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NEOLIBERALISM AND SECURITY: INDIA'S INTERNAL SECURITY POST-1991

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ABSTRACT

Neoliberalism should be understood in its different dimensions i.e., as an ideology, a mode of governance and a policy package. It is also important to identify it as an important theory in International Relations (IR). Neoliberalism often understood as economic reforms thereby tend to ignore its other impacts than economic. Only an elaborated understanding of the concept would help to resolve the problem associated with it particularly those related to security. Neoliberalism in India was a gradual and moderate process started in 1991 and yet to be completed. It has changed India's economic and political landscape in a significant way and also caused many more challenges to the state. Internal conflicts have taken new forms and India's Human security is being challenged from new quarters. State institutions have to be better equipped to address these challenges brought in by economic reforms.

KEYWORDS: *India, Neoliberalism, Economic Reforms, Internal Security & Human Security*

INTRODUCTION

Neoliberalism and Security: India's Internal Security post-1991

Neoliberalism, as a theory and concept, has many manifestations although it has been extensively used as a synonym for economic globalization. However, the concept of neoliberalism cannot be shrunk only to globalization and economic reforms. Neoliberalism can be explained in three ways: i) as an ideology ii) a mode of governance and iii) a policy package (Steger & Roy, 2010). In addition, it is one most of the important theories in International Relations (IR) which questioned many conventional understanding of realism and neorealism[1]. A more nuanced and learned understanding is essential to address the challenges of varied nature associated with neoliberalism. The public discourse around neoliberalism has always used hyperbolic expressions to describe it such as 'we live in the age of neoliberalism' and attributes all undesired political and economic decisions to it (Saad-filho and Johnston, 2005).

As argued by Steger & Roy, neoliberalism has been portrayed as an ideology, mainly by its proponents consists of global power elites. By showing neoliberal ideas as an ideology, they aim to promote an idealized image of the free-market economy that is essentially consumerist in nature. They use all possible tools including international media and organizations to spread its messages all across the world. The key point they wanted to drive home is globalized markets are inevitable and the process of globalization is irreversible and indispensable to achieve a better world.

[1] For an extensive understanding of neoliberalism in IR, see Joseph Jr. Nye & Robert O. Keohane " Power & Interdependence Revisited" *International Organization (1987)*, Nye, J, & Donahue J. (ed) (2000), "Governance in a Globalizing World" ; Haas, P, Keohane, R and Levy, M (eds) (1993), "Institutions for the Earth (Cambridge, MA:MIT Press).

The core value of this neoliberalism is free-market capitalism along with global trade and integrated financial markets, international flow of goods, services, labor, and capital.

The second way of understanding neoliberalism is as a mode of governance. The neoliberal governmentality[2] is rooted in competitiveness, decentralization, and self-interest. The governance will be focused on technology and *modus operandi* looks similar to the business and corporate world. Rather than focusing on larger public good and social justice, it would be focused on profit by cost-benefit calculations and risk management techniques. Bureaucracy will be working with entrepreneurial efficiency and the government will 'facilitate' political and economic atmosphere that is cordial and conducive for doing business at ease.

Third, neoliberalism expresses itself as a set of public policies what widely called as L-P-G: Liberalization of the economy, Privatization of public enterprises and Globalization of local markets. These policy choices also include massive cuts in public spending on welfare schemes, social security programmes and subsidies. It promotes austerity measures and downsizing the government machinery and other specific conditionalities imposed by external stakeholders such as donors including the World Bank and the International Monetary Fund (IMF).

In addition to these manifestations, Neoliberalism is one of the most important theories in International Relations. Neoliberal institutionalism and Complex Interdependence are the major contributions made by neoliberal scholars Joseph Jr. Nye and Robert O. Koehane in the 1970s. Since then, it has been influencing IR theories and practices in significant ways. They argue that increased interdependence among states due to various reasons such as increased number of players including state and non-state actors, increased trade and commerce, new and non-conventional trans-border challenges which cannot be resolved within the state boundaries, International institutions and their binding rules, trans-national corporate companies and International non-governmental organizations etc.have made world more plural hence more options are available to address conflicts among the states. Neoliberalists, like realist and neorealislits, agree on the center role of the state in the international system. They see the globalized market and free trade as essential for a better world. As Barker &Mander (1999) argued, 'the rising tide will lift all boats, providing broad, economic benefits to levels of society'. International institutions have the potential to resolve conflicts as mediators and their normative principles bring more options for conflict resolution than coercion and use of force. This cooperation is mutually beneficial for conflicting parties for various reasons including economic and political. Neoliberalists consider the globalization of market and capital as a necessary and irreversible process. They argue international institutions are instrumental in promoting norms, rules, and regulations which could ensure human rights, environmental protection, and trans-national trade and commerce.

Neoliberalism and economic reforms are understood as two interchangeable concepts in the developing the world. In fact, what neoliberalism brings to the developing world are radical economic reforms along with foreign investment and capital. These reforms are not easy to implement since it creates ruptures in existing social structure in various forms. These social tensions can be developed into serious security threats to the state. There are studies on the relation between neoliberalism and political violence as case studies from Latin America, Central America, and Africa. Neoliberal policies can challenge the security of a state in many ways. Since it creates new opportunities and challenges, it would disturb existing social order and institutions. Neoliberalism is not a 'one-way street' as it would also bring unpredictable changes

[2] Michel Fouccault has extensively discussed about the concept of governmantality in "Governmentality" (1991) and in "The Foucault Effect: Studies in Governmentality", Chicago, IL: University of Chicago Press.

in the political and social sphere. Fragile states are more vulnerable to such changes as this might reduce their capabilities in policy decision making (Gutiérrez and Schonwalder, 2010). One of the major reasons for economic reforms being resulted in conflict is crony capitalism creep in along with the policy changes. In a study on Cote d'Ivoire, it clearly shows that neoliberalism helped a few powerful businessmen and politicians to siphon off vast shares of natural resources and that led to the heavy civil war situation. Many people lost their habitats and livelihood and protested against the government and business elites that eventually lead to prolonged civil war. A similar study on Columbia, an early theatre of neoliberal reforms, shows that new institutional arrangements brought in by neoliberal reforms have opened new opportunities not only for political challengers but also to paramilitary groups (Gutiérrez, 2010).

Neoliberalism undoubtedly produces economic benefits however these benefits are unevenly distributed and difficult to sustain. It might bring resources for additional spending in social sectors through privatization of public enterprises. But it also pushes the local economy to global turbulence mainly because of the foreign direct investment and its unpredictable withdrawal from domestic markets at the time of crises. Reforms bring a high rate of growth in GDP and related areas but developing economies often fail to transform this higher growth to real social changes such as reducing poverty and creating more employment opportunities. The benefits of neoliberal reform fortunes finally end up in a few hands of educated and urban class. Hence it fails to address major structural problems exist in societies. The case study of Guatemala by Gutiérrez and Schonwalder (2010) has categorically exposed this dark side of neoliberalism.

However, the positive impact of neoliberalism is also being studied by many scholars. The study by JairoBaqueroMelo, *War, Peace, and Liberalism: A Quantitative Approach to the Relation between Economic Globalization and Armed Conflict'* proves that 'neoliberalism has not given origin to conflict-less paradise, but it has not triggered havoc either'. His study shows how neoliberal reforms positively associated with termination of the war. Neoliberalism not necessarily results in changing the political landscape of any state. It may not create any security challenges to a country subject to the institutional capabilities of the state to deal with these changes.

Neoliberalism in India is an interesting story of gradualism. Unlike many other countries which chose a neoliberal path at the same period from Latin America, Central America, and Africa, it was a well-thought process taken its due time; painstaking at times. It did not bring changes overnight although the situation which led to such a drastic reform was imminent and most urgent; it was implemented in a gradual fashion, step by step. The reforms brought changes in fiscal and monetary policies and foreign trade and industrial relations, quota system in import was removed, although gradually, tariffs came down, currency devalued, many public sector enterprises were privatized, foreign direct investment started flowing.

These changes were really astonishing, considering India's past records regarding any such major policy shifts. Internally, it was mainly because of the raising inflation, balance of payment crisis and sharply declined foreign currency reserve which led India to the brink of failure of international debt repayments. Externally, India was responding to a new changed world order formed the post-Cold War after the disintegration of the USSR. India's opening up was modest and gradual yet it made the economy ready for a changed economic and political world order (Nayyar, 2001). The disintegration of the USSR had a profound impact on India both political and economic for various reasons. The USSR is a very important trading and defense partner and it is now being shut down; India had to look for an

immediate rescue plan for hard foreign exchange as well as for defense requirements (Kohli, 2006). It was a grave necessity to build up relations with the US for foreign exchange and defensepurposes, and for any developing economy, better political and military relation with the US is always involve improved economic relations by opening up the market for American goods and capital.

The impact of neoliberalism on India's security is to be studied further. All internal conflicts in India cannot be attributed to neoliberal reforms as most of them have its genealogical roots traced back to colonial India or to post-independence era. Many of such conflicts have been resolved, some of them have transformed forever and few of them still continue either in the same pattern or in different forms. The end of the Cold War and disintegration of the USSR have caused in the escalation of intra-state conflicts across the world. (Gurr&Haarf, 1994) and India is no exception. India has been challenged by various internal conflicts based on sectarianism, ethno-religious divisions, linguistic and caste identities and regional loyalties ever since its independence. Many of them are violent while rest is mass civil resistance not necessarily armed and violent. Jammu & Kashmir, Northeastern states and Central Indian states have been going through protracted conflicts based on separatist aspirations, secessionist tendencies and class interests. All these are violent and have already lost thousands of lives on these internal battle-grounds. The Indian state has been fighting these battles against insurgency and separatist groups who demand total separation to autonomy for their respective territories from the union. These old conflicts can be identified as ethno-nationalist, anti-regime.

These conflicts are not directly linked to neoliberal reforms introduced in 1991. The economic reforms made many changes in existing social institutions and created many new winners and losers in society. Large scale infrastructural and mining projects put new pressures on people living in project sites however these projects are not exclusively attributed to the reforms. Many of them are by public sector enterprises. Large scale displacements, loss of livelihood and natural habitats were the results of many such projects. It caused mass protests and civil society movements and gave a new boon to Maoist ideology based organizations.

The promised 'trickle-down' effect has not happened in many of the social development sectors even after 28 years of reforms. Neoliberal reforms have definitely changed India's image in international stages with an envious growth rate in GDP and it has been identified as a potential superpower. The country has now become a nuclear power and one of the fastest growing major economies. Yet, the social indicators on education, health and nutrition have not improved significantly and some of its poorer neigbors have put a better show on these areas. The neoliberal reforms have made India a middle-income country from a low-income country in last 28 years however a large part of its population still lives in abject poverty even though poverty had declined significantly after the reforms. The official estimates still show around 21% still lives under poverty (Dev& Tendulkar, 2016). Indian social indicators have not improved proportionately to GDP growth and industrial development. Primary education, nutrition, and mortality rates have not improved at the expected level and the country still performs much below of its South Asian neighbors (Dreze&Sen, 2013). Many government programmes on these fields have made some results yet the task is largely incomplete.

Government failure is still widespread and many of the cases it has failed to convert the economic growth to radical social changes and address the structural challenges it has been facing since independence. All economies, particularly South-East Asian countries, have witnessed major improvements in public services after the reforms and the same is yet to be realized in India's case. This resulted in slipping down on social indicators compared to even its poor

neighbors like Pakistan, Bangladesh, and Nepal (Dreze&Sen, 2013).

Crony capitalism has been continuing as menace even after opening up many sectors for private enterprises. Natural resources and its mining is still largely under the control of the government and as a result, massive corruption and crony capitalism rule such sectors. This has been creating massive protests and uproar which remarkably impacted the decision-making process in government (Aiyer, 2016).

CONCLUSIONS

It is India's 'Human Security' that has been profoundly challenged by Economic reforms. It may not be proven that internal conflicts and its casualties have significantly increased due to the reforms however human security indices have not improved according to the economic growth rate. India has to increase the quality of its institutions in order to rise from a middle-income to high-income country. It will be only possible by increasing the quality of delivery of government services thereby addressing social issues largely emanated from poverty and related challenges. Future result of 28 years of neoliberal reforms will be based on creating strong, reliable institutions which are capable of addressing the highly demanding social and economic needs of the people.

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