

The image features a large, light gray watermark logo on the left side, consisting of a stylized 'P' and 'U' intertwined. To the right of the logo, the text 'Pignou' is written in a large, light gray font, with 'THE PEOPLE'S UNIVERSITY' written in a smaller, light gray font below it. A vertical line separates the logo area from the text area.

**BLOCK –II**

**Context of Modern Government**

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## BLOCK –II

### CONTEXT OF MODERN GOVERNMENT

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The concept of government is one of the most vital political institutions in our political life. Governments are generally conceived as a formal administrative apparatus or an institutionalized process through which states exercise their sovereignty and control over the society. They exercise vast range of functions—managing the state; regulating public affairs; making and implementing public policies; enforcing laws; protect the state and its citizens and so on—which are considered as essential for the society to exist as a sustainable political system. However, there is diversity in the ways and means these governmental functions are fulfilled determined by the circumstances and the context in which they operate. For instance, governments in countries like the United States, Canada, France, Japan or Germany are found to be different from government of other countries like China, North Korea, Vietnam or India, Brazil, or South Africa. They not only differ in their political, economic and social outlook but also differ on the practice and extent to which public affairs within society are shaped and directed. Likewise, the machineries or organizations that carry out the governance of the state also differ to a great extent.

The three units in this block focus on the broad context in which modern governments operate. For the purpose of comparison, we depend on the familiar three-fold division of the world into the capitalist First World, the socialist Second World and the Third World of newly independent nations. While such a grouping is politically not sustainable after the collapse of the Socialist camp, existing systems of governance broadly correspond with the earlier political division- the advanced economies, the centrally planned economies or post-Communist countries and industrialising economies or developing economies. In Unit 6 we will learn about the idea of capitalism and the nature and structure of governance in industrialised capitalist states. In unit 7 we introduce to socialist ideology and the working of socialist model of government, focusing on its role in the conduct of a country's economic affairs. The last unit of the block deals with the nature and structure of governance in the developing post-colonial countries which are generally characterised by fragile socio-political conditions.

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## UNIT 6 CAPITALISM AND THE IDEA OF LIBERAL DEMOCRACY\*

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### Structure

6.0 Objectives

6.1 Introduction

6.2 Historical moorings of Capitalism and Liberal Democracy

6.3 What is Capitalism and Liberal Democracy?

6.4 Interrelationship between Liberal Democracy and Capitalism

6.5 Contestations, Debate around and Future of Capitalism and Liberal Democracy

6.6 Let Us Sum Up

6.7 References

6.8 Answers to Check Your Progress Exercises

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### 6.0 OBJECTIVES

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Democracy and Capitalism have been the thriving ideas of modern times. This unit aims to familiarise you with the idea of democracy, the idea of capitalism and the inter-relationship between these two ideas. After going through this unit, you should be able to:

- Explain the idea of liberal democracy and capitalism
- Explicate their changing nature and the interrelationship between these two ideas
- Discuss the challenges these two ideas face in contemporary times

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### 6.1 INTRODUCTION

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Liberal democracy and capitalism have proved to be the most successful political and economic systems despite intermittent challenges. This unit discusses

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different dimensions of liberal democracy and capitalism and encapsulates the meaning both lend to each other. Fundamentally, democracy celebrates the common good and capitalism rejoices the personal good. Capitalism follows the logic of unequal property rights whereas democracy aims at giving equal civic and political rights. Democratic politics is embedded in consent and compromise and Capitalism is all about hierarchical decision making. Wolfgang Merkel, a well-known authority on democratisation, has therefore said, Capitalism is not democratic, democracy is not capitalist.

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## 6.2 HISTORICAL MOORINGS OF CAPITALISM AND LIBERAL DEMOCRACY

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It is difficult to point to the first traces of capitalism since capitalism as an idea or as an attitude must have always existed probably in its primitive avatar. The evolutionary journey of man signifies that natural man was occupied with satisfying his basic needs and gradually learnt to amass capital/resources and understood the significance of the art of enterprise and speculation to transform the capital into unapologetic wealth. However, the development of capitalism as a system began in the 16<sup>th</sup> century. The industrial form of capitalism with which we are familiar first developed in England in the 18<sup>th</sup> century and spread to other parts of Europe, North America, Australia, New Zealand, and South Africa. By the end of the 19<sup>th</sup> century, with the expansion of European colonial rule, capitalism came to dominate the entire world.

It has been pointed out that rise of capitalism is associated with three main features: (1) the growth of the capitalist spirit i.e., the desire for profits, (2) the accumulation of capital, and (3) the development of capitalist techniques. Max Weber believed that capitalism was the product of rationalisation and rationality which was a significant characteristic of modernity. Capitalism was thus a rational organisation of the productive enterprise. The concept of a waged worker which emerged in the aftermath of the industrial revolution signalled a crucial stage in the development of capitalism. A brief look at the history of the economic and social conditions that pre-dated the industrial revolution shows that capitalism did not arise from the efforts of a few inventors causing an industrial revolution, nor because British capitalists had some special 'enterprising spirit'. It arose from the systematic breakdown of feudalism as a social and economic system and the imposition of a wage-labour system in its place. Karl Marx did a historical and dialectic analysis of the evolution of the capitalist system and considered it to be the product of contradictions found within the earlier feudalistic order. He opined that capitalism was a stage in history which replaced feudalism thus ending the control of the feudal lords over the serfs. The serfs were absorbed as factory workers, that is, wage labourers in the new system of mass production thus fully establishing the hold of the capitalist system. Marx maintained that as capitalism reaches its advanced stage it will breakdown because of its inherent contradictions and will be overthrown by a proletarian revolution. However, such a working-class revolution only took place in

underdeveloped Russia to establish what later came to be criticised as state capitalism. When the communist bloc disintegrated and collapsed, Francis Fukuyama, an American political theorist, declared in his, *The End of History and the Last Man*, that mankind has reached the endpoint of ideological evolution. The collapse of communism in Soviet Russia signalled the triumph of liberal democracy and capitalism. In the subsequent years, aided by international financial institutions that were infused with neoliberal ideas, liberal markets paved the way for global capitalism. However, the recent global financial crisis of 2008 has regenerated momentum in favour of contained markets, pulling back globalisation and promoting redistributive policies. Fukuyama chose to revisit his proposition and called for redistributive programmes to address the huge imbalances in income and wealth.

Democracy today is celebrated as one of the most successful political systems that practically don't have any competition. Its rudimentary meaning implies a form of government in which decision-making is by the people, for the people and of the people. Nonetheless, there are myriad forms and types of democracy. Generally, the historical roots of democracy are traced to the ancient Greek cities of Athens and Sparta where direct participation of people in city assembly was encouraged. At the same time, Greek democracy was problematically exclusivist in design. It did not recognise women, metics (foreign residents) and slaves as legitimate participants of the system. In recent years, the idea that democracy is essentially a system which originated in the Western world is being contested as references to the practice of Sabha and Samiti in Vedic literature where people used to participate in the decision-making process, point to the existence of such a system in the non-Western world too.

Liberal Democracy is particularly considered as a product and characteristic feature of modernity. It came into existence as a result of civil war against royal absolutism and paved the way for the transfer of powers from the Crown to the Parliament. Since then, liberal democracy has expanded not only in physical terms but also has matured in terms of meaning ascribed to it. The American and French Revolutions coupled with the growth of industrial capitalism since the late 18<sup>th</sup> century has deepened the roots of democracy. *The French Declaration of the Rights of Man (1789)*, and the *American Declaration of Independence (1776)*, the political ideas of John Locke who invoked the idea of inalienable rights of man, Bentham's defence of representative politics, J S Mill's championing of suffrage for women have greatly contributed to the development of democracy particularly in a liberal sense. Democracy made considerable progress not only as an idea but also as a political system with gradual enfranchisement of the population belonging to different socio-economic strata, public education, and electoral reforms. Decolonisation of the world and claims for the right of self-determination by newly independent countries in the post-World War II years also contributed to further democratisation of the world.

However, it must be noted that the adjective 'liberal' before the word democracy denotes a specific meaning and definition of individual freedom, the role of the state and role of the market. The liberal understanding of democracy has been in

favour of greater individual rights and lesser interference of the state. The term liberal may denote two diametrically opposing meanings, for instance, it can simply mean the absence of restraints (negative liberty) or it can mean individual's capability to engage in the process of governance and decision making. Thus, there are different versions of democracy depending on the meaning and definition adopted for the idea of liberty/personal freedom and role of the state. For instance, liberal democracies which prioritise the interests of the working class and exercise limits over individual/private ownership can be considered as socialist democracy while the ones which give precedence to duties, responsibilities and obligations towards society over the enjoyment of individual liberties can be considered communitarian democracy. And, if a political system chooses to prioritise environmental concerns or concerns related to women/gender then such systems have environmental and feminist orientations.

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### 6.3 WHAT IS CAPITALISM AND LIBERAL DEMOCRACY?

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The *Macmillan Dictionary of Modern Economics* defines capitalism as a political, social, and economic system in which property, including capital assets, is owned and controlled for the most part by private persons. Capitalism is necessarily an economic system which is driven by the individual enterprise to earn profits. It demands greater space for private ownership, unencumbered freedom, contractual transactions, and economic competition. In other words, capitalism is a system in which the allocation of resources in a society is based on the price mechanism. The extent to which the price mechanism is used, the degree of competitiveness in markets, and the level of government intervention distinguish exact forms of capitalism. In its extreme form, the Laissez Faire (literally meaning leave us alone) model, capitalism despises any form of governmental control and regulation. Such a free market system, if not controlled and monitored, can be perverted into one of the most ruthless and unscrupulous systems.

Capitalism is also a system of indirect governance for economic relationships, where all markets exist within institutional frameworks that are provided by political authorities, i.e. governments (Scott, 2006). From this perspective, capitalism is a three-level system much like any organized sports. Markets occupy the first level, where the competition takes place; the institutional foundations (administrative and regulatory infrastructure) that underpin those markets are the second, and the political authority that frames the rules of the game and administers the system is the third. In other words, a capitalist system to evolve in an effective developmental sense through time must have two hands and not one: an invisible hand that is implicit in the pricing mechanism and a visible hand that is explicitly managed by government through a legislature and a bureaucracy.

According to Max Weber, capitalism is simply an attitude of earning profit rationally and systematically. Therefore, this form of economic system thrives on

private ownership of resources, rational techniques of production and distribution, free market, free labour force, commercialisation of economy and rational legislation. On the other hand, Karl Marx sees capitalism as a progressive historical stage that is bound to collapse under the weight of its internal contradictions. For Marx, capitalism is a system of acute exploitation, class divide, inequality, and oppression. Capitalism thrives on private property, mass production of commodities under the factory system for profit and the existence of a working class. This working class is forced to sell its labour power in the market and eventually, this leads to polarisation between the haves (owners of the means of production or bourgeoisie) and the have not's (the wage workers or the proletariat). Marx maintained that government in a liberal democracy is the executive agency of the capitalist class. This fusion of economic and political power in the hands of the propertied class leads to exploitation of the have nots. He believed, when the working class unites to fight back, both liberal democracy and capitalism will be overthrown to establish a communist society. Thus, according to Marx, Capitalism and Democracy are prime factors behind the exploitation of the working class.

Capitalism can thus be defined as a spirit of enterprise, as a particular mode of production and as a commercial system. For capitalism to work, it requires a rule-bound economic policy; constitutionally enshrined protection of markets and property rights from discretionary political interference; independent regulatory authorities; central banks firmly protected from electoral pressures; and international institutions. (Streeck, 2011). Yamamura and Streeck talk about two types of capitalism; the non-liberal and liberal capitalism. They use these terms to connote the extent of social and political regulation in particular economies and, more fundamentally, 'the ways in which national societies organize their economies and indeed the extent to which they do so'.

Democracy is basically a government by consent in which periodic, competitive, free, and fair elections are mandatory. The election is the key institutional process through which democracy functions. The opinion of the citizens/governed is of paramount significance in a democratic system. The process of consensus-building is at the heart of the liberal democratic process. Such a consensus needs to be achieved at three levels according to David Easton: (a) consensus at the community level (basic consensus); (b) consensus at the regime level (procedural consensus), and (c) consensus at the policy level (policy consensus) Sartori maintains, in democracy, no one enjoys unconditional and unlimited power. Limited exercise of power and accountability are the key elements of democracy. In other words, individualism, popular sovereignty and limited government are the foundation of liberal democracy.

In order to explicate democracy further, it is necessary to understand the procedural as well as substantive aspects of democracy. While the procedural aspect focuses on the constitutional framework, the substantive aspect of democracy reminds us to strive for the equitable distribution of fruits of growth and development. The claim of the liberal democracies to be liberal democracies rests on the claim that they have both well-established and accessible procedures

for protecting the liberties of individual citizens (Ware, 1992). The liberal democratic trajectory also reveals that values such as liberty, equality and fraternity are its building blocks. These values only make the procedural aspect of democracy stronger and contribute to the regimented control over the markets thereby ensuring efforts for equitable redistribution of resources. Liberal democracy has two significant components within it- the liberal component which talks about limits on political power and the democratic component which deals with people's rule, participation and representative institutions. Liberalism intends to free the people and democracy stands for 'empowering people'. It also means safeguarding people from tyranny and arbitrariness. This is achieved through ensuring political representation to people. Political parties are important mediums to provide this representation to people in a democratic society. The form of representation can be direct, indirect, proportional etc. Each society, depending on the nature and composition of its population, will have different types of party systems. For example, a more homogeneous society tends to have two party-systems and a heterogeneous society tends to have a multi-party system. Values such as liberty, equality and fraternity are considered as the core values of a liberal democratic society. On the other hand, liberal democracy is also inseparable from free market and property rights. The Marxist critique of liberal democracy is therefore that political equality is farcical in the absence of economic equality. The class divide which is an inherent feature of capitalism has to be overcome by abolishing private property. Socialist democracy is essentially aimed at overthrowing capitalism that gets strength from liberal democracy. Liberal democracy is also criticised by the Elite theorists such as Gaetano Mosca, Wilfredo Pareto and Robert Michel who point out that in any given society it is the few elites who tend to rule rather than the people at large.

### Check Your Progress Exercise 1

- Note:** i) Use the space given below for your answer.  
ii) See the end of the unit for tips for your answer.

1) What, according to Max Weber, are the conditions necessary for capitalism?

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2) Which one of the following is NOT a necessary condition for a liberal democracy?

- a) Individualism, b) Popular sovereignty, c) Laissez faire and d) Limited government.



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## 6.4 INTERRELATIONSHIP BETWEEN LIBERAL DEMOCRACY AND CAPITALISM

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The economy and polity are the main problem-solving mechanisms of human society. They each have their distinctive means, and they each have their "goods" or ends. They necessarily interact with each other and transform each other in the process. (Almond, 1991). One question that muddles us is how capitalism and democracy which are in many ways opposite ideas are complementing each other across the world. The former produces stark inequalities and the latter aims to craft an egalitarian society through distribution of equal political rights. On one hand, there is a system that pushes for the free hand of the market and on the other is a system that longs for a redistributive welfare state. The rising inflation since the 1970s, increasing private indebtedness, financial crisis has exposed the struggle between growing demands for security (socially funded programmes by government, redistribution of income and wealth through progressive taxation) which is fundamentally incompatible with the market. A detailed probe into the historical evolution of these two ideas and its practice reveals that they both have managed to respond to their contradictory nature. The post-World War II welfare state compromise tried to reduce the growing inequalities as a result of an unregulated capitalist market. Later, the onset of the financial (the Bretton Woods) crisis in the 1970s led to an expanding horizon of globalisation, neo-liberal reforms since the 1980s. This created a dent in the idea of the welfare state. While the state did not wither away, it did make enough space for the globalisation of capitalism. What is interesting here is that the amount and nature of 'liberal' in democratic politics in a way determines the space and structure of capitalism in a given system/society. For instance, governments that fail to attend to democratic claims for protection and redistribution risk losing their majority while governments that disregard the claims for compensation from the owners of productive resources, as expressed in the language of marginal productivity, cause economic dysfunctions and distortions that will be increasingly unsustainable and will thereby also undermine political support. (Streeck, 2011)

Marx believed that capitalism thrived because proletariat class is repressed and kept misinformed. His notion of collapse of the capitalist system under the weight of its inner contradictions no longer holds as capitalism has survived these challenges by adapting and accommodating itself within the liberal democratic setting. In fact, the capitalist class today consents to democracy and redistribution for the cost of repression and the consequent threat of revolution may be higher.

There are various assumptions, theories, and approaches to look at the interrelationship between capitalism and democracy. For example, greater democratisation results in greater redistribution (Meltzer and Richard model 1981) since the median voter belongs to the lower income group. However, they do not provide much leverage on explaining the observed variance in redistributive politics in different countries. The other main approach to the study of capitalism and democracy focuses on the role of political power, especially the

organizational and political strength of labour. If capitalism is about class conflict, then the organization and relative political strength of classes should affect policies and economic outcomes. There are two variants of this approach. The power resource theory focuses on the size and structure of the welfare state, explaining it as a function of the historical strength of the political left, mediated by alliances with the middle classes. The second variant is called the Neo Corporatist theory which focuses on the organization of labour and its relationship to the state - especially the degree of centralization of unions and their incorporation into public decision-making processes. (Iversen, 2006)

Joseph Schumpeter opined that democracy was a part of civilization story of capitalism thus making the point that democracy was historically supported by capitalism. In *Capitalism, Socialism, and Democracy* (1942) he states flatly, "History clearly confirms that modern democracy rose along with capitalism, and in causal connection with it. Modern democracy is a product of the capitalist process." The evolution of capitalism and liberal democracy though remained conflictual, it has found a strong ground especially since the end of World War II and the birth of welfare state (which was inspired by Keynesian economics). In the three decades following the adoption of the welfare state policies, the Western world experienced phenomenal economic growth where liberal democratic politics and the capitalist market grew simultaneously. There has been always scepticism about the harmonious co-existence of liberal democracy and capitalism. According to Barrington Moore, there have been three historical routes to industrial modernization. The first was followed in Britain and France where democratic capitalism rose to prominence by promoting bourgeois mercantilism. Japan and Germany, adopted the second route with the help of landed aristocracy producing a system of capitalism that was encased in feudal authoritarian framework dominated by the military aristocracy. Russia chose to be an authoritarian communist regime along with state controlled industrial economy. Moore, therefore, concludes that capitalism has remained a constant feature of emerging democracies in the nineteenth century. Robert Dahl too maintained that "It is an historical fact that modern democratic institutions have existed only in countries with predominantly privately owned, market-oriented economies or capitalism if you prefer that name." Peter Berger in his book *The Capitalist Revolution* (1986) discusses four propositions on the relations between capitalism and democracy which primarily explain a positive nature of the relationship between the two. On the other hand, there are those conflictual relationship between the two. For instance, Friedrich von Hayek in his later years advocated abolishing democracy in defence of economic freedom and civil liberty. John Stuart Mill had taken a similar position and maintained that capitalism subverts democracy. Therefore, he imagined a less competitive and eventually a socialist society. Mill wanted to control the excesses of both the market economy and the majoritarian polity, by the education of consumers and producers, citizens, and politicians, in the interest of producing morally improved free market and democratic orders. Thomas Jefferson did not object to significant inequalities in wealth but he believed an economically independent citizenry was

essential for liberty and democracy. Marx similarly explains how access to free land/resources serves as an impediment to capitalist dominance over and exploitation of labour. In other words, when economic resources/power is equally distributed and also controlled by the government it acts as a check on capitalism. Gabriel Almond discusses at length various dimensions of the interaction between democracy and capitalism. He identifies four broad types of inter-relationships: 1) Capitalism supports democracy, 2) Capitalism subverts democracy 3) Democracy subverts capitalism and 4) Democracy fosters capitalism (Almond, 1991). It is important to recognise that democracy and capitalism are both positively and negatively related, that they both support and subvert each other.

## Check Your Progress Exercise 2

**Note:** i) Use the space given below for your answer.  
ii) See the end of the unit for tips for your answer.

1) Explain how democracy and capitalism interact with each other.

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## 6.5 CONTESTATIONS, DEBATE AROUND AND FUTURE OF CAPITALISM AND LIBERAL DEMOCRACY

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The birth of liberal democracy in the shadow of modernity and growing industrial capitalism in the nineteenth century later became a global phenomenon and was taken as historically established and socially given. The key questions that are asked today, retrospectively as well as prospectively, are a) Is a liberal society (a society which guarantees civil, political, and economic freedoms, expansion of the franchise, periodic elections) a pre-condition for the sustenance and protection of capitalism? and b) Does this kind of liberal democratic expansion cohere with capitalist interests, institutions, and property relations? Alternatively, to put in the words of Elliot, would greater participation by the working masses in democratic politics be the potential undoing of the market capitalist system of economy? (1987).

The growth of liberal democracy and capitalism globally today is being revisited and questioned for the world is trapped in unimaginable problems and issues. The unprecedented technological and material progress is an outcome of the capitalist system but it also has created an unimaginable gulf between the haves and have nots, climate change, growing tensions among communities on account of pressing economic conditions, rising terrorism, increasing unemployment and

most importantly growth of the self-interested and atomistic individual. In the face of these contemporary challenges, Fukuyama's 'End of History' thesis that liberal democracy has won is now quaint. There has been rather an acceleration of history. Robert D Kaplan's apocalyptic article *The Coming Anarchy* points out that scarcity, crime, overpopulation, tribalism, and disease are rapidly destroying the social fabric of our planet. The fundamental issue that lies at the heart of human suffering today is exclusion and extreme inequalities. Isabel V. Sawhill in her article *Capitalism and the Future of Democracy* makes a compelling opening remark, "America is a mess. So are many other Western nations. Populism is on the rise because our existing system of a market-based liberal democracy is falling short of producing what citizens need and want." She discusses the interrelated problem in the context of American society but her argument has global relevance. For instance, some of the global problems are economic in nature such as rising inequality, stagnant wages, lack of employment, lower intergenerational mobility, disappointing levels of health and education, rising levels of public and private debt, growing place-based disparities. Some other problems are political in nature such as hyper-partisanship, influence-buying and corruption at the highest levels, paralysis, and declining trust in government. And finally, some issues are cultural such as resentment of migrants and growing tensions over race/ethnic identities and gender. These problems cannot be addressed in silos.

What has contributed to these impending issues globally is the mindset that markets work and governments don't and that governments must create an environment for markets to work. Most modern societies are made up of three sectors: the state, the market, and civil society. Most political philosophies contain an implicit bias toward one of these three sectors. While the Socialists tilt toward the state, the Capitalists repose faith in free markets. A softer version of capitalism, that we might call liberal democracy or the mixed-economy model, accepts the importance of markets but recognizes the need for government to correct market failures and address distributional questions. This type of a 'mixed economy' prevailed in the three decades following World War II in the U.S. and has been championed by many world leaders (Sawhill, 2020). Harvard professor Michael Sandel maintains that the US has drifted from a market economy to a market society; it's fair to say that an American's experience of shared civic life depends on how much money they have. Market economy and market societies have transformed everything into saleable things. (See Michael Sandel's book *What Money Can't Buy?*) The triumphant march of liberal democratic capitalism has significantly raised a breed of politicians (such as Bernie Sanders etc) across the globe who today have called into question the practice and intensions of this system. There seems to be a revived interest in socialism to fight and address issues of unimaginable and growing inequalities across the world. Thomas Piketty in his book *Capital in the Twenty-first Century* (2013) argues that rate of capital return in developed countries is persistently greater than the rate of economic growth and that this will cause wealth inequality to increase in the future. To address this problem, Piketty proposes redistribution through a

progressive global tax on wealth. While the political feasibility of such proposals is slim, the fact that they are even being discussed makes the point that we may be near a tipping point in the battle between market capitalism as philosophy and its alternatives.

The liberal democratic and capitalist world system need to revisit the proposition that market functions best when they are complemented by government/political system. The growing inequalities warrant urgent attention from the political system to curtail the spread of the market. More than ever, economic power seems today to have become political power while citizens appear to be almost entirely stripped of their democratic defences and their capacity to impress on the political economy interests and demands incommensurable with those of capital owners. In fact, looking back at the democratic-capitalist crisis sequence since the 1970s, one cannot but be afraid of the possibility of a new, however temporary, settlement of the social conflict in advanced capitalism, this time entirely in favour of the propertied classes that is now firmly entrenched in their politically unconquerable institutional stronghold, the international financial industry (Streeck, 2011). It will be too optimistic and farcical to believe that liberal democracy creates space for people's voices to be heard. Martin Gilens and Benjamin Page's empirical study suggests that economic elites and organized business interests have a large influence while the average citizen has virtually no impact. The median voter has a very little impact on legislative decisions in a democratic system. This is a very castigatory critique of liberal democracy as it fails to ensure individual liberty and the democratic space ultimately is hijacked by private/business interest.

On the other hand, it is also necessary to mull over the fact that this very liberal democratic space has allowed alternative politics to come to the forefront. Around the world, we see a rise in mobilisation of masses against inequality, racial/ethnic discrimination, gender-based oppression etc. This is a ray of hope that democracy still can offer a thriving space for alternative politics as well economics. Isabel earnestly discusses three possible alternatives to rescue the world from liberal democracies being hijacked by market capitalism. They are democratic socialism (government intervention in the economy), democratic liberalism (mixed-economy), and social capitalism (renewal of social capital and trust). These alternatives can offer effective solutions to an impending problem that is at the root of all other interrelated problems, that is, inequality. In the words of William Galston: "it is unarguable that beyond a certain point economic inequality is a threat to liberal democracy" (2018, p135).

### Check Your Progress Exercise 3

**Note:** i) Use the space given below for your answer.

ii) See the end of the unit for tips for your answer.

1) List some of the important problems and issues arising from capitalist development in contemporary times.

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## 6.6 LET US SUM UP

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As we saw in this unit, the two thriving ideas of modern times, liberal democracy and capitalism, have consolidated their position worldwide. Since the inception of democracy in ancient Greece, the idea of people's participation in political affairs has flourished with expanding meaning attached to the idea of rights of people. The beginning of the industrial revolution in the eighteenth century contributed to the growth of liberal democracy or it can be also said that both complemented each other. The emergence of the welfare state in the post-War years was a compromise between liberal democracy and contained capitalism. However, the financial crisis since the 1970's has greatly contributed to a paradigm shift in the economic sphere and the political sphere. The growing influence of global financial capitalism eschewed the liberal democratic spirit and has caused unimaginable inequalities. Therefore, a revisit of these ideas is impending to prevent the transformation from a market economy to becoming a market society. People, academics and activists have faith in the democratic spirit that with the expansion of people's voice the capitalist tendencies can be put under veritable check.

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## 6.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress Exercise 1

1) Conditions for capitalism to flourish are private ownership of resources, rational techniques of production and distribution, free market, free labour force, commercialisation of economy and rational legislation.

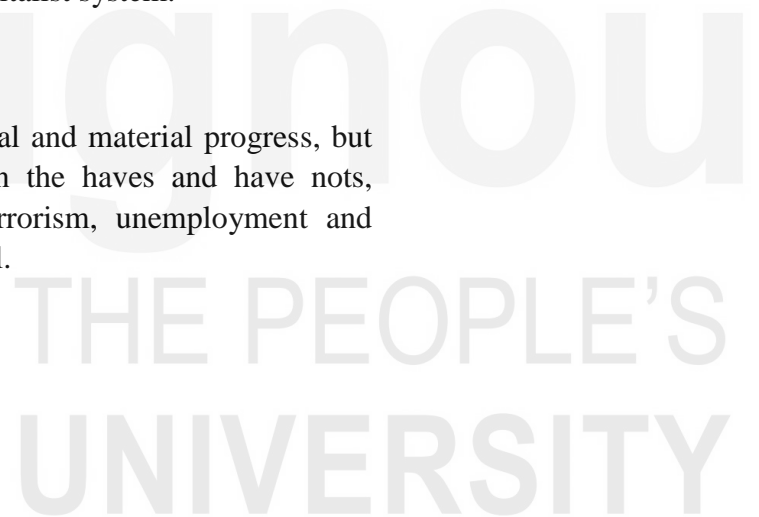
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### Check Your Progress Exercise 2

1) Your answer should include three aspects: i) liberal democracy a pre-condition for capitalism, ii) impact of capitalist intent and institutions on liberal democracy, and space for democratic spirit to make a dent in capitalist system.

### Check Your Progress Exercise 3

1) Capitalism has led to unprecedented technological and material progress, but it has also created an unimaginable gulf between the haves and have nots, climate change, tensions among communities, terrorism, unemployment and growth of the self-interested and atomistic individual.



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## **UNIT 7 SOCIALISM AND THE WORKING OF THE SOCIALIST STATE\***

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### **Structure**

7.0 Objectives

7.1 Introduction

7.2 Socialism: Critique of Capitalism

7.3 Evolution of Socialism and Socialist Thought

7.3.1 The Early Socialist

7.3.2 Marxism and Scientific Socialism

7.4 Socialism and the Marxist Perspective of State

7.5 Emergence of Socialist States

7.6 Working of Socialist State

7.6.1 PRC

7.6.2 Cuba

7.6.3 Vietnam

7.7 Critique of Socialism and the Socialist State

7.8 Contemporary Debates: Future of Socialist State

7.9 Let's Sum Up

7.10 References

7.11 Answers to Check Your Progress

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### **7.0 OBJECTIVES**

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Socialism as a political ideology has been in opposition to or alternative to capitalism and capitalist mode of production. This unit introduces you to the political ideology of socialism and the working of states based on socialism. At the end of this unit, you should be able to:

- Explain the concept of socialism and socialist state;

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- Explain the factors that gave rise to the growth of socialism
- Trace the evolution of socialism and socialist states;
- Identify the different variants of socialism;
- Describe the functioning of socialist states
- Explain the major issues and challenges facing the socialist states.

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## 7.1 INTRODUCTION

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Socialism has a rich tradition of political thought and practice which posits that the society (community) rather than individuals should own or control the *means of production*. Within its tradition are a variety of view and theories, often differing in many of their conceptual, empirical and normative commitments. In this unit, we will present the main features of socialism, both as a critique of capitalism and as a proposal for its replacement.

As an ideology, socialism has been understood in at least three different ways. First, it is seen as a political-economic system based on *social ownership* and *centralized* control of the means of production as opposed to private ownership and the free-market model of capitalism. Second, socialism also stands for certain political ideology, theory or dogma which embodies certain *values, beliefs, and principles* associated with what is often called the ‘socialist thought’ or socialist ‘outlook’ that may include values of egalitarianism, collectivism, cooperation, classless society, economic equality etc. Third, socialism is also identified with *political and social movements* aiming to overthrow capitalism and elimination of capitalist structures, such as private property and a free-market economy, and the replacement of it by 'socialist system' where the means of production is collectively owned and controlled by the state. Therefore, a socialist state may be defined as a state having a socialist system where the means of production are owned or controlled by the state. In this unit, we introduce you to the political ideology of ‘socialism’ and the nature and working of states based on socialism.

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## 7.2 SOCIALISM: CRITIQUE OF CAPITALISM

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Historically, socialism has made its way in the intellectual discourse during the early nineteenth century as a reaction against the ‘unfair’ and ‘unjust’ economic and social conditions generated by industrial capitalism. Therefore, socialism cannot be fully understood without knowing the basic aspects of capitalism and capitalist structures. Capitalism, as we observed in the preceding unit, is a political and economic system which emphasizes *unrestricted economic activity* and explicit recognition of *private property*. In other words, in a capitalist system, the means of productions are privately owned and competitive free-market economy operates as a dominant force. As a result, the primary motive of production in the system is not for social necessity or benefits, but for maximizing their profit which can be made from the production. Similarly, the choice of investments in the system is determined by the demand and supply in the market rather than social or public demand (G.A Cohen 2000). This free-

market model of capitalism essentially led to the accumulation of wealth in the hands of a few individuals who own and control the means of production, known as 'bourgeoisie'. The bourgeoisie then used their accumulated wealth to reinforce their dominance in society. Therefore, capitalist societies are marked by a sharp division between the bourgeoisie, who owns the means of production, and the 'proletariats' who had nothing, but their labour-power.

Socialism emerged as a political and economic doctrine aiming to provide a more humane and socially worthwhile alternative to capitalism through substituting the capitalist mode of production by socialist mode of production (Heywood, 2012, 97). Socialism contended the private ownership and competitive free-market system of capitalism as the primary cause of social inequality in the society and therefore envisaged for a centrally planned economic system directed and organized by the state. Therefore, the socialist economic system is also known as 'planned economy' or 'command economy'. According to socialism, since the means of production are owned by society as a whole, everything that is produced in the society is in a sense a social product, and the value derived from production also belongs to the society collectively. This would be a system based on the principle of 'from each according to his ability to each according to his needs'(Marx and Engels's, 1848). In this regard, American Socialist Daniel De Leon defined socialism as 'a social system under which the necessities of production are owned, controlled and administered by the people, for the people.'

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## **7.3 EVOLUTION OF SOCIALISM AND SOCIALIST THOUGHT**

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Although socialist ideas of egalitarianism, 'community' living and sharing of labour, resources etc. have existed throughout history, they lacked the means to convince that their arguments worked. It was only in the early 1800s that socialism made its first appearance in the writings of reformers (popularly 'early socialists') like Comte Henri de Saint-Simon (1760-1825), Robert Owen (1771-1858), Charles Fourier (1772–1837) and others who came to be known as the 'early socialist'.

### **7.3.1 The Early Socialist**

These early socialist thinkers highlighted the structural inequalities, injustice and sufferings in the society which they conceived to be brought by the capitalist mode of production. According to them, the private ownership of the means of production was the source of all evils. Saint Simon argued for a system where the state controls the production and distribution for the benefit of all in the society, while Owen and Fourier proposed a system based on small collective 'self-sufficient' communities rather than a centralized one. These early socialists believed that it is possible to achieve socialist goals by convincing the capitalists to change their attitude and behaviour towards the society, and also by improving the condition of the workers such as providing good wages, good housing, good healthcare, education etc.

However, this vision of socialism was subject to severe criticism by Karl Marx (1818–1883) and Friedrich Engels (1820–1895) who argued that the idea of achieving socialism through moral correction or social reforms is not only ‘unscientific’ but also ‘unrealistic’ or ‘utopian’. In their pamphlet the *Communist Manifesto* (1848), Marx and Engle’s set forth their doctrine of socialism which they called as ‘scientific socialism’, which has come to be known as ‘Marxism’.

### 7.3.2 Marxism and Scientific Socialism

Scientific socialism, according to Marx and Engels, is based on the scientific analysis of social problems and finding their practical solutions. Unlike the early socialists who believed in building a socialist society through moral correction, Marxism argued that the conditions of the working class could not improve as long as there is private ownership of the means of production. According to them, a socialist society cannot be planned by thinkers or reformers; it must arise out of the revolutionary activity and will be successful only when historically appropriate. Marxism also believes that socialism is a certain stage of historical development destined to be achieved through a revolution of the working class against the property-owning bourgeoisie class.

Marxism emerged as a popular and influential theory of socialism, partly because, it provided a scientific approach and methodology in the analysis of capitalism and provided the theoretical and practical basis upon which socialism could develop.

### 7.3.3 Anarcho-Socialism

Another highly radical form of socialism is ‘anarchist socialism’ (also referred to as anarcho-socialism, Libertarian socialism, free socialism or stateless socialism) developed by people like Pierre-Joseph Proudhon (1809–1865), Peter Kropotkin (1842-1921), Mikhail Bakunin (1814-1876) etc. This strand of socialism rejects coercive authority in all forms including the state which it considers to be undesirable, unnecessary and harmful. They believed that capitalism and state as inseparable, and that one could not be abolished without the other. Therefore, they called for the abolition of all forms of authoritarian institutions, including the state. This is in contrast to other forms of socialism which advocates for state socialism or state-controlled socialism. Instead, they emphasized on workers’ self-management and decentralized control of the economy through a horizontal network of voluntary associations. For them, socialism can be achieved through direct participatory democracy at the grass-root level. Therefore they are also known as ‘stateless socialism’

## Check Your Progress 1

- Note: i) Use the space given below for your answer.  
ii) Check your answer with the answer given at the end of the unit.

1) A major factor contributing to the rise of socialism in the early 19<sup>th</sup> century is

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2) What were the proposals of the early socialists for achieving socialism?

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## 7.4 SOCIALISM AND THE MARXIST PERSPECTIVE OF STATE

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Unlike liberalism which regarded the state as a neutral arbitrator of the conflicting interests or a protector of individual rights and property, Marxism views the state as an instrument of ‘class’, for the domination of one class over the other. Applying the dialectical method to the study of history, Marx and Engels argued that states came into existence at a certain stage of historical development due to the antagonistic class nature of the society and at every stage, it represents and serves the interest of the dominant class. In the *Communist Manifesto* (1848), Marx and Engels highlighted the centrality of ‘class struggle’ in historical change and wrote that ‘The history of all hitherto existing society is the history of class struggle’. They also introduced the materialist conception of history according to which each successive stage of development was a progression from the one that had preceded it. In other words, each stage contained within itself the elements of destruction on its own and transformation into a more progressive one. It was in this way that feudal society advanced into more complex and progressive capitalism. By this same process, Marxism argued, the internal contradictions of capitalism would inevitably lead to a higher stage of socialism. For instance, in *The Origin of Family, Private Property and the State*, Engels pointed out that the capitalist state is a product of irreconcilable class division arising out of the emergence of private property and capitalist mode of production. This view of Engels was further endorsed in the writings of Lenin who said ‘state is an organ of class oppression which legalizes and perpetuates this oppression by moderating the conflicts between the classes’ (Lenin 1977: 11). Thus, the capitalist state system, in Marxist perspective, is an instrument of class exploitation and oppression in favour of the bourgeoisie class against the proletariat class.

Marxism, therefore, called for the overthrow of the capitalist state system and in its place established a socialist state system through a violent revolution of the proletariat led by the 'vanguard party' (Lenin 1977: 11). Commenting on the task of the proletariat and its vanguard party, Lenin said that the proletariat's objective is to establish a socialist system by overthrowing capitalism and the bourgeoisie class. But this objective, according to him cannot be achieved at one stroke; it requires a fairly long period of transition from capitalism to socialism. This period of transition is called the 'dictatorship of the proletariat', which is the socialist form of state. In his *State and Revolution*, Lenin (1967) wrote, the existence of the revolutionary dictatorship of the proletariat is needed to destroy the resistance of the capitalists after the proletariat takes over political power. In other words, the state under the dictatorship of the proletariat is still a class state and there will be class division. The purpose of the dictatorship of the proletariat is to use the state power for the removal of capitalist elements from society by transferring the means of production from private ownership to state property. In this regard Marx said, proletariat state is 'first' stage (or 'lower' stage) of socialism and its ultimate objective will be to create the conditions for its eventual transition to a stateless and classless society known as 'communism'—which Marx called as the 'second stage' (or 'higher' stage) of socialism. That is why Marx called socialism or the socialist state as 'immature' or 'crude' form of communism.

In communism, which is the ultimate stage of socialism, the society will be free from class and class antagonism, and the state will 'wither away'. In this regard, Marx in his *Critique to the Gotha Program* (1875) said, 'between capitalist and communist society there lies the period of the revolutionary transformation of the one to the other. And state during this transition period can be nothing but the dictatorship of the proletariat' (Marx, 1875: 8). Therefore, in the Marxist perspective, the dictatorship of the proletariat is a temporary or interim stage of socialism towards communism. Thus, the Marxist theory of the state does not glorify the state; rather it is a theory for the eventual overthrow of the state.

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## **7.5 EMERGENCE OF SOCIALIST STATES**

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At the beginning of the twentieth century, there were a variety of socialist parties and groups in Europe—ranging from a relatively moderate 'Fabian' socialists or 'guild' socialists to highly radical 'Marxian' and 'anarchist' socialists. While they agreed on the common principle that capitalism must be abolished, there are diverse ideological and philosophical outlooks on how the socialist agenda should be executed. While the reformist or evolutionary socialists believe in achieving socialist goals through peaceful and democratic means, the radical or revolutionary socialists believed in bringing socialism through a revolution led by the working class.

In 1917, the Bolshevik party led by Vladimir Ilyich Lenin (1817-1924) seized power in Russia and established the first socialist state in history. The success of the Russian revolution had a profound impact on the history of mankind in the

Twentieth century. You will be reading about these developments in the other courses of this programme. Here you should note that the Russian revolution posed a major challenge to the revolutionary and evolutionary socialist groups. They could support Lenin and his allies as fellow socialists who succeeded in overthrowing the capitalist state through a worker's revolution, or they could oppose them as authoritarians who were abandoning the essentially democratic spirit of socialism. Socialist parties in Europe and America split into pro-Soviet communist parties and more traditional social democratic parties. In the United States, for instance, the two pro-Soviet parties (the Communist Labour Party and the Communist Party of America) split off from the Socialist Party of America, before merging to form the Communist Party USA. Similarly, in France, the French Communist Party was formed by a breakaway faction of the French Section of the Workers' International (SFIO). The non-communist socialist parties became members of the Socialist International (or the 'Second International' as it succeeded Marx's original International Workingmen's Association), while the Soviet Union organized the communist parties into the Communist International (also known as 'Comintern' or the Third International).

While the debate between **reform and revolution** had always existed among the socialists, it had its impact on Marxism as well. This is captured in the debate between two prominent Marxist members of the Social Democratic Party (also known by its German acronym, SPD): Eduard Bernstein and Rosa Luxemburg. Bernstein's analysis of industrial and agricultural development in Germany convinced him that capitalism was adapting to changes in society and Marx's prediction of the imminent and inevitable demise of capitalism was nowhere in sight. Bernstein believed that socialists should abandon the goal of bringing capitalism to a point of crisis and achieving some final socialist end state. The aim of socialist movements is not to achieve socialism in some sense, but to exist as a force pushing to make life better for workers. He famously wrote: "To me that which is generally called the ultimate aim of socialism is nothing, but the movement is everything" (1899). Luxemburg, on the other hand, argued that the reformists have lost sight of scientific socialism. She argued that socialism has its end in social revolution and Bernstein's reformist approach "amounts in practice to the advice [...] that we abandon the social revolution—the goal of Social Democracy—and turn social reform from a means of the class struggle into its final aim". (Gay, 1952, 259)

The Russian revolution also became an inspiration for various anti-colonial national liberation movements around the world. In 1920, with the formation of the Indonesian Communist Party under the guidance of the Comintern, Indonesia became the first country to establish a communist party outside the Soviet Union which was followed by the Chinese Communist Party (CCP) in 1921. After the

end of World War II, the Soviet model of socialism was adopted by most countries of Eastern Europe, including, Croatia, Romania, Hungary, Poland, East Germany etc. Later Mao Zedong led the Chinese Revolution in 1949 and established the People's Republic of China (PRC) as a socialist state which subsequently spread to North Korea, Vietnam, Cambodia and Laos. In the 1960s and 1970s, socialism became the guiding *mantra* of many revolutionary struggles in Central and South America. For instance, the Cuban socialist Fidel Castro came to power after a successful revolution in 1959, overthrowing the US-backed Batista regime. The Argentine revolutionary Che Guevara also led various guerrilla struggles in several countries of South America (Bolivia, Venezuela, Chile etc), and after his death in 1975, revolutionary socialism became a symbol of rebellion. As a result, many socialist leaders came to power, such as Salvador Allende in Chile in 1970, and the Sandinista guerrillas in Nicaragua in 1979. Socialism also developed in synthesized form, blending the ideas of socialism with traditional and tribal values such as the African socialism, or Arab socialism in West Asia and Northern Africa. However, the demise of the Soviet Union in 1991, gave a major blow to the socialist ideology and the socialist state systems in other parts of the world. Despite the upheaval, some states that identify themselves as the socialist state still survive. Currently, countries like the People's Republic of China, Republic of Cuba, the Socialist Republic of Vietnam and North Korea are some of the self-declared socialist states which claim to follow the principle of socialism.

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## 7.6 WORKING OF THE SOCIALIST STATE

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In the Marxist-Leninist perspective, a socialist state is a state under the control of the workers (proletariat) class, which works towards the realization of socialism. Socialist states are ruled by a vanguard party, mostly a communist party, which controls the country's productive forces for the establishment of a socialist economy and socialist society. Although China, Cuba, and Vietnam have common aspirations for building socialism, there are differences in the nature of their functioning.

### 7.6.1 The People's Republic of China

The People's Republic of China (PRC) is perhaps the most prominent and powerful country that claims itself as a socialist state today. Like other socialist states, China is governed by the Chinese Communist Party (CCP) which is the sole ruling party since its establishment in 1949. While China shares several features in common with other socialist states, it is distinct from traditional socialist states like the USSR. Unlike Soviet socialism which is rigid, China's variety of socialism is highly flexible which has been modified multiple times to adapt to the Chinese condition. In China, Soviet socialism serves as a negative mirror of a failed variety and critique of Soviet socialism has been a central feature of China's socialist discourse. The Sino-Soviet split in the early 1960s was a consequence of competition between the two versions of socialism. China adopted a unique variety of socialism which the country's constitution described

as 'socialism with Chinese characteristics. Instead of following the established Soviet model of single-party, China's political system allows eight minor parties to exist along with CCP. However, China's political system has been regarded as 'one-party' state because the CPC remains the only ruling party which dictates every sphere of political life, while the minor parties exist on the condition of their allegiance to the 'leadership role' of the CPC.

#### **Ideological Factor in Sino-Soviet Split**

The Marxist theory had argued that the revolution against capitalism would be led by the proletariat, that is, the urban working classes. In Russia, the middle-class leftist activists were able to rally some members of the small urban proletariat to their cause and capture state power in 1917. The Soviet Union advised the Chinese and other communists to follow the same path. The Chinese communist leader, Mao Zedong, had to reject this advice as China did not yet have an urban working class. Mao instead based his revolution on rural peasants. Much to the annoyance of the Soviet leaders, nations in Southeast Asia (North Korea, Cambodia and Vietnam), lacking urban proletariat, followed the Maoist path rather than the classical Marxist-Leninist doctrine. By early 1960s, these differences, combined with geostrategic factors, led to breaking up of political relations between the Soviet Union and China. Both the countries began to compete for leadership of world communism.

Like most other socialist states, in China adopted the communist principle of 'party-state' in which party always exercises its monopoly of political power and control over the government (the state). To maintain the party's supremacy, CCP's top-ranking leaderships simultaneously hold executive and decision-making positions of the state (government). For instance, though, the president of the PRC (who is the head of the state) is formally elected by the National People's Congress (NPC), in reality, its choice is limited to only one candidate who is usually the head of the party, i.e., the General Secretary of the CPC. Similarly, the Premier (informally referred to as Prime Minister), his vice-premiers and other members of the State Council are formally approved by the NPC; in practice, their candidacy is chosen and approved within the party in advance. Since the key officials of the government are chosen by the party, it is the party that decides policies while the government executes and implements those policies.

Like any other communist party in the world, CCP always maintains its hold on power because controlling power is the essence of the socialist system. In this regard, the CCP consolidated its control through a variety of means such as censoring the press, suppressing the civil societies, dissidents, and also the use of force. The party also controls the military, the judiciary and other administrative apparatus by appointing party members in key positions. The Party stands above



the interests of the individuals, and every citizen or party member is bound to abide by the party decision. Obedience to the authority is considered a moral or patriotic duty of every citizen.

### 7.6.2 Cuba

The Republic of Cuba is another country which identifies itself as an 'independent and sovereign socialist state of workers'. After a successful revolution in January 1959, Fidel Castro introduced Marxism-Leninism in Cuba and established a communist regime under the Communist Party of Cuba. Since then, Marxism-Leninism continues to remain the guiding ideology of the party. The Cuban constitution describes the party as 'the vanguard party of the nation leading the nation and the society to build the highest goals of construction of socialism and advancement toward the communist society'. Unlike China, Cuba followed the single-party system on the Soviet model, under which the Communist Party of Cuba will remain the only party ruling the country. As a socialist country, the Cuban constitution stipulates a socialist economy based on the 'people's socialist ownership of the fundamental means of production and the abolition of the exploitation of man by man'. It also practised the principle of socialist distribution 'from each according to his capacity, to each according to his work'. Again, Chapter IX of the Cuban constitution deals with the principles of organisation and functioning of the state organs. The State organs are based on the principles of socialist democracy. The National Assembly of People's Power is the supreme organ of State representing the sovereign will of all the working people. It is composed of deputies elected for five years term through a secret ballot system. The Assembly then elects the Council of State consisting of the President who is, at the same time, the Head of State and Head of Government.

Like other socialist states, Cuba maintains strict protocols against any dissenting voices by censoring the communication medium like newspapers, radio and television etc. Although Cuba has made some attempts for political democratization like the 1992 Constitutional Amendments to allow alternative political parties, the Communist Party of Cuba has not provided room for such political reform. Cuba remains as a one-party state without any opposition party. This socialist character of the Cuban political system has got even deeper after the last constitutional reform in 2002, which set forth socialism as 'irrevocable' and declared that the country 'shall never return to capitalism'. It was supported by the Cuban people at large, and therefore, the Cuban state is likely to continue with its existing socialist characteristics in the foreseeable future.

### 7.6.3 Vietnam

The Socialist Republic of Vietnam is a single-party socialist state governed by the Communist Party of Vietnam (CPV) which is the founding and ruling party of the country. It espouses 'Marxism-Leninism' and 'Ho Chi Min Thought' as the guiding ideologies for both the party and the state. Founded in 1930, the CPV under the revolutionary communist leader Ho-Chi-Minh fought for national

independence and redistribution of land to the working people freedom struggle. The party came to power in 1945, announcing the creation of the Democratic Republic of Vietnam (DRV), also called North Vietnam, as a socialist state. After it seized power over South Vietnam in 1975, the country was renamed as 'Republic of Vietnam'. The CPV has been ruling the country till today. The preamble to the country's constitution declared Vietnam is 'in the period of transition to socialism' and by adopting the socialist principle of 'party-state', the CPV sets and takes all major policy decisions in the country.

## Check Your Progress 2

Note: i) Use the space given below for your answer.  
ii) Check your answer with the answer given at the end of the unit.

1) What is the dictatorship of the proletariat? Why is it necessary?

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2) What is the reason for the existence of a single party system in socialist states?

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## 7.7 CRITIQUE OF SOCIALISM AND SOCIALIST STATE

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Socialism and socialist states have been criticised by pro-capitalist thinkers on many grounds. Some critics consider socialism to be a purely theoretical concept, and criticism should be made on theoretical grounds; while others hold the view that since socialist state exists in one form or the other, it must be criticised on practical terms. The American economist and champion of free-market capitalism Milton Friedman (1962) argued that the socialist principle of state-ownership and elimination of private ownership would inevitably create worse economic conditions for the general population. According to him, private ownership and market exchange are 'natural entities' or 'moral rights' which are central to the conceptions of freedom and liberty. Therefore, any restriction on private ownership is an infringement upon liberty. Friedman also contended that economic restriction of socialism hinders scientific and technological progress due to stifled competition. He pointed out the technological backwardness in socialist countries as compare to advanced capitalist countries where individuals

and companies are free to research and develop technologies. The stark disparity between capitalist South Korea and the socialist North is a classic example in this case.

Friedman's view was shared by other liberal economists like Friedrich Hayek, Ludwig Von Mises and John Maynard Keynes, all of whom believed that capitalism is vital for freedom to survive and thrive. According to them, without the market, it would be impossible to have rational calculation over the allocation of resources in society. Besides, the sharing of wealth and income in the socialist system reduces individual's incentives to work which results to slow economic growth, less entrepreneurial opportunity, and less motivation or competition to work because under socialist system one does not receive rewards or incentives for extra work, he/she does.

Friedrich Hayek's book *The Road to Serfdom* (1944) was one of the most profound critiques of the socialist doctrine of collective ownership and state interventionism. According to him, merging of state power and economic power leads to totalitarian regime, because to achieve total control over the means of production, the state must acquire significant powers of coercion. Socialism cannot be possible without surrendering the political and economic rights of the general population, socialism cannot be possible. Therefore, he said 'the road to socialism leads to totalitarianism'.

On the other hand, the track records of twentieth-century socialist states have been not very pleasing. The repressive despotic regimes of Stalin in the Soviet Union, Pol Pot's Khmer Rouge regime in Cambodia, Mao's Cultural Revolution in China, or Pinochet's regime in Chile were some of the darkest episodes in human history. Such brutal episodes, according to Hayek, were the inevitable outcomes of this socialist trend. Although some socialist states made some progress in terms of economic prosperity, authoritarianism, repression of democratic values, and restrictions on political freedom have been a major source of criticism from the outside world.

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## **7.8 CONTEMPORARY DEBATES AND THE FUTURE OF THE SOCIALIST STATE**

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Till the mid-twentieth century, socialism remained an aspiring ideology progressing in almost every part of the world. Several countries—Cambodia, Chile, East Germany, Hungary, North Korea, Venezuela, and many others—adopted socialism in some form or the other. However, socialism went through a tumultuous period in the latter half of the 1980s when several popular movements swept across the communist world demanding economic reforms and political democratization. The first major challenge to socialist regimes came with the Tiananmen Square protest in China in 1989. The military crackdown on the two-month-long (from April to June) protests instigated a series of pro-reform or pro-democracy movements (often termed as 'democracy wave') which resulted to the fall of communist regimes throughout the world. The socialist regime in Poland collapsed in September 1989. In October, Hungary ended its

more than four decades-long communist rule by adopting multi-party democracy. In November, the socialist rule in East Germany came to an end with the fall of the Berlin Wall. Other communist regimes of Eastern Europe collapsed like dominoes in Bulgaria, Czechoslovakia, Romania, etc. But the most significant event that shook socialism was the dissolution of the Soviet Union, the first socialist state, in 1991.

Events of 1989-1991 generated intense debate on the future of socialism and the socialist state system. According to Francis Fukuyama, it indicated the 'death of socialism and the triumph of liberal democracy'. In his influential essay 'The End of History?' (1989), Fukuyama adopted the analogy of Marxist dialectics of history as a linear progression and said, the demise of the Soviet Union marked the 'end point of mankind's ideological evolution' and hence 'the end of history'. Fukuyama's articulation was simple; for Marx, the final stage of human progression would be communism, and he (Fukuyama) was proclaiming liberal democracy as the 'final form of human government'. Thus after the fall of the Soviet Union, debates on the imminent collapse of other communist regimes have been raging against the socialist state by liberal scholars, arguing that all socialist states will inevitably meet a similar fate like the Soviet Union. For instance, David Shambaugh in his book *China's Future* (2016) forecasted the eventual 'crack-up' of the communist regime in China. Similar predictions have been about the future of socialism in Cuba, Vietnam etc.

The challenges faced by communist states in the post-Cold War period compelled them to introduce economic and political reforms of varying degrees. The necessity was primarily brought by forces of globalisation with capitalism as the dominant economic system. To deal with these challenges, many communist countries have introduced market-oriented economic reforms, by opening up their economies to the outside world. Most socialist states have moved from centrally planned socialist economy to market socialism—a sub-type of socialism that embraces certain traits of capitalism within the socialist system. For instance, in 1978, Deng Xiaoping introduced his 'reform and opening up' policy to incorporate elements of the market economy in China. Deng also rolled out the 'Four Modernization' programme for what he called 'socialist modernization' in agriculture, industry, national defence and science and technology.

Similarly, Cuba launched the 'Special Period in Time of Peace' in 1990 under which Local Councils, local government units were formed to allow communities greater participation in the decision-making. Cuba also reoriented its economy towards the market model in the early 1990s to deal with economic challenges. Likewise, Vietnam introduced a 'socialist-oriented market economy' in 1986 known as '*Doi Moi*' economic reforms which transformed its centrally-planned economy to a 'multi-sectoral' market-oriented economy model. Under this system, the state sector plays a decisive role in shaping economic development to build socialism while allowing private individuals and enterprises to work according to the market economy.

But despite having many aspects of capitalist elements, they continue to call themselves as socialists and communist parties still maintain their firm control over the state. However, in the strict sense of the term, none of these states is purely socialist, a purely socialist state has never existed, and none of them has achieved the elimination of private property or class systems that the communist ideology requires. Nevertheless, socialist countries still practice or claim to be practising socialism in one form or the other. But many scholars are of the view that the gradual transition from socialism to a market economy is inevitable.

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## 7.9 LET'S SUM UP

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Having discussed the nature of three main socialist states in the world, we came to know that socialism is an ideology based on the principles of the social instinct of man and collective ownership of means of production. The establishment of the Soviet Union following the October Revolution of 1917 in Russia paved the way for the setting up of the first socialist state. However, the Soviet Union and other socialist states in Eastern Europe collapsed eventually marking the end of the Cold War period. These developments posed major challenges to the surviving socialist states. Therefore, the question of survival of socialist states like China, Cuba and Vietnam in the post-Soviet period cannot be completely ignored. To adjust to the changing international order, these socialist states have made necessary economic reforms and limited political reforms while maintaining the monopoly of the communist party in their political systems.

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## 7.11 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

- 1) The 'unfair' and 'unjust' economic and social conditions generated by industrial capitalism.
- 2) Early socialists believed in reforming capitalism. While some proposed state control over production and distribution, others called for establishing small collectives. by educating the capitalist class.

### Check Your Progress 2

- 1) Marxists believe that the dictatorship of the proletariat is a period of revolutionary transformation that lies between capitalist and communist society. This transition phase is necessary to remove all remnants of capitalism.
- 2) In Marxist thought, a revolutionary party has to play the role of a vanguard party to capture the power and remove all remnants of capitalism thereafter.

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# UNIT 8 DECOLONIZATION AND THE STATE IN THE DEVELOPING WORLD\*

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## Structure

- 8.0 Objectives
- 8.1 Introduction
- 8.2 Decolonisation and Anti-Colonial Struggles
- 8.3 The Decolonisation Process
  - 8.3.1 Latin America
  - 8.3.2 Decolonisation after the Second World War
  - 8.3.3 South Africa
- 8.4 State in the Developing World
  - 8.4.1 Features of the State in the Developing World
  - 8.4.2 The Over Developed State
  - 8.4.3 Autonomy
  - 8.4.4 Control of the Metropolis
- 8.5 Let us Sum Up
- 8.6 References
- 8.7 Answers to Check Your Progress Exercises

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## 8.1 INTRODUCTION

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Colonialism appeared on the political horizon of the globe when European nations, principally Spain and Portugal and subsequently other European nations such as Great Britain, France, Holland, etc began building empires over Asia, Latin America and Africa. The European powers exploited the resources of what came to be known as the third world countries and subjugated their people for about four centuries by their colonial and imperialist policies. The exploitation inevitably provoked its own contradictions in the form of national liberation and democratic movements. During the inter-war period (1919-1939) the colonies questioned the right of the coloniser to colonize and oppress the people of the third world. It was, however, after the end of Second World War and the establishment of the United Nations that the process of decolonisation began when several Asian, African and Pacific countries emerged as sovereign

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\*Adapted from Unit II and 12 of EPS 07-International Relations

independent countries. These countries are described as the Third World or developing world, and in recent times, as postcolonial societies in political theory and comparative politics.

While identifying the common features of the developing world one should not ignore variations among them. Some, like the Arab countries are very rich, while others like Bangladesh are very poor. Some have strong democratic institutions and while many have come under authoritarian or military regimes. There are also differences among the third world countries in terms of social formations ranging from tribal societies to capitalist societies.

Despite all these differences, the developing world is not a meaningless category because it helps us in grouping together countries that came into being by fighting against the colonial domination. They all encounter similar problems because of their background. Hence, it is useful to study the third world or the developing world keeping in mind both similarities and dissimilarities without exaggerating one to eliminate the other.

This unit introduces you with the decolonisation process and the debate on the nature of the State in the newly independent countries. There are, however, different theoretical frameworks in which the state can be understood. You have been acquainted with some of these theories in the earlier courses. Here we acquaint you with the context in which governments in the developing world function.

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## 8.2 DECOLONISATION

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The term decolonisation took on its current meaning in the mid-twentieth century when European colonial empires came to an end. The term is used to refer to a chronological period, the post Second World War years when political upheavals led the establishment of nearly a hundred new nation states across Asia, Africa and the Pacific.

The term decolonisation also refers to a process of ending all forms of colonialism, not just direct political control. This dimension of decolonisation acquired prominence after Kwame Nkrumah of Ghana coined the word 'neo-colonialism' to highlight the continuity of former coloniser's power through economic, political, educational and other informal means.

The breakup of the European empires or the process of decolonisation in Asia, Africa and the Pacific was primarily the result of growing nationalism and the consequent revolt against the Western colonialism and imperialist domination. In many colonies, protest against colonial or alien rule had existed right from the moment of occupation. However, anticolonial movements really gathered strength only with the rise of nationalism in the colonies. The Western values and institutions inevitably penetrated these colonies, and began to bring about a fundamental change in their socio-economic setup, thus facilitating the rise and development of nationalism in the latter half of the nineteenth century.



The '**Third World**' included countries which were subject to colonial domination, most of which refused to align with the capitalist First World or the socialist Second World. Later, the term acquired an economic dimension and was used to distinguish these primary goods producing developing world from the developed private economies of the First World and the centrally planned economies of the Second World.

Since the 1990s, the term 'postcolonial' came into popular usage to give the developing world a distinctive political voice outside of the universalist pretensions of Western thought, particularly as represented by liberalism and socialism.

In recent years, the term Global South is being used to refer to the same group of countries as the term is seen to be more open and value free alternative to 'third world' and similarly potentially 'valuing' terms like developing countries.

It was, however, in the decades between the First and the Second World Wars that the attack upon colonialism gathered momentum in the form of national movements. On the entire eastern frontier of the Western world, in the great sweep from Morocco through the Middle East and South Asia to South East Asia people rose to rid themselves of imperial domination. This is why the end of the World War I was regarded as the signal for the effective beginning of the great upsurge of nationalist movements that reached its fruition after the end of the Second World War in 1945.

In Morocco, Abd el-Krim challenged the Spanish and the French; in Egypt Saad Zaghlul Pasha led the nationalists against the British; and in Syria there was rebellion to throw off the French Mandatory rule. Turkey, Iran, and Afghanistan saw the rise of revolutionary leaders who attempted the forced-draft modernization of their countries in dictatorial guise. Of these, by far the most striking and successful was Mustafa Kemal, who discarding the anachronistic trappings of the Ottoman Empire saved Turkey from an imposed treaty of peace and humiliation, consolidated it as a nation state, and started it on its modern path. At the furthest remove from Europe, the Chinese revolutionary movement gradually emerged from the tangled campaigns and alliance of the war lords, and the Kuomintang came to be the major embodiment of Chinese nationalism as Chiang Kai-Shek beat back the ill-judged Communist bid for power.

There were two main patterns of anti-colonial struggles. In some of the colonies, the struggle was limited against their colonial masters, and not against the then existing socio-economic systems. Where struggles were merely against the rulers, and not against the system, the desire was to secure transfer of political power from the colonial masters to the peoples of the colonies. These struggles were described as 'independence movements', which merely sought transfer of political power to the peoples of the countries concerned. However, where there was a fight not only against the foreign rule, but also against the existing socio-

economic system which was unjust, undemocratic and supportive of exploitation, these struggles were termed as 'liberation movements' or 'liberation struggles'.

#### The Appeal of Marxism

The overthrowing of the autocratic regime of Tsar by a group of revolutionaries and their communist party in Russia in October 1917 sent a clear message that European imperialism and their local surrogates were not invincible against the combined strength of the oppressed. The appeal of Marxism became so strong that there was hardly a colony which did not have intellectuals converting to communism or an international socialist movement. The new leadership in Russia also lent support to struggles to achieve freedom and end colonialism and imperialism. This emboldened the nationalist movements in the colonies and they progressively veered towards the socialist bloc in whom they saw a sympathizer and a saviour.

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### 8.3 THE DECOLONISATION PROCESS

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The term 'decolonisation' is likely to give the impression that process of gaining independence was a peaceful one. However, this has been so. Colonisation itself was a violent process involving deceit, war and simple annexations by the colonial powers. The independence of the colonies was won by the people struggling in various forms. In some countries, the process was relatively peaceful as in some of the French colonies of Africa like Senegal, the Ivory Coast in West Africa and in some British colonies such as Nigeria, Ghana etc.

Some of the countries attained independence through the intervention of international organisations - the League of Nations and the United Nations. Mandated territories under the League of Nations such as Syria, Palestine, Lebanon, Iraq, Tanganyika, Rwanda, Burundi, Cameroon, Pacific territories etc. either became independent or were placed under the Trusteeship Council of the United Nations. The aim of these organisations was to lead these territories to self-determination and eventually to independence. Most of them attained independence except South West Africa (now Namibia) which was under the Trusteeship of South Africa which pursued the policy of apartheid.

In the African colonies of Portugal - Angola, Mozambique, and Guinea Bissau - there was a long drawn armed struggle and they could not become independent until 1974 when Portugal herself witnessed a democratic revolution that overthrew the military dictator Salazaar.

The former French colony of Algeria too had to put up an armed struggle for seven long years from 1954 to 1961, while Morocco and Tunisia attained independence with comparative ease. The opposition of the French settlers in Algeria to its independence resulted in a violent struggle under the leadership of Ben Bella and Ferhat Abbas of National Liberation Front of Algeria (FNLA)

### 8.3.1 Latin America

In Latin America, independence was achieved by the Spanish and Portuguese colonies much before the African and Asian colonies. Revolutionary movements started in the Spanish colonies of Mexico and elsewhere and wars of independence developed in Venezuela, Argentina etc. by the early 19th century. By 1825 Spain lost her vast empire except Cuba and Puerto Rico. Unlike the North American struggle against the English which led to the thirteen colonies becoming the United States, the Spanish American revolts and wars of independence paved the way for seventeen separate republics. Cuba and Puerto Rico continued under the corrupt rule of the Spanish until the United States became involved in the Cuban movement against Spain. Cuba not only fought a revolutionary war of independence against Spain, but also against US domination. The US drove Spain out of Cuba in 1898, but US investors then attained a dominant position in the island so that Cuba lost control over her own economic resources.

Under the leadership of Fidel Castro, Cuba fought a guerrilla war against the dictatorial regime of Batista and overthrew him in December 1958. Later Castro expropriated US property, sought Soviet support and established a regime inspired by Marxism - Leninism. The ideological conflict between the United States and Cuba continues to this day even in the post-Cold War era.

Spain and Portugal sought to re-establish their empire in Latin America. However, in 1823, the United States unveiled the Monroe doctrine which while recognizing the existing colonies as dependencies of European powers, refused to permit any future colonization by any European power. This was, in fact, a part of British and American manoeuvre to promote their own interests in Latin America.

### 8.3.2 Decolonisation After the Second World War

The process of decolonisation was accelerated after the Second World War. Some of the colonial territories like French Indo-China, Dutch Indonesia, British Malaya and Italian East Africa were occupied by enemy conquest and were virtually cut off from their colonial governors. The Japanese occupation of South East Asia provided a fillip to the nationalist sentiments and movements in the region by driving out the Western colonialists, removing them from strategic positions in the colonial administration and replacing many of these with natives. Finally, though quite authoritarian and oppressive, the eventual collapse of the Japanese gave the nationalists an opportunity to seize the arms left by the defeated armies and give a militant thrust to their struggles. Indonesia and Vietnam proclaimed their independence in this way. The Indonesian nationalists had to fight a long struggle for four years against the Dutch to gain their independence. In both cases, an open war was fought between the colonial power and the nationalist forces. In Vietnam, under the leadership of Viet Minh, after the 1954 cease-fire, the French withdrew from the northern parts of the country.

In the south, a non-Communist government was installed. Later the French presence was replaced by the Americans. The long-drawn heroic struggle of the Vietnamese against American imperialism is a legend in itself.

The most far-reaching historical outcome of Second World War was undoubtedly the hastening of the liquidation of nineteenth century empires and the contraction of Europe. The most momentous event was indeed the independence of India in 1947. The various peasant and tribal revolts against the British and local landlords in different parts of the country and the rebellion of 1857, contributed to the rise of a nationalist movement. The establishment of the Indian National Congress gave an organisational expression to the movement.

Indian nationalism was strongly influenced by Gandhi whose tenets were non-violence and non-cooperation. Gandhi's entry turned the movement into a mass movement. The transfer of power in India was facilitated after the socialist oriented Labour party government came to power in Britain, though the vivisection of the country into India and Pakistan could not be avoided. Although partition was not peaceful, it paved the way for the establishment of the Constitution.

Among the British African colonies, the Gold Coast (Ghana since independence) and Nigeria became the pioneers of independence. In March 1957, the Gold Coast together with the Trust territory of Togoland became the independent state of Ghana with dominion status within the Commonwealth. Nkrumah, its Prime Minister, was a champion of African independence and an exponent of Pan Africanism. The federation of Nigeria attained complete independence in 1960.

### **8.3.3 South Africa**

The struggles of the African people in South Africa and Namibia deserve special attention in the history of decolonisation. Historically, the Dutch were the first to settle in South Africa in 1652 on the site of what is today modern Cape Town. The area of White settlement extended more rapidly in the first half of the 19th century with the coming of the British and the establishment of British colonial rule in the Cape Town in 1806, the Dutch settling Afrikaners were forced to leave the Cape and go north of the Orange river - culminating in the mass exodus, the Great Trek, in 1830s. This resulted in the formation of two independent Afrikaner republics, Orange Free State and Transvaal, and the new British colony of Natal. In each of these, as in Cape Colony, racially stratified society developed with Whites assuming a position of dominance and the African being reduced to a state of serfdom. Although the declared policy of the British in the Cape and Natal was against discrimination, in practice, however, a property qualification restricted the franchise largely to Whites. In the Dutch Afrikaner republics, Africans were denied franchise, debarred from acquiring ownership of land in the Orange Free State and obliged to carry passes within the White occupied areas of Transvaal. The discovery of diamonds at Kimberly and large deposits of gold in the Transvaal after the end of the 19th century led to a scramble for control of these areas between the Dutch and the British, eventually leading to the defeat of

the Dutch and the formation of the Union of South Africa in 1910, bringing together the Afrikaner republics of Orange Free State, Transvaal, Cape Colony and Natal. The Union of South Africa attained Dominion status and later became a sovereign independent state within the British Empire in 1934. In 1961 it broke its links with Great Britain, and left the Commonwealth to become a Republic.

The racist Government - the Apartheid regime - of South Africa denied even the most basic human rights to the Africans. The regime received support from many Western governments which had strategic and economic interest in South Africa. As the African people had no legal rights or freedom, opposition to the regime had to be clandestine. As the apartheid regime became increasingly brutal, African opposition to it also gained militancy. African resistance which began as cultural resistance to the White eventually took the form of African National Congress in 1923 and Nelson Mandela emerged as its leader. He was sentenced to life imprisonment following the Rivonia trial in 1963. Third world countries and the Non-aligned Movement supported the South African cause in international fora. In the 1980s and 1990s, the increasing international pressure both within the UN and from the developing world forced the Western nations to concede some of the demands of African countries. This forced the apartheid regime to agree to negotiate with African opposition. In 1993, Nelson Mandela was released from jail. After prolonged negotiations, elections were held in 1994. Thus, with the parliamentary elections, power was transferred to the black majority.

The former German colony of South West Africa (Namibia) came under the Mandate of South Africa. When the UN succeeded the League of Nations, South Africa claimed the Trusteeship over South West Africa, thus extending apartheid to the territory. The UN declared South African occupation as illegal and in 1967 the UN established the Council for Namibia to administer the territory. After a long-drawn struggle put by the South Western African Peoples' Organization (SWAPO) and the implementation of UN resolutions, South West Africa attained independence to become Namibia.

### Check Your Progress 1

- Note:** i) Use the space given below for your answer.  
ii) Check your answer with the answer given at the end of the unit.

1) Distinguish between independence movements and national liberation movements.

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2) What was the nature of the anti-Apartheid movement?

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## 8.4 STATE IN THE DEVELOPING WORLD

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There has been a debate on the question of the nature of the State in the Third World sometimes referred to as the post-colonial societies in political theory and comparative politics. There are three important theoretical frameworks for understanding the states of the developing world-the liberal, Marxist and the Dependency frameworks.

**The liberal theory** argues that the state is a neutral agency and acts as an arbiter between the contending groups in the society. In other words, no group has a privileged access to state. Different groups in the society make their demands on the political system. The state agencies consider all these demands and take decisions in the general interest of the society. Within the fold of liberalism some writers propose that state agencies are dominated by the elite groups. Elite groups exercise domination by virtue of certain personal attributes not due to the control over economic resources. Liberal theory holds that in a democracy elite groups do not use power in their personal or group interests. Electoral compulsions force them to work for the welfare of all groups. In the third world the westernized elite controls the state and use it as an instrument to transform the traditional agrarian society into a modern industrial society.

The liberal approach has two lapses. In the first instance it refuses to recognize that political capacity of individuals is decided by their economic resources. Secondly it fails to explain how elite groups work for the entire society rising above their narrow economic and social interests. In other words, any explanation of the state in total disregard of the class divisions in the society would be simplistic. State is embedded in the society. Therefore, it must be studied in relation to the society

In the **Marxist Framework** state is neither an impartial agency nor a common trustee. It expresses the interests of the dominant classes to protect their interests. In other words, it is an instrument in the hands of the dominant classes. The state follows society but does not precede it.

Hence the nature of the state depends upon the character of the division of labour in the society. Unfortunately, Marx has not written elaborately on the state. He made sketchy remarks. The followers of Marx have written extensively about the state. However, most of these writings deal with the developed capitalist countries. These explanations are not valid for the third world which is different from the capitalist countries. The third world countries have a colonial past. Even

after securing political independence they are subjected to economic exploitation by the western developed countries. Yet another important attribute of the third world countries is that they are dominated not by one single class but multiple classes.

Due to the above-mentioned conditions the third world state has a distinct nature. It is known by various names such as peripheral state, the postcolonial state, and the over-developed state.

The third world countries were subjected to colonial exploitation that disturbed the course of development and brought about lopsided development. The domination of the third world by the imperialist powers continued even after decolonization. There is no unanimity among writers about the nature of relationship between developed western countries and the third world.

Some writers who propounded **the dependency theory** argue that the third world countries do not enjoy political freedom and continue to be dominated by the imperialist powers. According to these writers, the world is integrated into a single capitalist system. The developed western countries constitute the core of the world system. During the colonial periods, the third world countries were shaped by the imperialist countries to suit their requirements. Due to this process, the third world is structurally integrated with the economies of the developed countries and is dependent on the developed countries.

In world capitalism, the third world survives as an adjunct of the core also known as Metropolis - and lies on the periphery of world capitalism. In this model the third world state is an instrument in the hands of the metropolitan capital.

While agreeing with the notion that the underdeveloped countries are dominated by the developed capitalist countries, critiques of the dependency theory rejected the argument that the third world state has no autonomy. According to these writers, political freedom has enabled the third world countries to use the state to further their interests within the constraints imposed by neo-colonial dominations.

#### **8.4.1 Feature of the State in the Developing World**

The State as an institution came into existence as part of a historical process. In the developing world, decolonisation shaped the state, giving it specific characteristics. The boundaries existing at the time of colonisation were modified in some cases; in other cases, entirely new states were carved out. The territorial boundaries of the state did not always coincide with the nation; that is, often people belonging to different ethnic groups, nationalities were brought together and the boundaries of the colonies were traced, delimited according to the needs of the colonial powers. African states are the best examples to indicate the artificiality of the state. Nigeria for example was entirely a British creation. States in the developing world became states before they became nations. This is to a large extent, responsible for territorial conflicts and for problem of national integration. Several developing countries face ethnic and secessionist movements

in the post-colonial era. British colonial policies and the dynamics of nationalist movements led to the creation of Pakistan's secessionist movement which in turn led to the creation of Bangladesh. The artificiality of the colonial boundaries, the impact of colonial legacy and the dynamics of decolonisation processes explain the complexity of the state in the developing world.

The state in the developing world has the following distinct features.

1. It is an over developed state;
2. It enjoys autonomy from the dominant classes;
3. It protects the interests of the metropolitan bourgeoisie & so.

#### **8.4.2 The Over Developed State**

In the Western capitalist countries, the modern nation-state has emerged due to internal dynamics of society. It came into being in the course of historical transition to capitalism. The rising capitalist class took the initiative to establish a nation-state. In the third world the motive force for change in the political institutions came from outside. During the colonial period the third world was dominated by the western capitalist countries. The colonial rulers had created political institutions in their own image to facilitate domination over the native classes and economic exploitation of the colonies.

To perform these functions the colonial rulers have erected an elaborated legal-institutional structure to control the colonies. The army and the bureaucracy who manned these institutions played a vital role in managing the affairs of the colonial rulers.

Even after independence the elaborate structure remained in existence. There are two salient features of this state: one, that it is not formed by the local classes nor is it established because of social change, two, the native ruling classes had no control over the state.

The state is far ahead of the time and space in which it is located. In the developing countries therefore bureaucracy and the army have acquired a central place. In the western capitalist countries, the bureaucracy plays an auxiliary role. It is an instrument of the dominant class, whereas in the developing world it has a central place and it enjoys autonomy from the dominant classes.

An over developed state weakens democratic institutions. Even in those developing countries where democratic institutions exist and the elected representatives control the state agencies, bureaucracy retains its domination over the state. However, it exercises control in league with politicians.

In countries having democratic control, politicians occupy central place. Politicians articulate the demands of the people to cultivate support. They formulate policies to fulfil the demands of the people. In this process politicians provide legitimacy to the political institutions. However, the power is hemmed in by bureaucratic procedures and controls. Politicians are converted into brokers between the state and the people.



### 8.4.3 Autonomy

The western countries are dominated by a single well-formed dominant class. In all the western countries the capitalist class is the dominant class. The developing world is marked by the existence of multiple dominant classes. The landlord class, i.e., local bourgeoisie of the metropolis control the third world.

An alliance consisting of all these classes dominates the state. The alliance is called historic bloc. The historic bloc arises because the social formation in the developing world consists of elements from both capitalist as well as precapitalist social relations. The capitalist class is weak and incapable of fighting against the pre-capitalist relations in society.

The capitalist class is weak because it exercises limited control over the economic activity. A large part of the economic production is controlled either by the metropolitan bourgeoisie or by the local landed gentry. No class is enough strong to exercise control over the state.

Since there is no single dominant class, the state acquires the autonomy to regulate the relationship between different classes of the historic bloc. The state in the developing world, by deploying vast economic resources to reproduce capitalist production process in the interest of local dominant classes and the bourgeoisie of the metropolis, sustains its Autonomy.

### 8.4.4 Control of the Metropolis

The state in the developing world is subjected to control by extraneous forces. The under-developed nature of the economy and the nature of the ruling elite render the state dependent on foreign aid and capital. The ruling elite by acting as mediators between the state and the external capital amass profits. This process does not help development. The gap between the ruled and the rulers and between the rich and the poor widens. It is farfetched to argue that the state in the developing world is completely under the control of imperialist rulers. Independence from colonial domination has eliminated the scope for the bourgeoisie of the imperialist powers to exercise direct control over the third world state. However, it influences the state the developing world indirectly. The over-developed third world state by dissolving the national boundaries creates favourable conditions for the world market to penetrate the developing world. The state by facilitating the induction of technology and investment brings about the integration of the third world into the global market. The state, the ruling elite, negotiates with the external world with diminishing power and ability to do so.

### Check Your Progress 2

- Note:** i) Use the space given below for your answer.  
ii) Check your answer with the answer given at the end of the unit.

1) In the Marxist analysis, how does the state in the developing world sustain its autonomy?

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## 8.5 LET US SUM UP

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The rise of colonialism marks an important chapter in the history of the world as it changed the relations between different parts of the world. Decolonisation as well as anti-imperialist struggles of the colonies gave rise to what is referred to as the Third world. These nationalist, anti-imperialist movements varied from country to country in their specifics. This was due to the patterns of colonial policies and their impact on colonial societies. There were those colonies which became independent through constitutional procedures and reforms; there were some which achieved independence through armed liberation struggles. Some attained independence due to international pressures and the intervention of organisations such as the League of Nations and the United Nations. However, these differences should not be over-emphasized. Practically, all colonies experienced violent oppression by the colonial powers. Even for those countries which attained independence through constitutional reforms it would be false to say that these struggles were always peaceful. Armed struggles became inevitable in some colonies due to the intransigence of colonial powers.

The third world state states are to a large extent colonial creation in the sense that their boundaries, the nature of their regimes have been deeply influenced by colonial policies. There are divergent views on the nature of the dominant classes in the third world. Some argue that the third world is dominated by the native capitalist class. But the predominant view is that there is no well-formed dominant class in the third world. A loose alliance of various classes dominates the third world.

The third world state is also analysed in terms of its relationship with the dominant classes. Most of the writers on the third world argue that the state has autonomy from the ruling classes that is delimited by the social structure.

Due to certain historical personalities, the third world state has acquired another distinct character. The colonial rulers have a created a highly centralized state machinery to maintain their domination over the colonized. The state machinery is thus imposed from above and it has not evolved out of the internal social dynamics. Hence the third world state is not in tune with society, it is either advanced or over developed when compared with society at large.

After looking at the third world from various angles one may say that the third world state is an over-developed, post-colonial state, with autonomy from the ruling classes. In other words, it is a product of a complex social formation of the third world.

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## 8.7 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

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### Check Your Progress 1

1. Both are anti-colonial struggles, but while 'independence movements' merely sought transfer of political power Liberation movements fought not only against the foreign rule, but also against the existing socio-economic system which was unjust, undemocratic and supportive of exploitation.
2. It is basically a non-violent movement backed by the progressive section all over world.

### Check Your Progress 2

1. By deploying vast economic resources to reproduce capitalist production process in the interest of local dominant classes and the bourgeoisie of the metropolis, the state in the developing world sustains its autonomy.