementary aspect of this new culture is that it breeds a perception of a fast rate of obsolescence of consumer durables. This also causes a fast rate of obsolescence of technology – both of that employed in producing such commodities, as well as that embodied in the durables themselves. The cost of increasing R&D to support this fundamental systemic

requirement is balanced by the accompanying reduction in labour required for production. This further adds to the trend towards decrease in the demand for mass consumer goods. Credit financing of consumer purchases is a commonly used instrument for boosting sluggish demand under the circumstances. This leads to the expansion of the financial sector dedicated to financing consumer purchases. The small workforce employed in this segment also belongs to the developed enclave. Globalisation expands the scope of earning profit in another area – speculation. New instruments of global speculation emerge. Faced with this current phase of systemic crisis, global capital is also expanding the scope of other routes of surplus extortion, which have always been available within the system. It is increasingly falling back on the tried and tested method of investment for colonisation of resources to extract rent.

This may be a trifle baffling and so calls for some elaboration. Capital, having acquired proprietary rights over the resources that were previously under the control of the feudal classes used them for rent earning which supplements its profit earning.⁵ Put very succinctly, rent is earned on the basis of immobility of resources and of produced goods. It may be extracted through the establishment of proprietary rights over immobile resources. Or it may be extracted by curbing the mobility of produced goods across the boundary of a designated market. This latter is what is usually called monopoly profit. Within Marxist political economy this is best treated as a species of rent.⁶ This is theoretically reasonable because rent is extracted on the basis of immobility and monopoly over the rarity that cannot be devalued or diluted because of immobility. The additional price that is extracted by the monopolist firm originates in just this.

The immobility of a resource may be a natural characteristic of the resource (as in the case of land, minerals, etc) or the immobility may be created by devising suitable laws and regulations (like in the case of knowledge, genetically engineered varieties of plants, etc). Patent laws render knowledge and technology immobile and non-replicable. The right to such resources vests with the capitalist enterprises that fund research or are able to use bourgeois legal processes to sanctify the theft of knowledge which belonged traditionally to some community. Thefts of rights over traditional plant varieties and over traditional herbal medicines are some examples

of the latter process. If some other economic agent wishes to use such monopolised science and technology, it has to pay a subject to royalty. Technology (for example, genetic engineering) too is used to generate such monopoly. Seeds are being so engineered that plants that are born of such seeds are incapable of reproduction. Monopoly over immobile resources generates rent for the owner.

The immobility of resources may be used in either of two ways to generate rent. The immobility may be used to depress the payment to some input purchased by capital, or the right to the immobile resource may be appropriated by global capital itself to extract a rent from the user of this resource. The immobility of labour is the most striking example of the former, while the appropriation of land by global capital for realty business is a common example of the latter kind of rent extraction.

Rent generated by the immobility of labour and appropriated by global capital raises some thorny theoretical issues and therefore calls for some elaboration. Since its inception, trade in services had been excluded from the purview of the General Agreement on Tariffs and Trade (GATT). The reason that was generally advanced was that in the case of services, unlike in the case of goods, production and sale are simultaneous events. As a result, insistence on free trade in services would amount to the insistence that every country should allow every other country to set up service providers. This would not require just free access for foreign capital, but also the indisputable right of foreign enterprises to set up shop with their own personnel. It was argued that this would infringe on the right of sovereign nations to allow or disallow foreign nationals the right to enter the country. However, at the Uruguay round of negotiations it was decided to include trade in services within the purview of GATT under an agreement called GATS – the General Agreement on Trade in Services. Subsequently, it was also included within the scope of the World Trade Organisation (WTO). Trade in labour services was however kept out of the scope of GATS. One of the reasons offered for this exclusion was the same as that advanced at the initial stage of formation of GATT for exclusion of trade in services in their entirety.

The real reason was that the exclusion of labour services from the purview of WTO implies that the unemployed in India, for example, cannot migrate to the US in

search of jobs, though the provisions of GATS ensure that an American insurance company can set up an establishment in India as a service provider. The company cannot be barred from employing personnel from the US either. Because labour is immobile the wages in high unemployment areas like India are less than the wages in say, the US. This is also compounded by the difference in the socially conditioned needs of labour. This culturally determined difference, in turn, is sustained partially by the immobility of labour. The wage difference allows global capital to earn super-normal profit by fragmenting the production processes controlled by them, outsourcing parts of the process to the low wage areas. If we designate any earning above the normal that originates in the immobility of resources as rent then the additional profit that is earned by a publishing house in an advanced country by outsourcing editing, proof reading, etc, to some concern in the low wage areas can be called rent. Such rent earning is not restricted to parent concerns located in the advanced countries alone. Enterprises owned by global capital and located in poor countries like ours can also earn rent from the immobility of labour by putting out parts of its production process to smaller enterprises which are exempt from statutory regulations relating to minimum wages and other benefits for labour, environmental standards, etc, which are applicable for larger concerns to which laws like the Factories Act apply. This has a significant implication, which we have mentioned in passing.⁷ The “first world” is not geographically specific any longer. This is one instance of the impact of globalisation of capital. There is little point in distinguishing big capital in terms of origin, even if this were actually possible. Their objectives are the same and therefore their operations would cause the same kind of impoverishment.

Rent extraction by global capital originating in the immobility of labour has another important theoretical implication. Immobility of resources generates rent. The so-called scientific laws of demand and supply do not decide the distribution of the rent originating in the immobility of a resource. This shows up the claim of the scientific logic of the marketplace to be part of the ideological apparatus that is generated in the course of capitalist growth and which is essential for persuading the doubters, of the efficiency of the system. The business process outsourcing

(BPO) enterprises located in the low wage regions enjoy a cost advantage on account of the low labour cost. This generates rent that is attributable to the immobility of labour. But this rent does not accrue to the BPO enterprise. It is appropriated mostly by the enterprise owned by global capital that puts out work to the BPO unit. The distribution of rent is determined by the distribution of economic power. In the present age this is entirely the preserve of global capital.

The question of power, with all its “unscientific” connotations, is something, that the discourses of both neoclassical and traditional Marxist political economy treat as an aberration in the age of capitalism. A revaluation of rent in the age of capital however shows power, which cannot be reduced to any economic index, as an inseparable aspect of the capitalist economy. This is global capital’s “feudal plunder”.⁸

Primitive Capital Accumulation

In order to facilitate rent earning of global capital the state must actively ensure both the proprietary rights of capital over resources and also the immobility of these resources. The process of acquisition of these rights is what constitutes primitive capital accumulation (PCA). So rent extraction and PCA are fundamental aspects of the economy in this era of globalised capital.

A concept, that is central to our analysis of the international economic organisations is PCA. Let us elaborate this concept and its centrality in the current phase of capitalist development. Since the demise of the primitive tribal communities,⁹ society has been divided into the surplus producing working classes and the surplus appropriating classes. In each society, surplus is appropriated in a specific way. For a particular mode of appropriation to be viable, a particular state structure, containing a specific legal apparatus is necessary. The modern capitalist state and its legal system may appear to be non-discriminatory because, in a formal sense, they are impersonal.¹⁰ But this blase indifference can be sustained only by a very crude and fundamental discrimination below the surface. A process that is both prior and simultaneous to the working of the “non-discriminating” capitalist market constitutes this discrimination. The capitalist is able to earn profit through the process of buying and selling in the market, which just requires this neutral state apparatus,

only because the working classes have been dispossessed of all means of production other than the ability to labour. Without this the component that is common to all production processes – labour power – would not become a purchasable commodity. This process of dispossession, which simultaneously creates capitalist property relations, together with the laws and regulations for contract and exchange, is called the process of primitive capital accumulation. This is, of course, a commonplace of Marxism, but one whose deep significance has conveniently been forgotten by many Marxists, particularly those running states, which are trying to curry favour with global capital. How else can one explain the eagerness, verging on greed, with which a state government run by Marxists is displacing farmers to provide land for setting up industrial ventures, up market housing complexes, and so on.

The Tatas have reached an agreement with the Leftist government in West Bengal to set up a car-manufacturing unit at a place called Singur. The land earmarked for the project is very fertile and produces multiple crops. Conversion of multiple-crop land to non-agricultural land has violated the state government’s own announced policy, but that is a separate issue. The farmers were, by and large, vehemently opposed to the government’s plan to acquire their lands for handing over to the Tatas. A major opinion, which comes through in the interviews given by the farmers is that all the talk of compensation – even if one were to ignore the failure to keep the promises made previously by the state government in similar cases – was quite meaningless to these peasants. What was the correct quantum of compensation? They led a life that quite satisfied their material and cultural demands. For this they were totally dependent on their plots of land. It was as much a part of their culture and life, as it was a means of livelihood. The peasants had a holistic culture that directly opposed the commodity culture of globalisation. The concept of land as a commodity was thoroughly alien to their culture. From our cultural perspective, which refuses any holistic or ecological position, we can invent a justification of their stand: loss of land will deprive the peasants of the opportunity to work (which is the realisation of human existence), even if they can earn sufficient interest income from the monetary compensation without doing any work! The state government was definitely using violence to intimidate the

organisation formed by the peasants to resist the attempts of the government to evict them from their land. But also “leftist” mass organisations had been asked to “explain” to the peasants that the money being offered was more than sufficient compensation. In other words, these organisations were being deployed to carry out the task of cultural transformation – from a holistic culture to the commodity culture that is consistent with the needs of global capital. This experience also teaches another important lesson – the significance of an overdeterministic or interdependent approach. It is not just a question of economic transformation that was involved, but changes at all levels of social existence and perception.

The recent spate of state violence against farmers to force them off their land in order to hand it over to global capital for real estate business or for setting up industrial enterprises¹¹ reminds one vividly of the passages on primitive capital accumulation in Marx’s *Capital*. The passages on the transformation of arable land into pastures in *Capital* read eerily like a description of the eviction of farmers for the creation of SEZs.

Marx quotes Bacon on an Act of Henry VII, promulgated in 1533 and comments on it:

The device... was profound and admirable, in making farms and houses of husbandry of a standard; that is maintained with such a proportion of land unto them as may breed a subject to live in convenient plenty, and no servile condition, and to keep the plough in the hands of the owners and not mere hirelings’ what the capitalist system demanded was on the other hand, a degraded and almost servile condition of the mass of people, and the transformation of them into mercenaries and of their means of labour into capital [Marx 1954, p 674].

This Act was a sort of act, which we nowadays call a “Land Reform Act”. This Act even contained a clause that limited the number of sheep that could be owned to 2,000, where it was reported that some even owned as many as 24,000. If a cottage was built for an agricultural labourer it had to have an attached plot of arable land of at least four acres in size.

the cry of the people and the legislation directed, for 150 years after Henry VII, against the expropriation of the small farmers and peasants, were alike fruitless (ibid, p 673).

...The rapid rise of the Flemish wool manufactures and the corresponding rise in the price of wool in England gave the direct impulse to these evictions... The new

nobility was the child of its times, for which money was the power of all powers. Transformation of arable land into sheepwalks was, therefore, its cry (ibid, p 672).

In place of wool one has to just substitute “cars”. True, there is no produce of the soil that the car manufacturer, Tata, directly needs. None the less, every materially productive activity requires land. From this point of view, it is immaterial whether agricultural land is transformed into pastures or is converted into the site of a factory shed or is traded off as real estate. Further on Marx quotes Bacon:

Inclosures (sic) at that time (1489) began to be more frequent, whereby arable land (which could not be manured (sic) without people and families) was turned into pasture, which was easily rid by a few herdsmen; and tenancies for years, lives and at will (whereupon most of the yeomanry lived) were turned into demesnes (ibid, p 673).

So we see a re-enactment of the same sequence of events that occurred in Britain in the 16th and 17th centuries. The attempt to prevent the expropriation of the peasantry that was attempted by Henry VII, could not withstand the onslaught of PCA in the late 17th and the 18th centuries. By the time of Elizabeth I, it was officially recognised that these laws had fallen into disuse and that pauperism was rampant. This was implied in the passage of the poor rates. Of course, the poor laws were to be used to wring out the maximum hours of work from those who had been dispossessed as a result of the enclosure movement and the general tendency of land concentration in that period (ibid, p 667). We even find parallels to the privileges that are being offered to the capital invested in the SEZs.

After the restoration of the Stuarts, the landed proprietors carried, by legal means, an act of usurpation, affected everywhere on the continent without any legal formality. They abolished the feudal tenure on land, i e, they got rid of all its obligations to the state, “indemnified” the state by taxes in the peasantry and the rest of the mass of the people, vindicated for themselves the rights of modern private property...(ibid, p 676).

The owners of the enclosed lands, therefore, were exempted from the normal financial obligations to the state, much in the same way that the enterprises within the SEZs are exempted today.

There is a widely held view that PCA occurs prior to the establishment of capitalism. The seeds of this idea are there in

Marx’s *Capital*.¹² In reality this process is endlessly entwined with capital’s expansion. Marx discussed the process of dispossession in the context of right to land, but the process of dispossession/occupation, which is essential to the survival, and expansion of capital can be treated as a theoretical concept. For its expansion capital does not appropriate just land. It acquires rights over knowledge, culture, nature and even the games that people play. In fact the process of acquiring control over markets can also be seen, theoretically, as a part of PCA.

Importance of Rent

One is aware that this is a somewhat different way of looking at PCA than was proposed by Marx. Never the less, one feels that expropriation of the right of a community to any resource and the simultaneous conversion of that resource to employable physical capital can be termed PCA without violence to the essential meaning of the term. One is also conscious that the concept of PCA is being deployed here to understand a process that has not been analysed through PCA. To us what is important is that on the basis of exclusive rights acquired by global capital, it appropriates rent, which is concealed as profit. The laws of the state and economic rules and regulations are changed, even drastically, whenever necessary to facilitate this war of occupation. Marx did not discuss this significance of PCA. But, as we have discussed, rent earning is perhaps the most significant aspect of global capital today.

So we find the repetition of history somewhat as a farce. The grotesque aspect is that the “leftists” who had once demanded land reforms that were expected to give some security of tenure to the actual cultivators (though understandably there was never any legal measure adopted to give land to the tiller) are now championing the expropriation of peasant rights.

There is a significant difference between the course of economic history that is unfolding in India today and the course narrated by Marx. PCA was supposed to constitute the prehistory of capital, but we find that it is also a simultaneous event. This is not much of a surprise. In these postmodern times we have long ceased to believe in purity. The idea of society moving through fated stages, where each stage is born through the dialectical supersession of one stage by another, is no longer generally accepted as a valid proposition.

What were previously the dominant positions in society are distorted and appropriated by the dominant positions in the succeeding order. The new dominant position also mutates in the process. There is no purity in the positions of the dominant and the subordinate positions within a society, either. Both mutate in the interest of systemic stability to generate a modified kind of hegemony of the dominant. This has been called “synthetic hegemony” [Chaudhury, Das and Chakrabarty 2000]. Capital does not, therefore, abrogate pre-capital. It distorts and appropriates it. In the process it too is modified. (This of course begs the question whether one can, even theoretically, conceive something called “pure capitalism”. Quite obviously our position would be that this is not possible.) Our discussion of the importance of rent to global capital is rooted in such a conception of transition.

Imagining an Alternative

In conclusion we will talk about imagining an alternative. We have remarked that the ruling left does not really have an option. It has to expropriate the rights of the peasants. There is no point, other than that it has some rhetorical worth, to blame this party and that leader. If one goes through the large number of leaflets published by the various left-of-left-front groups criticising the ruling left front, one can sense their theoretical discomfort. They criticise the government for lying, for suppressing truth, for police repression, and such other violations of what are broadly liberal bourgeois ethics. It is important to criticise the violations of bourgeois human values. The barbarity of the government, its violation of the constitution must be highlighted. Such critiques can serve the rhetorical purpose of showing up the heartlessness of the system. But if there is no possible alternative path of development then in the current age of global capital what is happening is inevitable. Unfortunately, the left has also abdicated its responsibility of imagining an alternative. And this goes for almost all shades of left.

One proposes that the search for an alternative should start from this clash of ethics involved in the process of primitive capital accumulation – the ethics of the peasantry versus the ethics of the market, of global capital; the ethics of the forest dependent people versus the ethics of the market which proves with its “cost-benefit” analysis that it is efficient policy

to displace these traditional right holders and construct dams. In general terms the alternative must emerge out of the clash between the ethics of the local and the ethics of the globalised. We do not think that the beginnings of an alternative lie in ensuring global mobility for one who is locally confined. The entirety of what is rooted in a local space can never be globally mobile. If that were possible then this essentialism would be correct – nature, culture all have but one essence, which is expressed in market price. Culture cannot be globalised. It either dominates or is dominated. The manifestations of so-called fusion cultures involve a hierarchy between the fused cultures. I think even appreciation of a culture by one who belongs to another culture involves a relation of domination or fragmentary appropriation. Nature, too, cannot be globalised. The local community had rights over what was part of the natural balance of the locality. Actually “right” is a misnomer in this context. Perhaps one can say that the relation of nature with the local people was one of mutual dependence. Wood becomes the property of one who uproots the tree. This property owner appropriates rent. Trees become wood. And the one who initiates this metamorphosis after death becomes the rent-appropriating owner.

The project of constructing an alternative path of development must stop rent extraction by the global while respecting local differences. The locally rooted working people are the bearers of these differences. Cooperative-based production must emerge from the initiative of the labouring people. And some kind of machinery for direct interaction will have to be created to prevent rent extraction. The alternate globalisation that we are talking about is the globalisation of the relations between these cooperatives.

The proposal perhaps begs more questions than it answers. A basic question – why should the labouring people be the bearers of local specificity? Consider one who is employed in a factory. The person can no longer be identified as a worker if this factory shuts down. So if the particular region or locality, the factory, loses its specific characteristic – that of producing a particular good – the worker ceases to exist qua worker. On the other hand, the owner of the factory is not the bearer of this regional specificity. The capitalist’s calculations are based on the generality of market existence, on the expression of this universal – the market price. It is with profits

calculated at market prices that the capitalist is concerned. The capitalist has no qualms about shutting down a factory to construct luxury apartments on the land if this business promises greater profit. One’s identity as capitalist, what we can after a fashion call capitalist class position, remains unscathed but the working class position ceases to exist if the factory shuts down.

The characteristic of a factory is to produce manufactures. The bearer of this characteristic is the labourer engaged in the factory. The characteristic of agricultural land is to produce agricultural crops. That is why when the government takes over agricultural land for construction of industry or amusement parks the peasants oppose such moves. Does it mean that one is opposed to all change, to the production of new goods and services, to all relocation of labour? No. But we do insist on the need for working out a participatory change. Even the development of science and technology is responsive to the power structure. So a cooperative relation must grow between science and technology and an alternative development. It is now almost a cliché that education and the pursuit of knowledge and science must be adapted to the needs of production. I would not disagree. But I would be specific: the relation must be cooperative. In the present situation this slogan simply amounts to the demand that education, knowledge and science must all be subservient to the needs of global capital.

This proposal for exploring alternatives is rather inchoate and, therefore, likely to be confused with various kinds of civil society movements. A possibility that is rather unpalatable is to be equated with radical environmentalists. So let us mark at least some of our distance from them. They have a tendency to forget history and present some position in time as if it was the original, unsullied, natural situation. So when one talks of “locality” one must remember that it is also the result of some complex historical process through which some communities had been displaced. The current natural and demographic structure has a history, which includes displacement of adivasis and spoliation of a past natural balance. The attempt to disown history or the complex process that has brought the present into being may work in favour of some self-seeking interests.

Just as we should not disown history, so also we cannot reject the present. Modern development creates refugees of development by constructing industry or housing

resorts for the rich on agricultural land; by the loss of fertility caused by modern farming that cannot be replenished; by the loss of occupation of the fishermen caused by the discharge of chemical effluents into water bodies; by the displacement of forest dwellers and agriculturists on account of construction of large dams. The displaced crowd cities in search of livelihood. They construct marginal communities in the “illegal” shanties lining railroads, leaving behind old settlements, old community identities. They find odd jobs in the unorganised sector, remain unemployed or engage themselves in “anti-social” activities to eke out a living. They form new communities. Their desires and demands change. We cannot turn back the wheels of this inhuman progress by rejecting the present. To which past shall we return? Which historical situation shall we designate as original? We have to start from the present – from the current demands of the labouring communities. This must be the starting point of the movement to construct a cooperative human psyche so that one day the worker in the armaments factory will also march for peace. The alternative does not lie in the imposition of some leadership’s dreams and schemes, ignoring the present demands of the community of working people, which are expressed mainly in their economic struggles. Rather, one can attempt to limit the scope of market centrism by joining in the economic struggles of such communities. If one can mobilise public pressure to compel the government to increase its social welfare spending, for example, the orientation of health and education towards the demands of market worthy individuals may be partly balanced.

The little that we have been able to articulate by way of an alternative to the devastating course of globalisation simply constitutes a preliminary proposal based on a theoretical understanding. It has no pretension to constituting a plan of action, however sketchy. Indeed such cannot be the product of an intellectual exercise, individual or collective.

We will end on a self-critical note. The proposal is for the construction of a different economy and society based on an alternative set of ethics. Ethics is born of morality, which is constituted in the process of living, of dreaming, of dreaming of a different living. But we have based our proposals on our theoretical analysis. Analysis is inevitably limited by the categories it uses, by its structure of logic.

Categories spring traps which analysis cannot avoid. But an alternative ethics can be established only by transcending the categories of the dominant culture, which cloud our thoughts. Transcendence occurs through the daily conflicts of our life. Transcendence is a process, which the dominant categories cannot capture, analysis cannot pin down. It occurs in our desires, which build, and are built, into our dreams. If it were an analytical process then intellectuals could competently draw up blueprints of social change. Certain terms that we have deployed in this paragraph indicate our inability to theorise transcendence in the same way as we theorise materiality. Terms like “cloud”, “dreams”, “desires”, “cooperative relation”, etc, are terms that we do not use as economists.

Our proposal for an alternative rests largely on a binary – general/specific. Unfortunately, in spite of trying to evade the issue through various linguistic juggleries, one is forced to admit, at the end of the day, that ultimately, a major lacuna of all analytical exercises dealing with the nature of society and change is the inability to transcend binary thought categories. The particular binary that we have deployed has its own limitations. We have said that the labouring people are the bearers of their local specificity. We have advanced some arguments in support of this proposal. But even an exploitative class with a localised power base is a bearer of local specificity in some sense. The landed aristocrats, say the zamindars, extracted/extract feudal rent on the basis of feudal landed property rights over a defined territory. So this lord was/is the bearer of local values. It follows that we are not proposing an alternative based on the dreams and desires of the labouring people simply because they are the agency of the local. Faith in the working people is an autonomous, fundamental characteristic of our position. Opposing the concrete, which has a specific character that cannot be dissolved in any generality or essence, against a faceless entity that dissolves into a particular manifestation of an essence, may lure the analysis into some snares. We often tend to ignore the existence of a power structure at the level of the local community. Our hope is that the local working people’s cooperatives will be able to transcend local sectarianism also. One must, of course, be constantly alive to the other possibility.

We should be watchful about the limitations of using the “general/concrete”

binary or the related “global/local” binary. But we should be conscious that in the age of globalisation the greater danger lies in being blinded by the seduction of the global, which includes, among other devices, the glorification of universality against the tyranny of the locality. Globalised production and consumption are not conditioned by any societal norms. The market can only register “demand”, i.e., need backed by purchasing power. It has no way of taking cognisance of the need to live of the poor who do not have the wherewithal to buy what they need to survive. The harsh individualistic culture that sustains support for the market, would find this refusal to judge the need to survive as intrinsically superior to the desire to satisfy a whim to be ethically correct. If the survival of the poor family had been desired by the society, the family would have been able to earn sufficient income by selling the resources at its command in the market.

Building the alternative will entail, among other things, recovering humanism, a concern for others in society, which has been buried deep under decades of market hedonism. The alternative does not consist of just changing the policies of the government. We will all have to participate in the construction of a new humanity and a society. It is but inevitable that global capital and the state will resist the construction of the alternative – cooperative construction, that is. Counter resistance in self-defence will follow. The details of the alternative will ultimately be worked out in the course of this construction and struggle. [\[PW\]](#)

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Notes

[I have benefited greatly from my conversations with Dipankar Das and Sumit Chowdhury while this piece was evolving. I am also grateful to Dipankar for meticulously going through the initial draft.]

- 1 By the term “global capital” we are referring to capital that has crossed a certain threshold, in terms of size, to acquire the passport to global mobility. The significance of this categorical separation will become obvious as we go along. For the time being it is sufficient to note that this type of capital is not geocentric in either source or area of investment. It has therefore little or no national allegiance.
- 2 “Public purpose” is a vague term, which can be suitably interpreted to suit the needs of global capital. For example the government of West Bengal has used this Act to acquire land that will be handed over to the Tatas for

construction of a small car factory. This has been interpreted as a public purpose because it is claimed that it will provide employment to the people of the state. Even if one does not contest the veracity of this highly improbable claim, one can still ask how the employment of workers by a profitable enterprise in order to enhance its profits can be termed as a deed with a public or social purpose.

3 We will elaborate this alternative later.

4 Rent is earned on the basis of monopoly of rights over resources that are not replicable. Marx discusses this in volume III of capital [Marx 1959]. Primitive capital accumulation (PCA) is discussed in volume I of capital [Marx 1954]. There are now three classes of economic functionaries. There are the landlords who have dispossessed the traditional right holders of their rights and established sole proprietary rights over land. There are the capitalists who take this land on lease against payment of rent to the landlord to use the land for profit. And there are of course the labourers who work on payment of wages.

Discussing the basis of the ability to extract rent, Marx says, "...the monopoly of the so-called landed proprietor of a portion of our planet, enables him to levy such a tribute" [Marx 1959, p 625]. Marx then goes on to divide rent into two analytical parts: differential rent (that is generated by the extra productivity of some plots, which causes the product to fetch more revenue than is sufficient to cover normal wage charge, material cost, other charges and profit at the normal rate); and absolute rent (that is generated by diminishing wage and/or rate of profit on capital invested on such plots). This latter is rendered possible because such capital or labour has no alternate field of employment. Marx cites the case of the small farmers who cannot hire in large plots of land. Because of the large numbers of such farmers in comparison to the number of such plots available, the owners of such plots were able to depress the profit on capital of the small farmer and so extract absolute rent.

To my mind the key factors that allow rent extraction are barriers to the ability to replicate – this aspect Marx mentions explicitly [Marx 1959: 633] – and monopoly. The planet earth is not replicable and so monopoly over fractions of this earth allow the owners of these titles to extract a payment, called rent from the capitalist who would employ this resource. But if these attributes exist or are created in other fields then rent could be extracted from these fields too. The discussion that follows may be simpler to follow if we introduce another aspect: the aspect of immobility at this point. Let us elaborate. Suppose all the landowners in India get together and decide to charge at least a minimum rent, irrespective of productivity of land. The capitalists who are land dependent have to foot the bill because land being immobile across market boundaries cannot be obtained within the geographic area of India without payment of such absolute rent. If land could be imported competition among rentiers would reduce this component of rent ultimately to zero. Like in the case of what is called quasi-rent in neoclassical economics – free entry of firms into the competitive markets force down rent to zero in the long run by wiping out what

is a virtual monopoly in the short run. Marx discusses the converse case [Marx 1959, p 629]. The owners of worst grade small plots were able to extract absolute ground rent because of the competition among a large number of small capitalist farmers for such plots. This was not out of their pockets but squeezed out of the labourers, who could be paid low wages because of the unavailability of alternate employment. In the long run, however, such rent could not be paid because the emigration of labourers led to wage increase.

If these attributes are present in other fields the right owners can extract rent. We discuss just one example. The free flow of knowledge (i.e., its mobility) is cut off through the imposition of suitable patent laws. This renders knowledge, science and technology non-replicable. The owners of patents then have monopoly of rights in these fields that can be used to extract rent.

Another direction in which we have expanded Marx's idea of rent is that though the functions of the owner of rights that entitles one to rent and the function of the capitalist are separated, in our discussion they vest in the same entity. Marx treats this as an exceptional case, rather than as the rule [Marx 1959, p 751]. This is simply caused by the changed historical circumstance, which also explains the simultaneity of global capital's expansion and PCA.

5 There is some difference between this and the discussion in *Capital*. See fn 4.

6 Marx calls this surplus-profit and treats it as a kind of absolute ground rent [Marx 1959, p 775].

7 See footnote 1.

8 The term "feudo-capital" has been used to designate this symbiosis [Chaudhury and Raychaudhury 2003].

9 Such societies, which are arguably the earliest form in which humans organised themselves, have been characterised as classless. Class division, that is the division into surplus producers and surplus appropriators, can occur only when society produces a surplus over and above its subsistence requirements. In other words, surplus production is a necessary condition for the existence of class divisions. Since science and technology were (are) very rudimentary in these societies, such societies did not (or do not) produce any surplus. Hence class divisions do not exist.

10 The capitalist has the necessary finances to purchase the inputs (including labour power) that are required for production. The laws of private property ensure that the inputs belong to the capitalist because he/she has purchased it in the market. So the output produced from these inputs also belong to the capitalist. The money earned by selling this final product in the market constitutes the revenue of the capitalist. The excess of the revenue over the cost of purchase of the inputs is the surplus, which, naturally belongs to the capitalist. So for appropriating the surplus as profit, all that seems to be necessary is that the market should function.

The market is the place where exchange of goods and services occurs. In an act of exchange two parties simultaneously give and take two properties that are of equal worth. For example,

I give ten rupees to the shopkeeper and the shopkeeper gives me a ball-pen. They are of equal worth, in the sense that we have both agreed to this. Otherwise the transaction would not have taken place. This exchange is possible because I was recognised as the legitimate owner of rupees ten, and the shopkeeper was recognised as the owner of the ball-pen. Also once, the shopkeeper and I had agreed to the price, exchange required that we kept the contract to exchange the ball-pen and the money. In plain words, it was necessary that I did not run away with the ball-pen when it was handed over to me. Thus, for the market to function only the laws of private property and contract are necessary. These laws are impersonal. Anyone who has the money can own property (the state does not designate by name who can own property). Any two persons who own property can contract to exchange (the state does not bar any property owner from exchanging the property).

11 Ultimately it will be impossible to prevent land handed over to capital for industrial ventures from being transformed into real estates if it is more profitable. All indications are in that direction. According to the projections of Merrill Lynch, the Indian realty sector will grow from \$12 billion in 2005 to \$90 billion in 2015. The fact that Merrill Lynch has invested \$50 m in Panchsheel Developers, a regional developer, Morgan Stanley has invested \$68 m in Mantri Developers, a medium-sized Bangalore-based developer, indicates that this is not all hype. Real estate funds set up abroad for investment in India alone totals \$2.7 billion currently ('Land Grab and Development Fraud in India', *Analytical Monthly Review*, editorial, September 2006).

12 "...but the accumulation of capital presupposes surplus-value; surplus-value presupposes capitalist production; capitalist production presupposes the pre-existence of considerable masses of capital and of labour-power in the hands of producers of commodities. The whole movement, therefore, seems to turn in a vicious circle, out of which we can only get by supposing a primitive accumulation (previous accumulation of Adam Smith) preceding capitalist accumulation; an accumulation not the result of the capitalist mode of production, but its starting point" [Marx 1954, p 667].

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