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European Languages

زبانهای اروپایی

ADITYA BAHL

09.06.2025

Freedom Fighter?

In June 1991, when Manmohan Singh heard that he was about to be appointed finance minister of India, he thought it must be a joke. It was inconceivable that a sixty-year-old technocrat with no prior political experience would be given the reins of national fiscal policy in the midst of the biggest economic crisis since independence. Increasing import bills had created a severe deficit in the balance of payments. The country's foreign debt had swelled to a record \$70 billion in the wake of the Gulf War. Its foreign exchange reserves were empty. The government – a minority coalition of provincial parties – had collapsed in March, and Rajiv Gandhi, the figurehead of the Nehru-Gandhi dynasty, was assassinated two months later. His replacement, Narasimha Rao, was seen as a caretaker who lacked real legitimacy. When the secretary tasked with informing Singh of his new role returned empty-handed, Rao himself decided to hunt down the economist and give him his marching orders: 'dress up and go to the President's House to be sworn in'.

When Singh died in December 2024 at the age of 92, obituarists looked back on his tenure as the so-called 'accidental finance minister'. In exchange for a bailout package from the IMF, he had privatized several public-sector undertakings, revoked import restrictions, dismantled the licensing system that had controlled private industry and permitted foreign capital to invest freely in India. Though he would go on to higher office – serving as prime minister from 2004 to 2014 – these actions of the 1990s would prove the most consequential: representing a break with the Nehruvian era whose social and political ramifications are still being felt.

The *Economist* eulogized Singh as a 'freedom fighter' who 'unshackled Indian trade'. The *Financial Times* hailed him as 'one of the most important policymakers of our era', who

put India ‘on a long-term trajectory of faster growth and rising global influence’. Historically grounded balance sheets, however, were harder to come by. Singh was a more conflicted figure, and his legacy far more contested than such encomia suggest. How did this student of Cambridge Keynesians become the architect of Indian neoliberalism? Singh’s trajectory affords us a fuller grasp of the evolving, often elusive relationship between state and capital in independent India.

Singh was born in 1932 to a Sikh family near Peshawar, where his father worked as a clerk in a trading firm. The frontier city, situated in what is now northern Pakistan, close to the border with Afghanistan, swarmed with diverse and sometimes clashing cultures. In the provincial assembly, the Congress and Muslim League were locked in heated debates. Outside, the Akalis were fighting to seize back control of Sikh places of worship from British agents (Singh’s father was imprisoned several times). The Pashtuns, led by the movement known as Khudai Khidmatgars (‘Servants of Gods’), were assembling a broad anticolonial front across ethnic and religious lines. But Partition quickly put paid to dreams of a composite nationalism. Roughly 1 million people were killed and 20 million displaced amid widespread rioting. Singh’s grandfather was murdered; women in his family averted abduction by burning themselves to death. Decades later, these traumas would guarantee Singh’s secular, non-sectarian credentials in public life. His parliamentary speeches even bore the imprint of his pre-Partition childhood: Singh would write them in *nastaliq*, a calligraphy style which the Hindu right termed ‘Muslim script’.

In 1947, the Singh family fled across the border, settling in Amritsar. His mother set up their home in a cowshed, while his father opened a small trading shop. Singh enrolled at Hindu College as a humanities undergraduate. As well as English, Punjabi and French, he studied political science, mathematics and economics. As Nehru’s project of nation-building got underway, there was a steady stream of political visitors to Singh’s campus: the Congress socialist Ram Manohar Lohia, the Guyanese Marxist Cheddi Jagan and the communist leader Aruna Asif Ali. As public discussions of ‘economic sovereignty’ gained traction, Singh left home to pursue postgraduate study in economics at Panjab University, which was still struggling to consolidate its newly partitioned assets: the administration was in Shimla, but the departments were scattered as far as Delhi and Jalandhar. In 1952, Singh arrived in Hoshiarpur, a sleepy *mofussil* in northern Punjab. Despite the provincial setting, his teachers formed an eclectic blend of Cambridge returnees, consultants to the government’s Planning Commission and Ford Foundation visitors. The syllabus, too, incorporated the latest

scholarship in Keynesian macroeconomics. Singh's record-breaking exam results earned him a two-year scholarship to Cambridge, the Mecca of Keynesian economics.

While Singh set sail from Bombay in 1955, his Cambridge tutors – including Nicholas Kaldor and Joan Robinson – were travelling back and forth to advise the Indian planners. At the time, the Planning Commission was determined to install the public sector as the productive base of the domestic economy: using it to power a developmentalist state that would eradicate the colonial-era conditions of backwardness and dependency. Indian communists, whose armed uprisings had been crushed by Nehru's military between 1948 and 1951, were also debating whether a planned accumulation of domestic capital could open new pathways to socialism. In this context, Kaldor, at the invitation of Nehru, proposed a radical 'expenditure tax' to curb the wasteful tendencies of the Indian bourgeoisie. Although eventually rejected, Kaldor's blueprint remained influential in planning circles. Robinson, meanwhile – who described herself as a 'left-wing Keynesian' – was delivering lectures about welfare and full employment at research institutes. (Her later debates about Marx's 'theory of value' with E.M.S. Namboodiripad, the communist chief minister of Kerala, became a major flashpoint. Taking issue with Robinson's depoliticizing description of Marx as a 'scholar' – as opposed to a critic – of political economy, akin to Ricardo or Keynes, Namboodiripad called her a 'typical bourgeois economist' who read Marx only to understand 'how capitalism can be made to work'. As for Robinson, her pamphlet *On Reading Marx* made her views clear: 'Marxism is the opium of Marxists'.)

At Cambridge, Kaldor, who held that the 'Keynesian revolution' had made Marxism obsolete, was developing a series of growth models to show how wages and labour productivity under advanced capitalism could rise without any corresponding fall in the rate of profit (his preconditions included full employment). Inspired by her visits to China, Robinson inculcated in Singh the importance of a strong interventionist state. How else, she asked, could we satisfy preconditions like full employment? Under the guidance of Kaldor and Robinson, Singh was awarded the Adam Smith prize (previously won by Keynes himself) for his essay 'International Investment and Economic Development' (1957). Singh soon received job offers from the Indian ministry of finance, the Planning Commission, the Delhi School of Economics and the United Nations. But the terms of his scholarship stipulated that he must return to teach at Panjab University. The suitors would have to wait.

By the time his prize-winning study appeared in the *Indian Economic Journal*, Singh was back in Chandigarh. The essay probed the feasibility of the UN's latest projection: in order to raise their per capita income by 2%, underdeveloped countries needed annual investments

worth \$19 billion. Singh's findings were grim. So far, US direct investment in the Global South, predominantly Latin America, had focused on extractive industries (mining, smelting, oil, plantations). Singh cautioned that such investments risked turning underdeveloped countries into outposts of Western manufacturing. Yet he was also reluctant to further unpack these global shifts. His analyses remained pointedly 'economic' (everything else, he repeated, was a 'moral problem') and his prescriptions were pragmatic: 'the underdeveloped countries . . . must start by building capital at home', even though this would 'involve significant sacrifices', which could be described – depending on one's political perspective – as either 'exploitation' or 'heroic co-operation between the peasants and the workers'. As an economist, it was not for Singh to 'pass a value judgement'. His distance from politics would widen in the coming years.

In 1960, Singh was back in England for his doctorate at Nuffield College, Oxford. His thesis, published as *India's Export Trends and the Prospects for Self-Sustained Growth* in 1964, was a sprawling empirical inquiry into the persistence of 'export stagnation' in India. Exports were declining, Singh argued, due to the state's inward-looking policies and pervasive ideology of 'export fatalism'. The material basis for this pessimism about the possibilities for export-led growth was characteristically shunted to the domain of 'moral problems'. Singh's conclusions reveal the limitations of the outlook he absorbed from his Cambridge tutors, who, like Keynes before them, understood the state as an embodiment of 'social rationality', determined by the contending ideas of economists and political philosophers ('indeed, the world is ruled by little else', claimed Keynes). If their ideas were found to be 'irrational', then the solution was simply to prescribe new policy.

In reality, 'correct ideas' were the least of the planners' problems in Nehru's India. They were entrenched in a chaotic war of position with a mutinous private sector, a corrupt bureaucracy and ministries that functioned like personal fiefdoms. Even though the planners repeatedly ascribed a vanguard role to the public sector, they did not possess any disciplinary powers to control productivity targets, taxes, re-investment obligations and export standards. They lacked mass support too: led by technocrats, the Planning Commission was sequestered from the popular classes and Nehru's ministries had worked overtime to demobilize the national labour movement and crush every form of agrarian resistance. Taking advantage of this political disorder, the leading business houses seized key monopolies. They absorbed the benefits of state subsidies and import protections, while thwarting all disciplinary demands imposed on them. If the Nehruvian project of development was stuttering to a standstill, then

it was not because there was too much ‘state control’, as Singh suggested. Rather, the state’s disciplinary engine had been too weak to set the project moving in the first place.

Singh’s academic work had come to embody a view of economics as a depoliticized form of technical knowledge. The anticolonial upsurge of his childhood and his youthful tryst with nation-building were now distant memories. His political interests resurfaced only when he entered the bureaucracy. After teaching at the Delhi School of Economics (1969-71), Singh slowly climbed the rungs of the finance ministry. By 1980, he had joined the Planning Commission and was eventually appointed its deputy chairman. Here, Singh spoke scrupulously, even eloquently, about expanding ‘basic social services such as elementary education, safe drinking water and primary health care facilities’. But welfare support had to be paid for (the economist still prioritized the ‘health of the fiscal system’). To raise funds, Singh considered introducing an ‘elastic and progressive tax system’ and a decentralized democracy to help ensure equal distribution at the village level. But such schemes – upon which the influence of both Robinson and Kaldor is clear – remained notional. The planners had long failed to discipline private capital. In his address to the Indian Economics Association in 1986, Singh was reduced to pleading for a ‘cultural revolution’ within the bourgeois ranks, reminding them of the ‘Gandhian ideals of trusteeship’, even urging ‘non-possession or voluntary poverty on the part of the elite’.

This first-hand experience of bureaucratic sterility left its mark on Singh, and would inflect his time as finance minister. Even as he deregulated the Indian economy in 1991, he remained committed to a basic idea of welfare. In an interview with *World Affairs*, he claimed that his reforms would not just restore profit rates, but also resolve an ‘immense backlog in important social sectors’ (namely education and health). Instead of relying on ‘trickle down economics’, he underscored the need to ‘build social safety nets to protect the vulnerable’. This residual Keynesianism distinguished him from the neoliberal zealots of his day.

In fact, until 1990, Singh still displayed an interest in the project of ‘economic decolonization’ and publicly professed a ‘socialist’ passion for ‘equality and equity’. As secretary general of the Geneva-based South Commission in the late 80s, his colleagues had included Julius Nyerere, Fidel Castro and Nelson Mandela. Previously, at the United Nations Conference on Trade and Development, he had worked alongside Raul Prebisch, the Argentinian founder of dependency theory. As finance minister, he claimed to have unleashed neoliberalism in order to fulfill the original mandate of Nehruvian socialism. But

he failed to grasp the structural contradiction in this agenda: his policies would produce the very conditions of precarity that he claimed to oppose.

These tensions came to a head in 2004. After a surprise victory in the general elections, the Congress-led United Progressive Alliance (supported by communists) installed Singh as the country's first Sikh prime minister. The decision was unexpected (Singh had not run, but was handpicked by the Congress leader Sonia Gandhi, whose Italian roots had sparked a national controversy), but few objected. Singh was already in the good books of the Indian bourgeoisie, and the political class was reassured by his incorruptible persona. His administration was defined by the same conflicting impulses that marked his economic outlook. His government set up a National Advisory Council consisting of welfare economists and social activists, which drafted a flurry of landmark progressive bills: the Food Security Bill, the National Rural Employment Guarantee Act (NREGA) and the Right to Information. Meanwhile, Singh's financial advisers – comprised of former World Bank and IMF bureaucrats – fought to dilute and forestall these reforms, citing 'fiscal constraints' and 'burdens on the public exchequer'. Several members of the NAC resigned and the communists withdrew their support in the fallout. Even so, the schemes, especially NREGA, were popular enough to win Singh re-election in 2009.

Thereafter, Singh's government was no longer constrained by left-wing partners and scripted a new growth strategy based on easy credit and reduced interest rates. Debt-financed investments catalyzed the construction of hundreds of deregulated, low-tax Special Economic Zones – enabled by rampant land dispossession – across the country. Simultaneously, in a bid to seize the mineral-rich forests of central India, Singh launched Operation Green Hunt, mobilizing state and paramilitary forces in a bloody offensive against Maoist rebels and tribal populations numbering more than 80 million. Because new investments were concentrated in the 'rent-thick' sectors of infrastructure and real estate, where profits depended directly on government contracts and clearances, the new forms of dispossession quickly generated new forms of cronyism. Instead of holding open auctions, his ministers handed over contracts worth billions of dollars in mining, construction and communications to select private firms. Always happier to talk fiscal rules and foreign investment, Singh did nothing to rein in his cabinet (the media frequently called him a puppet of the Gandhis). A nationwide anti-corruption movement – propped up, it was later revealed, by the Hindu right – eventually toppled his government in 2014.

Before leaving office, a disgraced Singh made a bold prophecy: 'I honestly believe history will be kinder to me than the contemporary media, or for that matter opposition parties'. It is

true that, under his government, new jobs were created for over 50 million rural households and 140 million people were lifted out of poverty. But the welfare support was always piecemeal and inadequate in a context of skyrocketing inequality. By 2014, the richest 1% owned 40% of the country's wealth. Even at its peak, NREGA comprised less than 0.6% of India's GDP. The top-down disbursal of these comparatively meagre funds did little to change the situation of widespread precarity in which the Hindu right continued to flourish. The patterns of accumulation established under Singh would intensify under Modi, with more sectors – agriculture, education, health – becoming new theatres of privatization. No longer an aberration, crony capitalism has now become a structural feature of the Indian state. Government contracts, private capital and electoral funds form a single, fully integrated political-economic system. Perhaps the kindest historical judgement one can make of Manmohan Singh is that he spent his career bandaging with his left hand the deep economic wounds he was inflicting with his right.

06 JUNE 2025 [ECONOMICS](#)

Read on: Pranab Bardhan, 'The "New" India', NLR 136.