

**Orientalism and the Transition of India
In the Era of Globalisation**

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Introduction

Nowadays we are often told: third world is dead. This underlies another proposition that, with the third world as (the) Other disappearing, the Orientalist framework is no longer relevant. We consider the pronounced death of third world and the implied irrelevance of the Orientalist framework as theoretically weak, premature and politically counterproductive. With the new global order emerging, the third world gets displaced as its external Other into a new plane. We trace the economic history of India and deconstruct the mainstream Indian development paradigm to reveal this emerging contour of Orientalism. Specifically we attempt to read the economic history of India and its transition through different moments of Orientalism, moments that are distinct but each nevertheless help one space – West/North/New Global Order - define itself and protract its superiority by producing an (external) Other.

Following the adoption of New Economic Policy (NEP) in the early 1990s, the ongoing Indian transition towards a new society has been forwarded in terms of a big bang progressive move to a free market economy that will encourage high level of capitalist growth. This transition will also see the merger of the Indian economy into the global order and thus free another way to rewrite India's transition from a self-sufficient economy towards an open competitive economy. We are thus told that India's transition to a capitalist market economy can only be relevant and effective in the context of a global transition. India's destiny is to be part of the global economy that in turn is indexed by the unquestioned superiority of (global) capitalism. In other words, the above

¹ This paper takes off from Chakrabarti and Cullenberg (2003) and an ongoing book project by Chakrabarti, Cullenberg and Dhar. A Hungarian version of this paper has come out in *Eszmelet* (December, 2003).

representations of India's transition cannot but accept the superiority of the model of global transition taking capitalism as the telos of world civilisation. In such a discourse of transition, capitalism or global capitalism is never forwarded as a question to be confronted but rather its superior existence is assumed as given.

More recently, many have started questioning the basis of running the story of India's transition along this line. Chakrabarti and Cullenberg (2001, 2003) elaborate why the representation of the Indian unilateral big bang transition to capitalism is faulty. They have used a class-focused approach to disaggregate the Indian economy to numerous forms of economic practices, not all capitalist. This means that India's transition in terms of the transition of its economy and the associated non-economic processes remain extremely complex making nonsense the reduction of this complexity to simply one essential form of practice – capitalist. Similar arguments, from slightly different angles, has made by Gibson-Graham (1996) and Sanyal (2001). On the other hand, Ruccio, Resnick and Wolff (1990), Hardt and Negri (2000), Resnick and Wolff (2001), Chakrabarti and Dhar (2002) and Chakrabarti (2003) have argued that the new global order underwrites a scenario of global capitalist hegemony that functions through the overdetermined interstices of economic, cultural and political processes. Paraphrasing their basic argument we can aver that while India goes out to embrace the globe, the globe in turn is fast imploding into India and sucking the Indian society into its global webs of relations that, these authors argue, telescopes the instance of global capitalist hegemony. There are then two impulses. The economy including the Indian economy comprise of numerous capitalist and non-capitalist practices while the transition of the Indian economy into a part of the new global order bring into contention – within India – the instance of global capitalist hegemony, which encapsulates the overdetermined webs of power relations through which global capital attempts to manage, control and subjugate non-capital and its forms of life into its regime of truth. Thus the economy remains complexly constituted by capitalist and non-capitalist forms of social practices but the knowledge over the economic and the discursive practices the knowledge produces procreate the global capitalist hegemony. (Global) capitalism is therefore a fantasy appearing as an all-encompassing closed system. Because (global) capitalism is incomplete, impossible, lacking in closure, it must be held together by overdetermined

webs of power relations in the intersecting space of the economic, cultural and political in order to enable the fantasy to continue.

The class-focused approach thus provides an alternative way of producing the truth – another regime of truth - and this language has rich possibilities in disarticulating and displacing putative representations of the economy into hitherto new ones. Here, in this paper, we explore one such possibility in analysing the transition of the Indian economy, especially in the current era of globalisation. We use the class focus representation to highlight the point that the Indian transition since the time of the British India has also been the journey of Orientalism. While the forms of Orientalism have changed, the framework through which the transition of the Indian economy has been looked at remained Orientalist. This treatment follows closely in the footsteps of the pioneering works of Chatterjee (1986), and particularly Chaudhury (1994), Chaudhury, Das and Chaudhury (2000) and Chakrabarti and Cullenberg (2003). We are especially concerned with the current phase of transition of the Indian economy initiated after the adoption of the New Economic Policies or NEP which, as we mentioned earlier, attempts to force a transition of the Indian economy into a free market global economy. We ask: is the problem of Orientalism then finally over as the division between the West/North and East/South gets blurred through the emerging convergence of many of their axes of society into a new global order that represents a free market economy with global capitalist hegemony. We answer: No. Orientalism is still thriving. We only need to see it differently since, with the emerging evolution of the new global order, the figuration and place of Orientalism has changed. The Orientalist framework is no longer between the West and East or the North and South but between the new global order and an excluded space we call the Third world. In contrast to the usual mainstream development representations, we then present an alternative class representation of India's transition as, among things, also taking place within the Orientalist framework. While much discussion on Orientalism has taken place over culture and politics there are, to our knowledge, hardly any that deals with the place of Orientalism through the text of the economy and none that has tried to deal with the same in the context of India's ongoing

transition following NEP into the emerging global order.² This foreclosure of the economy from the discussion of Orientalism is surprising and disturbing if we witness, as we shall show, the changing place and figuration of Orientalism from its historic site of culture and politics to the economy. Orientalism, of course, by definition, remains a cultural phenomena but its effect remains overdetermined by elements of power, that is, the political and is now profoundly economic in character. In short, the text of Orientalism has greatly, although not exclusively, shifted to the plane of the economic even though it remains a complex product of cultural, political and economic processes as it makes its grip over the economy. In this regard, we emphasize that our focus on class as an alternative representation of the economy is not due to any narcissist attachment to it but rather because our point could only be made through a class discourse of the economy. Our unique reading will not only help shift the focus of Orientalism to the economy and will help problematise the economy but we believe that such a reading will additionally open up counter hegemonic possibilities in dealing with India's transition that have hitherto avoided the attention of Radical thinkers. While we will not delve into questions of counter hegemony we will certainly ask the readers to remain sensitive to their possible openings in the course of the discussion.

Let us begin with a quick discussion of the class-focused approach for that remains the model – the organising principle – of producing a different language through which an alternative (politically enabling) description of the economy can be inaugurated and an alternative discourse on India's transition can be fashioned. We will then relay the history of Indian transition in terms of the Orientalist framework. Finally we will produce what we call the new development paradigm attached inalienably to the production of the

² Arturo Escobar (1993) remains an important exception. Escobar does talk about the possibility of integrating Orientalism into the dominant economic project through the discourse of development. His valuable insights are integrated in our analysis though we remain skeptical about his treatment of the economy. In Escobar, the economy remains un(der)theorized, detached from class and protracted to the name "capitalism" with its unchanging motif of capital accumulation as an inexorable process of history allied to capitalism (see Gibson-Graham 2001, Sanyal 2001). Thus while Escobar gives us the important insight of associating Orientalism with the economy, the absence of a undeconstructed notion of economy makes the analysis somewhat incomplete especially when dealing with the changing face of the economy itself in the era of globalisation (with its associated difficulty brought about through the blurring of the East-West and North-South dichotomy). However, despite these skepticisms, overall, we remain deeply influenced by the openings provided by Escobar and definitely share his concerns regarding the "politics" of the so-called de-politicised discourse of development.

new global order that only displaces the problem of Orientalism to a different plane. The discussion there will focus on producing the Third World in this era of new global order.

Section I

Class, Global Capital and its Hegemony

Our description of society including that of India is based on a decentered class conception of the economy and society. Such a decentered approach follows the seminal approach of Resnick and Wolff (1987). Resnick and Wolff's approach has seen fundamental extensions in Gabriel (1990), Cullenberg (1992), Gibson-Graham (1996), Chaudhury and Chakrabarti (2000), Chakrabarti and Cullenberg (2001, 2003) and Resnick and Wolff (2003) regarding the question of class, economy, society and its transition and development. This Marxian attempt is greatly an effort to mend and recover the language of class as an alternative exposition of truth.

Resnick and Wolff deploy *class* as an entry point/standpoint/perspective working within the *overdetermined* web of relations to create a new Marxian discourse on society and change. Building on Althusser's notion of overdetermination and defining it as mutual constitutivity of processes that informs the logic of the social, Resnick and Wolff who pioneered the concept of reading class as an adjective (that is, as process) highlights two fundamental moments within the economy. The first is the distinction between necessary labor and surplus labor. The former captures the amount of labor performed to reproduce the existence of the laborer (and her family) and surplus labor defined as labor performed over and above necessary labor. Class, and this is the second fundamental moment, refers to processes relating to the performance, appropriation, distribution and receipt of surplus labor. Class processes are specific to an enterprise – be they in the private, state or household sectors. Within an enterprise, class processes can be grouped into fundamental class as constituting of the performance and appropriation of surplus labor, and into subsumed class making up the distribution and receipt of surplus labor. The central category of Marxian exploitation emerges from the notion of fundamental class process; exploitation is defined as the surplus labor not appropriated by the performers of that surplus labor, otherwise appropriation is non-exploitative.

Fundamental classes can be exploitative as well as non-exploitative and can be mapped into capitalist, communist, communitic, self or ancient, slave and feudal forms. For example, feudal fundamental class process refers to the exploitative appropriation of surplus labor. Exploitation is the contentious category in Marxist theory since it raises the ethical question: do we accept the theft of labor and of a society dominated by trope of the theft. Marxist theory is unique for its ethical position against exploitation. Moreover, each such fundamental class process cannot exist on its own and instead are constituted – literally brought into existence - not only by the subsumed class processes but also other non-class processes. While there are other means of articulating the notion of enterprise (through the goal of profit maximization, for example), Marxists provide a unique description of enterprise or class structure as being constituted by fundamental and subsumed class processes, and non-class processes geared towards the reproduction of the class processes. These non-class processes encompass the economic (other than class), cultural, political and natural processes. Explanation is thus class (economy) focused but not class (economy) specific. The putative presence of a self-constituted, independent and autonomous economy is an impossibility if we read the economy in class terms. The economy is forever drawing on the non-economy for its oxygen (and vice versa).

Political practices in such a Marxist theory are class practices or class related practices sometimes called class struggle. The three fundamental political issues that crop up around Marxism are (i) to fight for changes in the fundamental class processes with the goal to end class exploitation in society, (ii) to fight for changes in subsumed class processes in order to transform the conditions of existence that underlie a fundamental class process (see Resnick and Wolff [1987, 1992] for details) and (iii) to struggle for changes in those non-class processes that transform the conditions of existence for various class processes – fundamental and subsumed. Marxists take the ethical position of struggling for those class and non-class processes that procreate non-exploitative practices.

In such a Marxist theory, the society is a complex institutional configuration of innumerable number of heterogeneous and multi-layered class processes. At any point in time, all these distinct class processes could potentially co-exist together within a society.

A specific *configuration* of class structure is defined as the social totality. Drawn from a specific, that is, partial (class) perspective, social totality is decentred (cannot be defined in terms of a specific form of class such as capitalist) and disaggregated (numerous types and forms of class processes intersecting, compensating and reinforcing one another) being pulled and pushed into different directions by the contradictory effects that constitute it. Moreover, since processes are in a overdeterminist state of change due to, among others, numerous class struggles occurring in different axes of society, these bring in contradictory effects causing a transition of the class configuration and, subsequently, deepening further the de-centering and heterogeneity of society.

This Marxian approach then forces an encounter of unique economic practices within a decentered and heterogeneous social terrain. At the level of such practices that significantly determines the formation of (political) subject and the constitution of the political space, we encounter not simply capitalist practices but also non-capitalist practices (see Resnick and Wolff (1987, 2003), Gibson-Graham (1996, 2003), Gibson-Graham, Resnick and Wolff (2000, 2001), Callari and Ruccio (1996), Chakrabarti (1996, 2001), Chaudhury, Das and Chakrabarti 2000, Chakrabarti and Cullenberg (2001, 2003) for detailed analysis). One thus cannot reduce the economy to the singular substance of accumulation or forces of production or profit maximization which serves as the imputed motif of capitalist classes as in standard orthodoxy. Such motif as and when they are emphasized reflects an almost divine like gravitational pull of the economy to capitalism which is contested in this Marxism. Indeed, the claim of an all-encompassing storm of capitalist juggernaut stutters and falters in the face of our non-capitalist existences that continue to procreate and spawn within the rich web of our complexly overdetermined society.

The politics of the social play an important role in deciding which types of class processes would dominate in specific time and space which in turn significantly determines the historical evolution of society. Take the case of capitalism which, historically, has lived with intense contradictions between its private and state forms. Resnick and Wolff (2003) has elaborated how the struggle over the forms of society in the Soviet Union turned from one between the communist enterprises and the capitalist enterprises in its early stage into one taking place between state capitalism and private

capitalism. They describe the history of how private capitalism came to dominate the Soviet society at the expense of its private counterpart and other forms of class processes, and its consequence for the way the Soviet Society evolved. The collapse of Soviet Union and, with it, the planning system has significantly dented the legitimacy of state capitalist class processes, and coupled with the discourse of globalisation celebrating the logic of market/commodity economy, the balance has clearly shifted in favour of private capitalist class processes. All over the world, class processes pertaining to state capitalist enterprises are being severely undermined resulting in a slow but steady parcelling out of these enterprises into private hand. And since these state enterprises are large, privatisation is in effect leading to a transfer of these into the “global” capitalist class processes, where the meaning of the global in the context of capitalist class process will now be elaborated.

What is global capital? Resnick and Wolff (2001) ask us to rethink the existence of global enterprise from a class standpoint. A global enterprise in India (IN), for example, would have the following class equation³ to contend with.

$$\sum SV_i^{IN} + \sum SSCR_i^{IN} + \sum NCR_i^{IN} = \sum SSCP_{IN}^k + \sum X_{IN}^k + \sum Y_{IN}^k \quad (a)$$

where, SV = Surplus Value produced and appropriated by the enterprise;

$\sum SSCR$ = Subsumed class revenue;

$\sum NCR$ = Non class revenue;

$\sum SSCP$ = Sum of subsumed class payments;

$\sum X$ = Sum of payments made to secure SSCR;

$\sum Y$ = Sum of payments made to secure NCR.

The two sides of the equation refer to revenues that flow from variegated processes – class and non class – to which the enterprise or class structure is articulated. The left hand side of (a) represents the revenue side of the enterprise while the right hand side its expenditure required to reproduce the conditions of existence of the components

³ See Resnick and Wolff (1987) for a detailed analysis of the class equation. Also see Ruccio, Resnick and Wolff (1991).

in the revenue side. $\sum SSCP$ reflect subsumed class payments made by the enterprise to ensure the flow of SV. $\sum SSCR$ captures the subsumed class revenues of the enterprise, that is, any revenue it generates from its occupation of subsumed class positions with respect to other firms. It might include returns such as dividends, ground rents, merchant fees, etc. Reproduction of these subsumed revenue class positions, in turn, requires expenditure or payments for those social positions which will ensure the reproduction of $\sum SSCR$. Such payments are gathered around $\sum X$. Similarly, $\sum NCR$ stands for all non-class revenues earned by the enterprise, such as return on loans advanced to productive labourers. $\sum Y$ stands for the expenditure or payments required to reproduce the conditions of existence of $\sum NCR$.

An enterprise or class structure is a complex site of these multiple sources of class and non-class revenues, and expenditures. In order to bring out the global dimension of an enterprise, they use the subscript i in the left-hand side to index the various global locations from where the revenues are drawn and the superscript k in the right hand side as capturing the global locations of expenditure. In other words, the sites where the flows of revenue and expenditure occur are splintered across the globe and the enterprise draws its meaning from this very decentered albeit global existence. Processes of fundamental classes, subsumed classes and non-classes that globally connect into capitalist enterprise are the *circuits of global capital* and the totality of the stocks and flows embodying the circuits of global capital is what we define as *global capital*. When, say, a non-capitalist enterprise gets connected with capitalist enterprise at any level, we say that it has locked into the circuits of global capital and, by default, into global capital. This is not to say that, in doing so, non-capitalist enterprises become capitalist but, simply, that these hook themselves into the circuits of global capital.

It is commonplace knowledge that such decentered global enterprises are almost exclusively privately capitalist, where we understand their global capitalistic feature as privately exploitative class process in the context of commodity production that includes,

among others, labor power as a commodity.⁴ Marx calls surplus labor, in the context of commodity production, surplus value. Subsequently, the master (or nodal) signifiers of global capitalist enterprise – of global capital - are commodity and surplus value that structure the other floating signifiers (efficiency, competition, individualism, etc.).

So we ask: how does global capital acquire its hegemonic character? There are three moments of hegemony that needs emphasis. We begin with the first. Chakrabarti and Dhar (2002) and Chakrabarti (2003) extend Resnick and Wolff (2001) and Hardt and Negri (2000) to argue that capital (product of capitalist exploitative enterprise) acquires its global character through disarticulation (production, appropriation, distribution and exchange no longer happening in one site) and hence disaggregation (the activities of global capital – production, distribution, circulation happens in different regions of the world). The circuits of global enterprises (production, distribution and exchange of goods and services embodying the capitalist performance, appropriation distribution and receipt of surplus labor) are no longer related specifically to the West/North (say, Hindustan Lever headquartered in the West) but they may be and they are very much part and parcel of the Eastern/Southern economies as well (say, Ranbaxy headquartered in India). Capital becomes globally imperial with its circuits (of production, distribution and receipt of surplus labor and its conditions of existence) moving as if directionless into the distant corners of the globe. Its reach knows and respects no boundaries and that is how global capital becomes the economic life form of the new global order which is constituted by multi-layered and variegated processes – political, natural and cultural. It is crucial to understand that the imperial scope of global capital is not independent of the cultural and political space. These spaces, which were once tuned to national interests including national capital, must now be reconfigured to suit and facilitate the entry of global capital. This reconfiguration further encompasses the entire gamut of the social terrain – reconfiguration of the legal, state apparatus, dominant notions of entrepreneurship and consumerism, judgment of performance (through market judged efficiency for example),

⁴ If we include the state capitalist enterprises into the circuit of global capital then also the conception of global capitalist hegemony will hold true with certain modifications. Even if not all global capitalist enterprises are private, we do believe that our emphasis on global capitalist enterprise as being private is justified in the current scenario of globalisation discourse which celebrates the private at the expense of the state form of capital.

customs and mores, tastes, space, family, etc. Global capital thus exists within the overdetermined webs of economic, cultural and political processes that is within social life itself; it exists within social life helping produce and regulate the different moments and turns of social life. Global capital in turn becomes spongy being pulled and pushed through the contradictory influences of the economic, political and cultural processes. The recurring transformation of social life forces a continual mutation, displacement and renewal of the circuits of global capital. This symbiotic relation between the circuits of global capital and social life is what makes global capital so different from other historic forms which capital may have previously acquired. The second moment of hegemony is through the discourse of globalisation that produces the knowledge which gives sanctity to those discursive practices that sanctify global capital along with its metonymic signifiers and helps create the architecture constituting of institutions which attempts to control and regulate the production of social life. What possible forms will the circuits of global capital take, who will have the right to enter and exit the circuits or how are possible crisis within social life going to be defined, located and dealt with? The global architecture struggles over these questions. The third moment of hegemony refers to how global capital is able to manage, control and subdue the non-capitalist class practices such that these appear as simply global capital's metaphoric surplus that is as its extension thereby disarming any (counter hegemonic) political impulse that one could possibly generate from such practices. The three moments of hegemony (which will regularly crop up in the course of the discussion below) compensate, intersect and reinforce one another and in doing so articulates a global regime of power that produces, protects and sanctifies the dominance of global capital. We call this the regime of the new global order.

The above scenario depicts a movement towards a universal like unified new global order where the old binary between West and East or North and South becomes problematic. With the globe imploding into one in this depiction, the South is getting integrated into the axes of the North. The North is no longer a distant space or imaginary; it is right here inside the South making nonsense its very naming as the South. If the North - South division gets blurred, then does the Other and with it the Orientalist frame disappear? Is there an outside space that is bereft of the social life that we talked about and which can neither be produced nor regulated by the regimes of power powering the

internal principles of global capital? Does then the regime of global power need to make another hegemonic move that will be uniquely targeted towards controlling and subduing the excluded Other?

We want to begin the process of answering these questions by tracing the brief economic history of India and the changing context and place of Orientalism in that journey. That will help us understanding the current transition of the Indian society following the adoption of NEP much better and take us right into the heart of our problematic: the current crisis of the category of third world and of the Orientalist framework itself in the formulation of the emerging development paradigm of India.

Section II

India's Development Journey: An Encounter with Orientalism

Since its colonisation by the British, India's development journey has always been an integral part of the Orientalist thematic. Typically, the Orientalist model, following the initial post-colonial turn given by Edward Said, was made of the West, its internal Others (the Slavs, for example) and its external Other – the three moments comprising the first, second and third. We are here dealing with the encounter of the West with its external Other – the encounter of the First World with Third World. India remained West's construction of its external other, a construction through which the West was able to define itself as the West and project its superiority. This construction helped represent India as the external other of the West: native, tribal, simple-minded and idyllic villagers, ignorant and unhealthy people, communal society, society with no history (or change) and ruled by despots, etc. The Other, in turn, was shown as having a bad side and good side – bad Other and good Other. Typically, the West identified and collapsed the so-called complex Other (that it has constructed) to its bad side and then attempted to rewrite the history of the Other through its intervention. There were then two aspects to the Orientalist model pertinent to a country like India: firstly, generally, the West defined an external Other in order to protract its name and superiority to itself as well as the Rest and secondly it collapsed its own construction of the complex Other into the bad Other which served as a justification of its intervention within the terrain of the Other. The Other cannot save itself from its bad Other which can only be done by an outside force – the West. One can read this theme of civilising mission as constituting the basis of the

British intervention in India. In fact, in a way, this theme is the most potent that underlies the Orientalist framework and of foreign interventions into the domain of the Other even today. Chaudhury (1994) and Chaudhury, Das and Chakrabarti (2000) describes it details how the British Empire was able to mix its own principles with those of the Other to displace, hegemonise and colonise the Other.

The Orientalist model continued albeit differently after India gained independence from the British in 1947. One of the magic wands that now was supposed to bridge the gap between the West and East became development. Development became the new mantra of India's societal transition to the West, constituting a complex series of discursive practices that attempted to coalesce India's diverse society and multiple Others into a system of dispersion, a system that procreated a regime of truth – the truth of Western superiority. This truth was now to be India's destiny: Western capitalism. It must be noted that while independent India was heavily influenced by the Soviet Union, it never really adopted the Soviet model. The model closest to describing India's development paradigm was the Lewis model which tried to describe the mechanics of transition of a third world country like India towards a modern capitalist society (Chakrabarty 1987)

It is important to understand that the post-independent form of Orientalism is very different from that existing before independence. We can describe it as a new phase of Orientalism in India. The exercise of Orientalism could no longer be openly directed or practiced by foreigners (say, Britishers or Americans) but must instead be produced from within – from within the domain of the prevalent Other. Development practices that are internally procreated by domestic subjects substituting for the external rulers: this defines the historical turn in the Orientalist model of post-independent India. Discourse of development encapsulates the Orientalist model because it again, albeit in a different form, produces the binary reflecting the superiority of the West – good West versus bad East, Industrial West versus Agricultural East, Modern West versus Traditional East, Educated West versus Uneducated East, Secular West versus Religious East, Democratic West versus Despotic East, Rational West versus Obstinate East, etc. Even with its so-called independence, history must repeat itself: the East must be salvaged from itself, through the development journey that telescopes the superiority of West over the East.

However, since development practices are now internally produced, the problem of reconciling the good Other and the bad Other within the East becomes more complex. It is against this background that one must read the conflict between Jawaharlal Nehru (the first prime minister and a very formidable one) and Mahatma Gandhi (the father of the nation), a conflict that effectively amounted to a struggle between the good Other (Nehru standing for Western style progress) and the bad Other (Gandhi standing for the obstinate East). A conflict that really was not only about how the Other would evolve independently of the West but also about how to position oneself in terms of the West, that is, in terms of the Orientalist model. Orientalism, despite the apparent absence of any physical coloniser, remained the organising principle of the post-independence political struggle within India. The complexity and severity of the conflict can be gauged from the following quotes of Gandhi and Nehru:

I am always reminded of one thing which the well-known British economist Adam Smith has said in his famous treatise *The Wealth of Nations*. In it he has described some economic laws as universal and absolute. Then he has described certain situations which may be an obstacle to the operation of these laws. These disturbing factors are the human nature, the human temperament or altruism inherent in it. Now the economics of khadi is just the opposite of it. Benevolence which is inherent in human nature is the very foundation of the economics of khadi. What Adam Smith has described as pure economic activity based merely on the calculations of profit and loss is a selfish attitude and it is an obstacle to the development of khadi; and it is the function of a champion of khadi to counteract this tendency (Gandhi, 1958-, CW. Vol. 59, 205-6).⁵

My own view is that evils are inherent in industrialization, and no amount of socialization can eradicate them (Gandhi, 1958-, CW, Vol. 63, 241).

We are trying to catch up, as far as we can, with the Industrial Revolution that occurred long ago in Western countries (Nehru, 1954, Vol. 2, 93).

⁵ Khadi means indigenous cloth. It is a symbol for a cottage based economic system that is characterized by labor intensive, village (and family) based production and marketing processes.

Opposing his guru Mahatma Gandhi, Jawaharlal Nehru was determined to industrialize India and transform it into a modern Western like society, which he took as a superior form of society. According to Nehru, the transition from a backward agricultural society to a modern industrial one was the only possible road for India to progress. The biggest obstacle to such a transition was identified in the dearth of material capital. Because of the paucity of material capital, industrialisation came to be identified with an unending, inexorable process of capital accumulation. Industrialisation through capital accumulation became the substance of post-independent Indian development paradigm. Moreover, in line with Nehru's wishes, India's industrialization process was propelled by the state sector since it was argued that the private sector did not have the resources to create the basic infrastructure and means of production needed for industrialization. The idea was not to kill the private sector but to facilitate its growth (through its expansion in the consumer goods sector) by providing the private sector with necessary capital which it lacked.

The idea of a strong state propelling the logic of industrialisation through capital accumulation created its own momentum and translated by the 1980s into a virtual monopoly of state over the capital goods sector giving the state control over what might be called the commanding heights of the economy. The private enterprises which were mainly concentrated in the consumer goods sector depended upon the state enterprises for survival because most of their indispensable inputs come from the state sector. The quantitative involvement of the state in the Indian economy was backed up by qualitative involvement, which was critical for the reproduction of its private enterprises. This qualitative involvement came about through a complicated licensing system which made it mandatory for private enterprises to seek licenses for establishing new units and for expanding the capacity of the existing units, control over imports through licensing, restrictions on exports, administrative control over exchange rates, a large sum of transfers to the agricultural sector and other sectors like health and education, high income and corporate taxes as well as control over the banking and the insurance system. This was backed by an import substitution policy that virtually debarred foreign competition, protected Indian industries – state and private - and took India into the path of a self-sufficient, something akin to an autarkic, economy.

Yet, since independence the path of capitalist development in India via industrialization has not been easy and without compromises. Due to political considerations already mentioned, the Gandhian tradition of Khadi, which is a different and diametrically opposite set of economic policies as compared to ones directed at growth through industrialization, had to be accounted for in the Indian development paradigm. And, because the Gandhian philosophy is so crucially based on the economic philosophy of Khadi, the Indian economic policies had to combine the growth-oriented “maximization” policies and the Gandhian job-oriented “benevolent” non-profit policies. This accommodation stretched to agricultural sector that was fundamentally left untouched after independence and which comprised of numerous so-called traditional, non-capitalist enterprises. The compromise with the so-called traditional, backward agricultural forces can be lumped with Gandhi’s because from the point of view of the modernists these comprises of elements that are driven by no-profit, non accumulation standpoint and as such constitute the bad Other.

Despite accommodating Gandhi, there was no doubt in the elite circle, which includes the academic elite, that progress via the logic of industrialization through capital accumulation is the key to (capitalist) growth and the eradication of the “problems” of poverty and unemployment. It was also believed that progress and rationality will win, the good Other will integrate itself into the West and the bad Other wither away by getting eaten up in the longer run by the ever-expanding industrial sector and its complementary visage of modernity. Consequently, industrialization through capital accumulation was accorded a privileged position as compared to the Gandhian policy of Khadi, which nevertheless, along with the non-capitalist forces in agriculture, had to be accommodated, for the time being, in formulating economic decisions. The problem for the Indian developmental state, then, comes down to the performance of a dual act of legitimizing the logic of industrialisation through capital accumulation and accommodating the Gandhian tradition of Khadi (the anti-capitalist set of economic policies), two fundamentally contradictory positions. This complex way of looking at the development of capitalism in India is what differentiated India’s development paradigm from the rest.

As per the above policy, over time, the Gandhian tradition of Khadi got integrated in the informal sector (or small scale sector) which has since then acquired enormous space in India. The informal sector has played a critical role in the Indian economy and had acquired a significant position as a reservoir of employment. As of 1998-99, the total number of enterprises within informal sector in India was 31.21 lakhs, its value of production amounted to Rs 5,27,515 crores which is roughly 40% of the value added in the manufacturing sector, contributing to 35% of the total exports in 1998-99 and by 1999-2000 this sector employed around 17.850 million people (Economic Survey 1999-2000, 2000-2001).

The above-described phase of India's development policy continued from 1950 to roughly 1990. In between, however, and greatly as a result of the development discourse, both the East and West changed considerably. Firstly, the East has seen some amount of industrialisation and thus took the turn towards what is called underdevelopment (a capitalist sector with a huge non-capitalist sector). The good Other has been translated into and included as at least an internal Other of the West. This assimilation that overlapped the economic, cultural and political sphere ultimately led to the transition of the East to what is now called the South. Secondly, the West too underwent a transition. To begin with, the European influence merged and to a large extent was replaced by the American and Soviet dominance (which though was not to remain), and a large segment of the East (Japan, South Korea, etc.) had become industrialised (progressive in the typical Western imaginary of development). This in turn started the movement towards what has come to be known as the North. Thus we find that the West and East have reconfigured into the North and the South. Our focus remains the Orientalist frame and the search for the third world (the Other that remains excluded from the West/North). We will use the terms West and North as well as East and South interchangeably keeping well in mind the impulse of the binary embedded in the Orientalist frame.

It is against such a backdrop that a new phase of Indian history began. While the rumblings of reforming the Indian economy could be heard in the mid 1980s, the real seismic change began in 1991-92. In 1991-92 India launched a reform package popularly known as the New Economic Policy (NEP) which has initiated a massive transition of the Indian society. Mainstream discourse projects India's transition in terms of the criteria of

efficiency and market based pricing mechanisms purported to enact a double switch: switch from the government control of the economy to a “free” market capitalist economy and a complementary switch from an import substitution regime to an export promotion one (Jalan 1991, Bhagwati and Srinivasan 1993; Bhagwati 1993; Joshi and Little ed. 1995, Joshi and Little 1996, Ahluwalia and Little ed. 1998, Sachs, Varshney and Bajpai ed. 1999). Such changes were required, it was argued, to take India from its low growth into the high growth path by deepening and expanding the industrialisation process.

The government rationale for the NEP is a combination of what has been referred to as a response to a macroeconomic and microeconomic crisis situation. The macroeconomic crisis is seen in turn as being both internally (the fiscal deficit) and somewhat externally (the balance of payments crunch) produced while the microeconomic crisis signifies serious efficiency and incentive failures. According to the government, the two sets of problems are linked since, as Bhagwati and Srinivasan, the two strong supporters of the government’s economic reform, put it, “The macroeconomic problems...had been accentuated by, if not largely been a result of, the microeconomic inefficiencies” (Bhagwati and Srinivasan 1993, ii). The NEP is directed to redressing these sets of macroeconomic and microeconomic or structural problems even though clearly the essence of the macroeconomic problems is traced to microeconomic distortions. That is why the thrust of the reform has been on transforming the micro level sites of production and distribution of goods and services. Since much of the efficiency and incentive failure was identified with the government control of the economy, the target of the liberalization program is to decrease the state’s share in the overall economy and free the power of resource allocation to the market thereby making competition and the standpoint of profit maximisation the dominant theme of organising the economy. The government has, in the long run, taken the road to cut down its expenditures, especially its transfer payments, by dramatically reducing subsidies, closing down or selling part of the state industries to private (capitalist) sectors, and closing or cutting down many service operations; a shift towards a more market determined exchange rate and open-door trade policies; a new set of industrial, agricultural and banking policies which pay more attention to principles of competition, profitability, efficiency and

outward (export) oriented growth, and calls for less involvement of the government in economic decisions, especially those related to output and pricing. Policies designed to effect these changes are still unfolding, both at the planning and functional level but there is no doubt as to the direction of the changes mentioned above. The change in government's role was no less dramatic. The NEP, which by changing the meaning of development is, among other things, geared towards challenging the prevailing meaning of government by radically altering its role from active and all-encompassing involvement in the economic sphere to the promotion of a particular economic environment that fosters capitalist growth with efficiency.

These changes unfolding in India are unabashedly neo-liberal in spirit and are so commonplace that one can identify them as we hop from country to country. These changes point to a newly emerging dominant paradigm of development that seems to be currently serving as the new magic wand of progress. There are two momentous moments that we want to highlight with regard to India's changing development paradigm which makes this phase of its history distinct from the earlier one.

The first is the de-emphasis of the hitherto held anchor, signifier of accumulation. While capitalist growth through industrialisation still remains the key to development under NEP, quietly, it seems, the overpowering position of the anchor signifier of accumulation and subsequently the growth logic of industrialisation through capital accumulation has been abandoned. Instead the shift in NEP is now geared towards achieving capitalist growth through market/commodity expansion (which in turn guarantees efficiency and competition) and from the standpoint of profit maximisation. This de-emphasis of accumulation and shifting emphasis towards market expansion and the standpoint of profit maximization coincided with the World Bank's changing view about the anchoring power of accumulation. Earlier, the World Bank had a similarly held positive view of capitalist growth via the logic of industrialisation through capital accumulation although it remained sceptical of the self-sufficiency logic grounded on the imports substitution policy that governments like India followed. By early 1990s the World Bank self criticised its earlier held "rosy optimism of aid-financed, government-led, accumulationist strategies of development" which "...was a goal of policy to increase saving and investment and thus the rapid accumulation of capital (1991, 33).

World Bank realised that such growth does not trickle down and in fact cause massive dislocation. Moreover, such capital accumulation based approach requires the nation-state to have the command or overall control over the economy, especially over resource allocation. With the clear de-linking of the economy from the control of the nation-state (especially with regard to allocation of resources which is now slowly but surely passing from state control to market control) as one of the fundamental tenets of neo-liberal reform package, such accumulation-based strategy of development appears anachronistic and thus obsolete. In fact, World Bank's current development goal is now two-pronged which does not include the empowering anchor role of accumulation in the developmental logic:

“...put in place growth-enhancing, market oriented policies (stable macroeconomic environment, effective law and order, trade liberalisation, and so on) and ensure the provision of important public services that cannot be well and equitably supplied by private markets (infrastructure services and education, for instance). (2000, 89)

India's shift in de-emphasising accumulation as the principal anchor of development thus merges with the shift in World Bank reflecting a convergence of their emerging development paradigm. But then such a convergence is not surprising if we understand both World Bank and India as trying to place its current development paradigm in line with the newly materialising global order. This takes us to the second momentous shift of India's development paradigm as constituting a definitive movement from the autarkic type self-sufficient existence to that of being a full-fledged party to the emerging new global order that encapsulates the instance of capitalist hegemony. We view the changing development paradigm of India (as well as that of World Bank's) as basically mimicking the philosophy of the Washington Consensus.

One may visualize the Washington Consensus as a template comprising the desirable principles of a global economy and the development industry functioning within the new global order as fulfilling the principles enshrined in the template. Many of the seemingly variegated and often seemingly conflicting discussions on globalisation end up confirming the template of Washington Consensus. In a typical Foucauldian

fashion we may say these constitute a system of dispersion which nevertheless coalesce to produce a regime of truth – truth sustaining the legitimacy of global capitalism.

The Washington consensus refers to the following 10 objectives of policy:

- Fiscal Policy (basically controlling the budget deficit-emphasis ours)
- Redirection of public expenditure toward education, health, and infrastructure investment.
- Tax reform – broadening the tax base and cutting marginal tax rates.
- Interest rates that are market determined and positive (but moderate) in real terms.
- Competitive exchange rates.
- Trade Liberalisation – replacement of quantitative restriction with low and uniform tariffs.
- Deregulation – abolishment of regulations that impeded entry or restrict competition, except for those justified on safety, environment, and consumer protection grounds, and prudential oversight of financial institutions.
- Legal security for property rights.
- Openness to foreign direct investment.
- Privatisation of state enterprises

(Source – Williamson 1993 in World Bank 2000/2001, 62)

Washington Consensus comprises of fiscal policy, monetary policy, trade policy, competitive policy, policy on legal structures and market expansion policy, and presents a compressed portrait of an imagined global order. Joseph Stiglitz – a mainstream economist and a former CEO of World Bank - summarises the agenda of the Washington Consensus as

It is a set of policies formulated between 15th and 19th streets by the IMF, U.S. Treasury, and World Bank. Countries should focus on stabilisation, liberalisation, privatisation. It's based on a rejection of the state's activist role and the promotion of a minimalist, noninterventionist state. The analysis in the era of Reagan and Thatcher was that government was interfering with the efficiency of the economy through protectionism, government subsidies, and government ownership. Once the government

"got out of the way," private markets would allocate resources efficiently and generate robust growth. Development would simply come. (2000)

The seemingly independent policies of the different agencies – World Bank, IMF, WTO, ILO, etc. – as well as those of national governments and independent organisations like NGOs work to sanctify the principles ingrained in the Washington Consensus. The NEP adopted in India can indeed be read as a mirror image of the Washington Consensus reflecting the template that ensures the breakdown of its self-sufficient economy and the rise of the global economy within India. India's destiny lies in the global frame and the NEP acknowledges that in no uncertain terms.

With India integrating itself within the circuits of the global economy whatever then happens to its status of a third world society, of its Otherness. Isn't the phase of Orientalism over? Despite the many other differences, aren't we all getting included or waiting to be included in the new global order? Isn't the South getting connected into the circuits of the North and thus is fast becoming a portion of the North? Doesn't this blurring of North-South division make nonsense any projection of an excluded – the Other? In the following discussion we contest this erasure of the Other, argue for an excluded, foreclosed, space of the new global order. We argue that a Southern country like India gets disarticulated into the axes of the North and thus the emerging global order, and also into axes that breaks away from the sinews of the global order, as its outside. We call this outside the third world, the Other of the new global order. The development paradigm of India reflects sharply this emerging division – a new form of representation – that nevertheless is imbued with the same idea of superiority over the Other – over the Third World.

We start with the predicament of Indian reformers regarding the problem of accommodating the informal sector or the Gandhian philosophy of Khadi that clearly is based on principles that runs away from those celebrated in the new global order. If the NEP is tilted towards the global economy, then what is its vision of the "renegade", "reactionary", "backward" informal sector, the pain in the tail, a pain that covers a large body of the Indian society? We can put the problem slightly differently. Since the Indian economy had opened itself to be articulated into the emerging global order, how does

global capital deal with the informal sector? Does the hegemony of global capital that is encapsulated into the new global order erase the informal sector? If not, then is it able to control, manage and include the informal sector within its circuits or does a segment of informal sector and the forms of life around it able to resist incorporation into the camp of global capital and thus remains outside the global order? If the latter is true, doesn't this excluded segment around the informal sector constitute the camp of the third world? Does then the globe gets disarticulated between the new global order and third world, where the superiority of the former stands unquestioned? And the latter, that is the third world, standing as sometimes the representation of good Other – a emotional, helpless and submissive Other – and at other times a bad Other – the uncivil – the barbarians - who are to be feared and kept out of the entrance gate of the civil global order. This is then a third world which cannot be included into the circuits of global capital that dominate the new global order or ruled through its internal principles but who must somehow be managed, controlled and kept as locked. Orientalism has not disappeared but has rather changed its figuration and place. The rest of the paper uses principally the World Bank discourse of development in the context of the emerging global order to demonstrate the production of this new space of third world and by default the new Orientalist model. This will hopefully open up for discussion the emerging contour of a new juncture of Orientalism in India's economic history.

Section III

Orientalism in the Era of Globalisation: What is the Third World?

We have already seen that the place for the Other in post-independent India was displaced into the informal sector (and agriculture which we do not analyse here) which saw its integration into the Gandhian philosophy of Khadi. So let us start with the informal sector – the site of much of the discussion of the Other in the development discourse.

Informal Sector is defined as

Very informal unit producing and distributing goods and services, and consisting largely of independent, self-employed producers in urban areas of developing countries, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital,

or none at all; which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low and irregular incomes and very unstable employment to those who work in it. (ILO 1991, 4)

The informal sector is constituted by firms of “self-employed producers” or “own-account workers,” some firms “hiring” labourers and others producing with “family” labours. In class terms, the informal sector economy comprises of a rich and large variety of class sets, from self-exploitative, feudal, and capitalist to non-exploitative ones such as communitic and communist. We have already described the importance of informal sector in India. This importance stretches to other countries in the South as well.

The bulk of new employment in recent years, particularly in developing and transition countries, has been in the informal economy. Most people have been going into the informal sector because they cannot find jobs or are unable to start businesses in the formal economy. In Africa, for instance, informal work accounted for almost 80 percent non-agricultural employment, over 60 percent of urban employment and over 90 per cent of new jobs over the past decade or so. But work in the informal economy cannot be termed “decent” compared to recognized, protected, secure, formal employment. (ILO 2002, 1)

We are also reminded that informal sector holds some sway over developed societies as well (see ILO, P 24). But the crucial slip lies in the words: recognized, protected, secure, and formal which differentiates informal sector in the South from those in the North.

Unlike the developed societies, overwhelming portion of the informal sector operates in countries like India *without* any protection or recognition (especially with respect to legal, regulatory and formal institutions with even the trade unions remaining oblivious of this space) and security (labour market security, employment security, job security, work security, skill reproduction security, income security, representation security and security from the violence of local politics).

Does it mean that the informal sector does not have its own political economy?
The ILO says emphatically

The term “informal” does not mean that there are no rules or norms regulating the activities of workers or enterprises. People engaged in informal activities have their own “political economy” – their own informal or group rules, arrangements, institutions and structures for mutual help and trust, providing loans, organizing training, transferring technology and skills, trading and market access, enforcing obligations, etc. What we do not know is what these informal rules or norms are based on and whether or how they observe the fundamental rights of workers. (2002, 7)

The ILO’s position on informal sector and rights more or less overlaps with those of the other international institutions such as the World Bank and WTO. While ILO is confused about the nature of political economy underlying the informal activities, this confusion immediately touches on an important subject. This is regarding the question of whether the informal sector political economy observes rights. Fundamental Rights! Fundamental! Rights! Whose fundamental rights? Why the question of Rights to begin with in this informal domain, if ILO does not “know” either the political economy or how the question of rights is addressed in that domain? Despite that if the question of rights is imposed in that segment, the question remains as to whose rights are we invoking, that is, from which ethico-political position? In such a context, the (Western) rights forwarded as universally true and fundamental can only be imperial in scope and useful for rearticulating the social within that “unknown” political economy into an outside regime of power.

Globalisation discourse attempts to bring the issue of rights within the informal sector. It puts on the moral garb of human rights to attempt to project the (human(e)) lacks within such informal societies, lacks that then are attempted to be subjected to the principles of some universal virtues (when they are de facto first world virtues) and its associated rules and regulations. As we shall show soon, this attempt to reign in and civilise the renegade informal sector and, the social life connected to and surrounding it,

leads up to an outcome that underlies perverse processes of exploitation, marginalisation and subjugation of the informal sector (and of the constituting social life) by global capital. Furthermore, this attempt to reign in the informal sector and the rights discourse attempting to civilise the forms of life associated with it, is targeted at a segment of informal sector that is connected to the circuits of global capital, a segment that is hooked into the internal principles of global capital and onto which the rights discourse is considered as fair play. We call this segment of informal sector as *informal sector I*. *Another* segment of informal sector opens up that remains disconnected with global capital, that is disconnected with its networks and circuits, and where the rights discourse and the floating signifiers that structure the global production of social life remain totally oblivious of the issues of recognition, protection and security. The presence of this segment symbolizes the surreal presence of the *fractured* moment of the globe. We call this segment of informal sector, *informal sector II*. It will form of basis of defining and locating the third world. Let us discuss each in turn.

Informal Sector I

A condition for global hegemony is that attempts to negotiate with the informal sector must simultaneously incorporate the attempt to disarm any alternatives stemming from non-capitalist classes and forms of life that may carry the possibility of challenging the hegemony of global capital. In this context, the hegemonic moment lies in transforming these non-capitalist possibilities into global capital's metaphoric surplus, as if these are mere extensions of global capital, such that their destiny is to be of second order importance to that of global capital. Such that the other class moments will continue to socially function but theirs' harbouring the possibility of re-organising the economic space become an absurdity. Through outsourcing, sub-contracting and vertical integration, a segment of these class sets is attempted to be rearticulated to the formal sector or the circuits of global capital.

Chakrabarti, Chaudhury and Cullenberg (2002), and Chakrabarti and Cullenberg (2003) highlighted this linkage by delving into the overdetermined relation between the global capital and the informal sector in India via the celebrated concept of outsourcing and subcontracting or global production chain. They view outsourcing, sub-contracting and flexible specialisation as a totally different text from that being sold in the corridors

of civilized academic discourse. Defence of these has been attributed to innovation, transaction cost, efficiency, competition, etc. but rarely is the aspect of Marxian exploitation invoked in this regard. By that account the exploitation dimension remains a hidden – unrecorded – text of globalization. The multinationals/big domestic global capitalist enterprises – blue chips of world civilization - the epitome of national virtues – outsource or sub-contract exploitation to the informal sector to be produced with sub-human wages in sub-human conditions, puts their sign (brand) on the products, and then only to hide behind their grandeur plants and offices when talks of working condition in the informal sector surfaces. Informal sector enterprises – as mere appendages – feeding on sub-human wages hands over the surplus labour to the global capitalist firms. Wall's Street and stock exchanges all over the world then parade the fruits of those sub-human workers as increments of values of celebrated companies, of their robustness, competitiveness and efficiency. And investors – sharing in the spoil - celebrate the idea of a relentless march of capitalism. Peel by peel, the fruits of the informal sector workers are appropriated and distributed. The body of surplus labour disintegrates and disappears like the unholy ashes in the holy river of Ganges. It is true that both global capital and informal sector constitute one another but their constitutivity gives way to a relation of increased exploitation within the informal sector as well as the intensification of the transfer of surplus labour to global capitalist enterprises. This process of exploitation is not a simple extraction of surplus labour that happens in any site but, additionally, the special feature of this globally networked exploitative process is that it enables and is enabled by the process of marginalization via the displacement of the informal sector where, as part of a consciously designed policy, the existence of informal sector is made into a mere appendage of global capital – as its metaphoric surplus.

Through such well-designed policies, the previously sacrosanct Gandhian philosophy of Khadi epitomising a different template of anti-capitalist economic practice within the Indian informal sector is now sought to be displaced into a new axes where the meaning of informal sector is rendered intelligible only in its connection with the circuits of global capital. The good Other could never eliminate the bad Other through its accommodative policies in the previous juncture of the Indian history. Now it tries to win over the bad Other to its camp through a global discourse that is threatening to swamp the

very existence of the Other. One can thus also project the current Indian transition as an attempt to put the notion of Gandhian philosophy of Khadi under erasure.

Such a well-designed policy produces a scenario where the informal sector becomes tied to global capital - their survival depending on the latter's benevolence. As part of that policy the numerous subsidy protections for informal sector from government – some of which are ancient going back to centuries - are exorcised or sharply reduced, the export market usurped and handed over to big capital, wages become inhumanly low, working conditions deteriorate, families disintegrate, the market criteria of efficiency and competition is forced into to change the standpoint of production in that sector from need to profit, competition so structured that it is no longer international or over final products but which translates into one between the informal sector firms striving to access the gate of global capital and hence develops into a virtual dance of death.

It is well known that the demand for human working condition including uniform labor standard has been part and parcel of Western countries' agenda in WTO and in other world bodies where the word "Western" in this context carries the moral weight of a position not simply of its governments' but generally of the liberal position of Western civil society. In this context we ask: Does uniform labor standard (a focal point of furious debate within and outside WTO) mean its uniformity at all levels?

No; it concerns only labor engaged in global capitalist sector and does not apply to labor done in the non-capitalist sector. The same is true for other constitutive elements of human working condition – environmental, health etc. The proper metaphor for such non-capitalist sectors is colony. Then, what is at issue here is a struggle between global capitalist enterprises for rights over colonies – for rights over goods produced in the informal economy - produced at inhumanly low wages - all couched in honey-coated terms.

Despite these fall-outs from such a transition, the informal sector firms will love to be tied to the global capitalist enterprises. The latter does not bother to elicit consent or faith from the former but the informal firms do precisely that. The informal sector becomes not simply a marginalized space but one where the meaning of marginalisation turns on itself, as a desire to be that, for the process of consent implies consent to be a serf, to be tied. The above does not necessarily entail an appropriation of the informal

sector into global capital even as the informal sector is hooked into the tentacles that constitute the circuits of global capital. Global capital remains what it is (valorisation of informal sector signifiers does not alter it remarkably). But global capital's floating signifiers or its metonyms (commodity, efficiency, competition, etc.) intrude into the informal space, alter it, and put their marks on it. In other words, global capital colonizes the informal space. Materialisation of the new global order turns the informal space into its colony and competition as struggle over colonies.

Such informal sector enterprises, constituting the domain of informal sector I, is then a conceptual space of non-capitalist and (non-global) capitalist class enterprises that gets locked into the circuits of global capital. This complex of informal sector and circuits of global capital, and of the social life connected to it, we call the *camp* of global capital. From a class perspective, the new global order can indeed be deconstructed as the camp of global capital (and into the excluded - third world - to which we will come to later on).

On the other hand, and quite paradoxically, we have witnessed how a segment of the anti-globalisation movement has focused their attention on the rights absent within the informal sector. Does this critique of absence of rights within the informal sector contain the whole of informal sector? No, it refers to informal sector connected to the circuits of global capital. Why? Why is it that the gaze of the anti-globalisation movement has turned towards one segment of the informal sector at the expense of the rest? It is now well documented that the current phase of globalisation is turning part of the industrial North into its graveyard. Drawn by the higher rate of exploitation and profit in the South, capitalist enterprises in the North which were not otherwise global starts functioning as so and existing global capitalist enterprises redraw and remap their global circuits of capital. Consequently, the different units constituting the variegated circuit of global capital in the North starts relocating themselves to the South (principally Asia and Eastern Europe). Thus units in the North connected to global capitalist enterprise close down, jobs disappear and communities that grew up around those units destroyed. Many people in the North locate the blame for this predicament not on capitalism and its materialising global form but on either globalisation per se or on the informal sector in the South who is able to deliver higher rates of exploitation and profits to global capital.

Attention of the North has consequently shifted to this segment of informal sector connected to the circuits of global capital. Right wingers simply blame the entire South for it and call for a nationalistic solution, while liberals more subtly start using the rights discourse to highlight aspect of security, protection and recognition that is deemed to be absent in the informal sector enabling global capitalist enterprises to extract higher profits. The latter de-facto also underwrites a nationalistic discourse since it is based on the desire to protect the so-called “declining” industrial North. Consequently, global pressures on environment, labour, patent and product standards are being fiercely argued for and forced into this segment of informal sector. The object is to, so as to say, level the playing field. That is level the playing field through the imperial discourse of rights that would reconfigure the informal sector into the global regime of power that underwrites the dominance of global capital.

The seemingly economic impulse of global capital containing the aspect of outsourcing, subcontracting, vertical integration and flexible specialisation overflows with different moments of colonisation in the South as well as creates massive disjointment in the North producing clashing opinions regarding globalisation and the South. These present us with the possibility of a North-South clash or what some call a dialogue between them. Much of the struggles articulated in the streets of Seattle, Genoa, Cancun summits and other forums are testimony to the intense contradictions within the camp of global capital. But these are *not* – we repeat *not* – struggles that in any way address the concern of the forms of life outside the circuits of global capital. Forms of life of another camp – another camp outside the camp of global capital – a state of exception – the Other – which must be kept out of the process of formation of new global order and yet included into the global regime of power through its control and management. This camp embodies a territory whose psychic life is so distant, so different, so dangerous and so costly to dismantle that the regime does not want to put down or obliterate that territory but to keep it at arms length even as it controls it. We name this camp – the Other – as the third world. Moreover, the existence and fixing of this (b)order of the Other helps in defining the moment of difference and superiority for the new global order. One starts getting a glimpse of the new Orientalist moment in the era of

globalisation. Let us explore in details the terrain of third world to further concretise the New Orient.

Informal Sector II: We have already pointed out that the world's attention has turned to the informal sector I partly due to its connection with the circuits of global capital. The anti-globalisation struggles as well as various rights organisations (human, child, gender, environment, etc) have brought many issues pertaining to informal sector I into the forefront. This has in turn detracted attention from the rest of the informal sector (dominated by non-capitalist class sets) which remains disconnected with the circuits of global capital. We call this segment as Informal Sector II.

Unlike the developed societies, large parts of informal sector in the third world remain consumption or need oriented and not profit or accumulation oriented (Sanyal 1993, 2001; Chakrabarti 2001, Chakrabarti and Cullenberg 2003; Chaudhury 2001). The American dream that so much animates the vast milieu of informal sector in the developed societies is simply not present here. If one adds the virtual absence of protection, security and recognition, then a different space breaking away from the circuit of global capital starts emerging. What emerges is a space that is disconnected with the camp of global capital and of the discourse of life connected to it...a different camp altogether. The multitude in this space is also very unlike the rest: immobile and invisible, and not resembling the smart and sophisticated diasporas, hybrid and cosmopolitan so much celebrated in the third world imaginary of the North/West. This is then a space that is never part of global negotiations, outside the, if we may borrow a term from Gayatri Spivak Chakrabarty, Empire-Nation exchange. We call this space the third world, and its multitude and institutions that comprise its political economy and forms of life as the camp the third world.

Third world is thus conceptually a space that is not and cannot be hosted by global capital or its multilayered and variegated circuits. However, the point remains that the reconfigured third world we are referring to – the invisible and immobile multitude living on the basis of need in a non (global) market environment within informal sector II – while existing outside the circuits of global capital gets constituted by the dynamics of global capital. Third world does not have full autonomy but only relative autonomy. As global capital mutates and with it its circuits expands their scope, the reconfiguration and

relocation of the third world becomes a never-ending process. Thus while third world is not hosted by global capital, the latter continues to overdetermine the other and hence making the (b)order of global capital/third world dynamic and open to spatial (re)articulation. Third world then exhibits the feature of ergodicity – what is third world in one instance may not be so in the other and what was within the camp of global capital may slip into the camp of third world in a different temporal spatial moment.

Our notion of the global order thus breaks away from both the centre-periphery model and the expanse of a singular global order embodying the flow of the circuits of capital into the all encompassing production of bourgeois social life. Instead we disaggregate the new global order into a complex product of the camp of global capital constituting of the circuits of global capital and its margin, informal sector I connected to it and the camp of the third world, disconnected with the circuits of global capital. Where the *camp* is a reminder of the fundamental fracture that has befallen the new global order, of its failure to submit all forms of life to *its* empowering process of re-territorialisation and de-territorialisation.

This segment of informal sector II and of life therein is conceived by the mainstream development discourse as inefficient and ancient safety valve of underdeveloped societies for they nurture unproductive labour in the inefficient non-market space – whose societies goal is not often production driven but consumption or need oriented - whose multitude is immobile and increasingly invisible (for they are driven away from the camps of global capital) – conceived as social residual which global capital must manage (through, say the World Bank) but can never consider as part of global capital. While global capital lives through the flexible, mobile and expansive production of social life, the immobile, invisible, third world lives and functions on the basis of *need*. Not only does this mutation of global capital continuously constitute the (b)order of this non-global space but, to a significant degree, its internal transition is brought about through the direct intervention of the need based development discourse of World Bank, ILO, UNDP, etc. which challenges and more often kills these societies' own notions of need. The multitude in the third world thus lives on the contradictory site of its own contingent need based on socially necessary desire and necessity, and the politics of the universal need objectified by the mainstream development discourse which comes

down on it from above and outside. When the global institutions enter into the third world with its special need focused discourse of development, the process of subjugation is drastically felt in the domain of shared environment that constitute the life within the third world. The transition of third world is not a simple process of transition of fundamental classes therein but, additionally, often is focused on bringing about a dramatic transformation of the shared environment – the conditions of existence of the existing non-capitalist enterprises, of the forms of life surrounding it.

Why must the international agencies intervene into the camp of the third world when they have been effectively foreclosed from the camp of global capital?

International agencies striving for the global management of spaces strives to reign in the disarticulated terrain, even as some of the moments of disarticulation might be its own making. One of the standard methods of reigning in the dislocated world, that at the same time favours the expansion of the variegating interstices of exploitation, has been through the so-called structural adjustment program (SAP) pioneered by the IMF and strongly philosophised by the Washington Consensus. The World Bank and the development industry as a whole have dubbed the SAP as sound macroeconomic management. Some countries have voluntarily adopted SAPs, some countries forced to do so while others like India are adopting them gradually as part of NEP. Cost of transition involved with SAP, however, cannot be ignored.

The Fund approach to adjustment has had severe economic costs for many of these countries in terms of declines in the levels of output and growth rates, reductions in employment and adverse effects on income distribution. A typical and program prescribes measures that require excessive compression of domestic demand, cuts in real wages, and reductions in government expenditures; these are frequently accompanied by sharp exchange rate depreciation and import liberalisation measures, without due regard to their potentially disruptive effects on the domestic economy. (G-24, 1987: 9 quoted in Killick 1995, 12).

Market reforms can indeed boost growth and help poor people, but they can also be a source of dislocation...(2001, 32)

The above quotes reflect a growing understanding on part of international agencies that a global transition to a market dominated economy following SAP can turn out to be highly unstable. SAP and the process of globalisation contain measures that may throw a large section of the population outside the camp of global capital and into the heart of third world. It may also contain policies that may turn existing third world forms of life upside down by, for examples, connecting farming land into the global cities or transforming them into super fast highways, disconnecting dwellings and non-capitalist enterprises (disconnected with global capital) from the vicinity and visibility of the camp of global capital thereby presenting global capital with its comfort zone. While we find that the management of the globalisation process to create a global order founded on (global) market principle underwrites an attempt to forge a camp of global capital, it might produce situations that could threaten the very livelihood and life of a vast segment of the people residing outside the camp of global capital, those considered most vulnerable - living on the camp of third world.

The regime trying to control the new global order is presented with a deadly paradox. Attempts to articulate and reign in the dislocated world through the globalisation process are fraught with possibilities of even more dislocation and disarticulation. Living at the tip of such a traumatic existence, that is, new global order formation and materialisation of the third world, the new global order gets torn into contradictory possibilities. While the emergence of the new global order cannot stop the materialisation of third world since its own life form and representation as a superior civilised form greatly hinges on the latter's formation, it must confront the third world – in a totally different platform. Development discourse must therefore undergo a change from its previous capitalo-centricity to *that* which will address and resolve the trauma that threatens to terrorize the psychic life of the new global order.

The World Bank acknowledges as one of its central lessons,
Growth does not trickle down; development must address human needs directly.
(World Bank Report, 2000, 57)

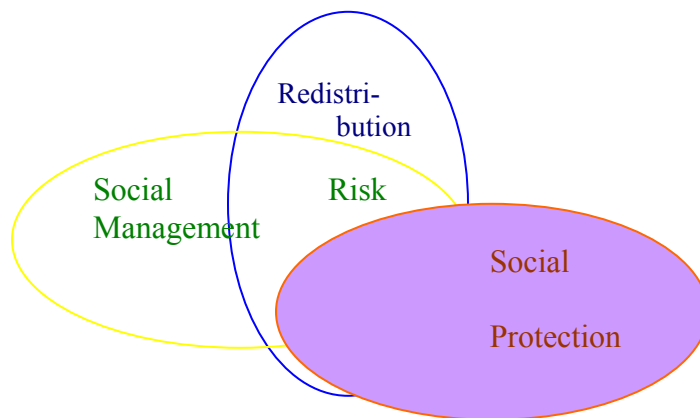
our experience has shown the need for a new, integrated conceptual framework that builds on previous knowledge but better reflects the world situation at the beginning of the 21st century – a situation where risks and opportunities are on the rise, here it is recognised that neither the state nor the market alone will

provide the best solution, and where the plight of more than 1 billion poor people poses the question of how to manage risk better, not merely providing handouts after a shock has occurred. For the World Bank, this implies an even stronger need to incorporate social protection sub sectors within an overall framework. It also indicates the urgency of integrating social protection with other sectors and themes at the World Bank. (World Bank, 2001, 7)

In line with a change in its approach, the World Bank has made need focused discourse as one of its central strategy. This is not to dethrone the capitalist growth objective (that remains the number one development goal of World Bank) but, paradoxically, to protect and harmonise growth within the overall framework of expanding and deepening global penetration in the South. In its early days of this monumental transformation, World Bank clearly understood that its holistic program must be “market-oriented policies to support growth, together with well-targeted social programs” that addresses what it calls “human development and poverty alleviation” (1991, 36). In other words, World Bank’s development program encapsulates an attempt to combine two apparently contradictory aspects – growth and need - into a constitutive relation of complementarity. We shall see that another aspect gets added with time – security and control or what is called social harmony at times. One route taken by the World Bank to formalise its need focus came about with the birth of *Social Protection* as one its sector groups in 1996. The idea of Social Protection started gaining prominence since 1980s till it was finally concretised in the form of a sector group. Social Protection is defined as “public interventions that assist individuals, households, and communities to manage risk better and that provide support to the critically poor.” (2001, 9) Social protection intersects, compensate and reinforce with social risk management and income distribution policies in its effort to link with the broader agenda of poverty discourse centring on need. Since then, “social protection interventions constituted an integral part of the overall adjustment programs..,” (2001, 3) such as SAP so much as that “..more than 80 percent of social protection lending was in the form of adjustment loans”. (2001, 3) From its previous policy of intervening after the event has transpired, World Bank is increasing desirous of transforming itself as an active player that now, as part of its overall policy within the global framework, strives to break down the time zone of

intervention, empowering itself to move in and out at will, imperiously picking its territory and targets, with its discourse of need.

In this context, it is important to make a distinction between, what we say, are survival needs and social needs. We define social needs as those needs perceived by the World Bank to have capitalist growth impact while survival needs refer to the set of need having no capitalist growth impact. Post-globalisation and post-communist discourse of the World Bank focus on expanding the milieu of social need in the so-called Southern countries. The social programs that were emphasised in the 1980s and 1990s such as on education and health care were considered to have positive externality to growth. Subsequently such programs of *social needs* were part of the logic of growth and interior to the gaze of global capital. The management of social need were deemed to have beneficial effects of different kind on the circuits of global capital.



Source: Social Protection Sector Strategy: From Safety Net to Springboard. The World Bank. 2001. Pp10

But what about the instances related to *survival need* that does not have any apparent growth value? Such survival need appears in the domain of third world practice of World Bank that we are emphasising here. These are practices located in those social segments that remain vulnerable to what the World Bank perceives to be non-market life or rudimentary market life without any connection to the circuits of global capital procreating amidst so-called extreme forms of poverty and deprivation. Where class processes are neither driven by profit nor by accumulation motive but rather by the consumption perspective of need. In the figure we can see the portion of the dark shaded

area within social protection but outside the zones of social risk management and income distribution. On the truncated dark shaded area: this is what World Bank has to say.

Advocates of policies to combat social exclusion argue that modern social protection should not be limited to traditional forms of income support but should include measures to promote social cohesion, solidarity, and inclusion. On the other hand, an income support system for the unemployed may not only enhance individual welfare by reducing vulnerability but also help to achieve social stability. On the other hand, social protection may extend well beyond mere financial and income-oriented considerations. This broader approach would include investments to support informal arrangements and upgrade the non-profit sector, strengthen the “social rights” aspects of social policy, and extend the view of social risk management to include the broader concept of “social capital”...

Promoting social inclusion is an important objective of the World Bank. While the social, cultural, and political determinants of social inclusion may be beyond the scope of social risk management, it is essential to recognise the causes and consequences of social exclusion and to design strategies that address these issues. (World Bank, 2001, 11)

What we are seeing in the world today is the tragedy of exclusion.

Our goal must be to reduce these disparities across and within countries, to bring more and more people into the economic mainstream, to promote equitable access to the benefits of development regardless of nationality, race or gender. The – the challenge of Inclusion – is the key development challenge of our time. (World Bank, 2000, 13) – Wolfensohn (former CEO, World Bank)

The above quotes are an acknowledgement of the conceptual presence of excluded space and the “problem” of including these into the mainstream. They signify the acknowledgement of the excluded as the foreclosed, as a residual that cannot be included into the camp of global capital. However, at the same time, the need to support and upgrade non-profit sector and its associated informal arrangements (including the class processes) reflects the attempt to intervene and control the excluded space. This

recent turn of World Bank is revolutionary and reflects an understanding on the part of the regime of global order to reconstitute its domain of power following the process of globalisation. Consequently, the content of need discourse in the arena of global capital that aspires to bring spaces and multitude within its logic cannot be conceptually the same as the discourse of need aspiring to control and subdue this excluded space that is governed by different forms of life. We give the materialisation of need from the latter discourse of World Bank another name: survival need.

Previously such survival needs and growth logic were considered as inimical to each other – the former a deposit of archaic age that ultimately needs to be battered down so that the growth logic can proceed freely. There was an optimism that growth pioneered by the logic of capital accumulation could integrate the need focused (traditional) sector and absorb the reserve army of unemployed/unproductive labour force (see for example Lewis 1954, Hariss and Todaro 1970). Since 1970s, it was slowly but surely felt that battering down the territory of the so-called archaic time and its multitude's incorporation was deeply problematic and a huge reserve army would remain unaccounted for within the capitalist symbolic order. Moreover, with the iron discipline of global economy built on competition and flexibility, and market expanding with unprecedented speed and scope it was soon realized that the reserve army is not only not accounted for by the global economy but the global economy enhances the problem of the reserve army. As cities (re) form with unprecedented pace into global cities, as global capital seek entry into hitherto uncharted territories inside the villages and jungles and with the diasporas, hybrids and cosmopolitans becoming the smokescreen of so-called third world culture, the camp of the third is partly displaced from its present state, partly driven away from the camp of global capital and placed on a siege. Through continuous dislocations and reconfiguration, a third world space contrastingly and challengingly inhabited by an immobile and invisible population continues to materialise on the margin of the camp of global capital. The question of survival need thus acquires extraordinary significance in the newly emerging global order. The foreclosed third world could no longer be left alone since its (b)order is very much a result of the expansive or changing global capitalism. Such changing forms of global capitalism carry the possibility of producing chaos and disharmony – an extreme security problem – in another plane. Questioning global

capitalism from this plane – that is, the third world - would amount to questioning the very peace of the new global order, which must be prevented at all cost. This underwrites the extreme anxiety over the possible explosion of the multitude occupying the third world space. Wolfensohn says

A balanced and holistic understanding of the causes and effects of poverty can lead to reforms that promote inclusion, economic growth that reaches the poor, and social development – these are key to *sustainable peace*...Our job will be to help countries harness the trends... to promote growth, poverty reduction and *social harmony*. (World Bank 2000-1, 7-8)

While we had to take recourse to World Bank's exposition to support our theoretical rendition of third world as an excluded space from the camp of global capital, we read the presence of excluded space in World Bank's discourse as an acceptance by the regime of the new global order of the category of third world. A conceptual category standing metaphorically for informality, non profit and non accumulative motive, without recognition, protection, voice, representation and security, with its unique political economy that functions from consumption or need perspective and comprises of forms of life having no respect for Northern/Western fundamental rights. Through such differencing that protracts the contour of the new Orient, the existence of the External Other of the new global order is inaugurated. This Other is the World Bank's (and the regime of global power's) reminder to itself of the impossibility of new global order, a reminder of the fundamental fracture that has befallen the latter, and thus effectively serving as a means of posing the Other and enacting its superiority over it. We have already indicated that this ongoing process of Othering is simultaneously splitting the Other into bad Other (explosive, violent, unpredictable, etc.) and good Other (emotional, passive, helpless, etc). One can indeed read the current geo-political turmoil in terms of rethinking the mechanisms of dealing with the newly materialising Orient in the era of globalisation, of again trying to rethink how to save the good Other from the bad Other. There could be many ways of rethinking the strategies of intervening in the domain of the Other of which the need focussed development discourse is a powerful one. One should read the transformation of the development discourse vis a vis the third world that we

have elaborated in light of this newly emerging civilising ethics of intervention. That is, read the emerging development paradigm in terms of the new Orientalist model.

At one level the new development discourse seeks to distort and displace these societies own forms of life, their own political economy into the terrain of the new global order and, at another level, the intervention is humble enough to recognise the conceptual existence of the third world – as the foreclosed pristine outside – as a constant materialisation of another space following the dynamic transformation of the new global order - as that which cannot be immediately incorporated into its camp. Like the new global order, the (b)order of the camp of third world is too placed in a ceaseless state of change: one, externally, through the constant and continuing materialisation of the new global order that (re)creates its own (b)order and thus of the third world, and the other, internally, through the direct intervention in its political economy ala World Bank discourse of need.

New development paradigm is a balancing act to maintain social harmony and the superiority of the new global order such that global capital can function smoothly and its circuits expand in scope. To see development discourse simply as need management or as singularly motoring the logic of market is to miss the story of how global capital expands its hegemony beyond its camp, into the Other into order to manage, control and pacify it. Need based discourse of development works in both areas – within the camp of global capital staying with informal sector connected to it with the intention of suitably reconfiguring the forms of life flowing from it *into* social life favourable to its reproduction, and outside the circuits of global capital staying with the disconnected informal sector and controlling its life form to subdue its subversive potentials and maintain social harmony. In recent times the focus of need based development discourse has been shifting more and more towards this latter, non-global space. While need based discourse may very well be liberating in Amartya Sen's account, the buzz word the eves dropper hears and sees in the corridors and texts of the World Bank is security, control and social harmony, and the unending fear and anxiety of the marching footsteps of Mao's children.

Conclusion

Third world emerges as a paradoxical site that, even when attempted to be subdued by the global order's regime of power through the development discourse of need, has a relative autonomy as well (signalled by its own forms of life and political economy). This relative autonomy telescopes processes of subjectivities and subject formations, that is, of the multitude experiencing forms of life visibly distinct from those professed by the global order and practiced within its camp. Third world is then a tension-ridden space that lives in the throes of subjugation and freedom, forever presenting the global order with possibilities of something that is outside and threatening to defy and crack open its (b)order. The global order is (be)sieged by the camp of third world. The materialisation of the new global order is overdetermined by the materialisation of its Other, the Third World. The relevant development paradigm for analysing India's transition to a free market, global economy is thus not that produced by the mainstream economists who are attempting to erase the moment of the Other but rather one that which uses a complexly overdetermined multi-layered network of development practices to procreate the Other in the name of third world announcing in the process the very materialisation of the (b)order of the new global order and its superiority.

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