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TEN YEARS OF "ECONOMIC LIBERALISATION"

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I

The contrast could not be sharper. When the Narasimha Rao government had introduced neo-liberal economic reforms in 1991, a veritable euphoria had swept the country. While the State and the capitalist-controlled media had been largely responsible for its creation, the success of their effort owed much to the pervasive sense of disillusionment with the old *dirigisme*, and to the hope that "something different might work". Today when these reforms have completed ten years of existence, no hosannas are being sung to their achievement. Even bourgeois commentators are hard-put to celebrate ten years of "reforms".

This is hardly surprising. The Indian economy today is in an abysmal state. The peasantry has been squeezed by a drastic fall in agricultural prices, since the cushion it enjoyed against such falls has been removed *inter alia* through the implementation of the WTO agreement. The growth rate of output in the material commodity producing sectors has been lower during the 1990s compared to the preceding decade. What is more, while the rate of growth of foodgrains production is lower than even the rate of population growth during this decade, the rate of industrial growth, which was already lower in the first quinquennium of the nineties compared to the preceding one, has taken a nosedive in the second quinquennium. Industrial recession, produced conjointly by reduced aggregate demand and competition from imports, has had severe adverse effects on urban employment. In rural India there is striking evidence of decelerating employment growth, increasing unemployment rate, and declining work participation rate (which usually accompanies growing unemployment owing to the so-called "discouraged worker effect"). Not surprisingly, the rural poverty ratio has not only ceased to decline but has even gone up fractionally compared to the pre-reform levels. And this has occurred paradoxically in the midst of a massive accumulation of unsold foodgrain stocks, which has arisen despite declining per capita output levels. To cap it all, the entire financial system has been rendered extremely fragile during this decade, resulting most spectacularly in the collapse of US-64 prices of the UTI.

So miserable has the performance of the economy been that the

Prime Minister in his Independence Day Speech could find only two "achievements" to highlight: the low rate of inflation, which actually is a reflection of the price-crash faced by the peasantry, and the comfortable level of foreign exchange reserves which is a consequence mainly of "hot money" inflows. The so-called "achievements" in other words are not achievements; they actually constitute problems.

Even the standard ploy of the Bretton Woods institutions, of attributing the crisis engendered by "liberalization" to an "insufficiency" of liberalization, and hence of using every such crisis as an excuse to push the "liberalization" agenda still further, is not working. This ploy, which was so effectively used in the former socialist countries and which the IMF is still trying to use here, has been totally lacking in credibility in the Indian context. In the wake of the US 64 scandal for instance it was only a few stray voices that demanded measures to revive the stock market (presumably through a further dose of largesse to finance capital) as the solution to the UTI's woes. Most bourgeois commentators dared not articulate this absurd proposition that finance capital should be given a larger pie in the interests of middle class investors!

But a view that has gained currency in the wake of the palpably adverse consequences of "liberalization" for the vast masses of the people is that we need "liberalization with a human face", that "globalization" should be accompanied by greater concern for the plight of the people. This combination we shall argue below is a contradiction in terms: "liberalization" *cannot have a human face*; "globalization" under the aegis of imperialism would *necessarily aggravate the plight of the people*. Before doing so however let us provide in the following sections some statistical support for the assertions made above about the economy's performance during the nineties.

II

Output and Investment

The defenders of "liberalization", despite being on the defensive as regards the recent growth performance, argue nonetheless that it has ushered in a remarkable acceleration in the growth rate of the economy over the period as a whole, that the 3-3.5 percent growth rate at which we had been stuck for decades after independence (which was sometimes facetiously called the "Hindu rate of growth") has finally given way to more impressive figures. As a matter of fact, however, the acceleration in growth began much before the "liberalization" of 1991. The average annual rates of growth of GDP at constant prices (1993-4=100) for the three decades 1971-80, 1981-90 and 1991-2000 were 3.66 percent, 5.60 percent and 6.45 percent respectively. It is the 1980s in other words that saw an acceleration in the growth rate. The 1990s appear merely to have continued along the

higher growth trajectory. Even this appearance however is erroneous. Decadal comparisons hide important shifts *within* the decade. To highlight these Table 1 gives quinquennial growth rates of "real" GDP.

Table 1: Annual GDP Growth Rates Over Quinquennia (1993-4 Base)

1971-75	3.40
1976-80	2.87
1981-85	5.05
1986-90	7.01
1991-95	6.43
1996-00	5.87

Source: Unless otherwise specified the tables in this paper are based on various numbers of "Macroscan" in *Business Line.*

Compared to the peak growth rate experienced during the second half of the 1980s, *there has actually been a steady deceleration of the growth rate of the economy.* Apologists might claim that the process of "liberalization" itself began in the late eighties, so that the earlier acceleration must still be attributed to "liberalization". But even the first half of the eighties witnessed a significant acceleration in growth which suggests that its genesis lay elsewhere. And this was the increase in the investment ratio.

In any economy as long as demand constraints do not become more pronounced the growth rate is determined essentially by the ratio of investment to GDP. Through the eighties this ratio climbed up steadily in the economy, reaching the figure of 25 percent by the end of the decade. During the nineties, while this ratio has remained unchanged (Table 2) and lower on average than the end-eighties peak, demand constraints have become more pronounced (for reasons we shall discuss later); the growth rate, far from accelerating, has therefore tended to come down compared to the late 1980s. "Liberalization" in short has not raised the investment ratio; on the other hand it has made the demand constraint on the economy more pronounced.

Table 2: Share of Gross Domestic Capital Formation in GDP

(Quinquennial averages per cent)

1970-75	16.14
1975-80	19.12
1980-85	19.76
1985-90	22.70
1990-95	24.03
1995-00	24.05

Source: *Economic Survey*, 2000-01.

The sectoral composition of growth brings out this deceleration more clearly (Table 3).

Table 3: Annual Average Sectoral Growth Rates

	Primary	*Secondary*	*Tertiary*
1986-90	5.72	8.66	8.83
1991-95	3.77	8.04	6.40
1996-00	1.95	4.99	7.20

The collapse in the growth rate of the primary sector is continuous, while that of the secondary sector occurs mainly in the latter half of the nineties. Taking both sectors together, i.e. the entire sphere of material commodity production, both quinquennia in the nineties witnessed growth rates that were distinctly lower than in the latter half of the eighties. (The growth rate over 1991-00 was fractionally lower than over 81-90).

Why India's growth rate suddenly picked up in the eighties and why it has been going down from the late-eighties peak deserves discussion. The reason for the sudden pick-up in growth as we have seen lies not in some magic of "liberalization" but in the increase in the investment ratio. This latter increase in turn was not because the Indian rich suddenly became more frugal, so that investment ratios which earlier would have precipitated severe inflationary crises now became accessible to the economy. The reason lies in the fact that in the post-oil shock period when multinational banks were flush with petro-dollars and were actually pushing loans to third world countries, the Rajiv Gandhi government went in for larger foreign borrowings to

jack up the investment ratio. It is this debt-overhang that precipitated the 1991 crisis by engendering sudden capital outflows, and the "confidence" of the rentiers had to be restored by enacting these so-called "reforms". The Rajiv Gandhi regime in other words did not resolve the earlier crisis of the Indian economy; it papered over it by picking up easy foreign loans and this in turn produced an even bigger crisis, of a different genre, in 1991.

In the "reform" era a whole range of commodities which were hitherto inaccessible to the Indian upper classes suddenly became accessible, and soon their domestic production began. In certain other areas too, e.g. agri-export, profitable opportunities of investment opened up. While these opportunities held up the investment ratio, the rise in the rate of surplus value that was taking place through cuts in subsidies and the social wage, and through higher administered prices impinging on the working people, together with the curtailment of public investment, ensured a degree of demand compression that prevented any *excess-demand-caused* inflation (inflation in this period was administered rather than excess-demand-caused). This demand compression however has now pushed the economy into a recession, and the investment ratio itself started coming down.

III

Tendency Towards Generalized Over-production

The foregoing discussion can be located differently. The immanent tendency of a "liberalized" economy in the contemporary context is to be beset by acute and generalized demand constraints; it is intrinsically characterized by a perennial crisis of generalized over-production owing to the jacking up of the rate of surplus value in the economy and the deflationary policies imposed by the State. The Indian economy escaped this fate temporarily because of the pent-up demand that existed for a variety of hitherto-inaccessible goods under the *dirigiste* regime, and because of certain unused investment opportunities that existed in its interstices owing to the controls it imposed. But these demand stimuli are essentially transitory and evanescent. Once their effect is exhausted, the economy is back to its state of a perennial over-production crisis, which is exactly what it is experiencing now.

Let us dwell briefly on the reasons why a contemporary "liberalized economy" tends to be perennially demand-constrained. The rise in the rate of surplus value that such an economy necessarily brings about restricts the growth of consumption of the working masses. This could be offset only if the investment demand rises sufficiently. But public investment in such an economy gets curtailed, since a retreat of the State *from its role as a producer and investor* (and its increasing

reorientation as an entity serving directly and exclusively the needs of capital including international finance capital) is a hall-mark of "liberalization". Investment by capitalists, both domestic and foreign, which is supposed to come forth in large quantities as the so-called fetters imposed upon them by the *dirigiste* regime are withdrawn, is constrained by three factors: the first is the shrinking of the mass market that the rise in the rate of surplus value brings about; the second is the rise in the real interest rate which is a necessary fall-out of financial "liberalization", since exposure to the free flow of finance into and out of the country necessitates that rentiers have to be "bribed" through a higher real interest rate to prevent them from taking their funds to the "safe haven" provided by the metropolitan countries; and thirdly, the very curtailment of public investment has a dampening effect on private investment both by aggravating infrastructural constraints, and also because the growth of markets caused by the former's autonomous growth, which is a stimulant for the latter (i.e. public investment "crowds in" rather than "crowds out" private investment), is no longer available.

This of course still leaves the possibility of larger exports offsetting demand constraints. But contemporary "liberalization" is occurring within the context of the ascendancy of a new form of international finance capital whose effect is to slow down the rate of growth of the world capitalist economy as a whole, by rolling back Keynesian "demand management" policies, and by privileging speculation over "enterprise" everywhere. This in turn adversely affects export prospects of "liberalized" third world economies (the fact that a country like China continues to experience a successful export drive, far from constituting a counter-example to this argument, indicates on the contrary that China is not an example of a "liberalized" third world economy).

It may of course be argued that precisely in a period when the world capitalist economy is slowing down, competition among capitals to lower costs to grab a larger share of the shrinking market would take the form *inter alia* of investing in low-wage third world countries to meet world demand. This however never occurs (except possibly in the geographical fringes of the metropolis itself, such as parts of Northern Mexico), because of the infrastructural constraints in most third world countries, aggravated by declining public investment, and of the general uncertainty that metropolitan capital experiences in operating in the third world (which it overcomes only when its object is to capture third world markets themselves through local production). It follows then that the era of "globalization" is an era of "globalization" of finance and not of productive facilities. And precisely because "globalization" of finance entails a slowing down of the world capitalist economy, economies lke ours that are drawn into the vortex of "liberalization" and "globalization" have an immanent tendency towards generalised over-production, which <u>manifests</u> itself through

recession, unutilised industrial capacity, and unsold food-stocks, i.e. through the fact that everywhere it is demand that limits what is produced and sold. (The exception of course is the infrastructural sector, but the shortages here are a reflection of the same phenomenon, and coexist with unutilised capacity in sectors producing equipment for this sector).

This tendency can only be temporarily masked by the upsurge in elite consumption that occurs in the immediate aftermath of "liberalization" when all restrictions on the availability of consumption goods are done away with. But once this transition phase is over, the basic tendency towards over-production manifests itself, as it is doing now. It is not the vileness of a Yashwant Sinha that is responsible for the current abysmal state of the Indian economy (though Sinha is as unimaginative as he is imbued with the enthusiasm of a neophyte in toeing the Fund-Bank line); it is the logic of a "liberalized" economy.

IV

Fiscal Policy

The need for enticing multinational corporations, for liberalizing capital flows, for privatizing public sector enterprises and for restricting public investment is argued typically by citing the fiscal crisis of the State. The State, it is argued, has inadequate fiscal resources, it has very little prospects for raising additional fiscal resources, hence it must step back and allow private, including foreign, capital to undertake the task of investing, for which it has to create a conducive environment. Now, there is no doubt that the contradictions of the *dirigiste* regime come to a head through the fiscal crisis of the State, as the attempt of the ruling classes to enrich themselves through budgetary transfers and tax evasion denudes the State exchequer. But this fiscal crisis is vastly compounded under the "liberal" regime. The scale of transfers, especially to private, including foreign, capital, increases many-fold. If primitive accumulation through the instrumentality of the State budget underlay the crisis of *dirigisme*, this primitive accumulation reaches massive proportions in the "liberal" regime, with large chunks of State property grabbed "for a song", and with subsidies (to capital), transfers and tax cuts scaling new heights. The argument for rolling back the State from its producing and investing role therefore becomes a self-justifying one. While it invokes the fiscal crisis for its justification, this fiscal crisis itself, to a very significant extent, is its own contribution.

Just take one set of illustrative figures. Table 4 gives the ratio of Central tax revenue (both gross and net) to GDP.

Table 4: The Ratio of Central Tax Revenue to GDP (%)

	Gross Tax Revenue	Net Tax Revenue
1989-90	10.6	7.9
1990-91	10.1	7.6
1991-92	10.3	7.7
1998-99	8.2	6.0
1999-00	8.8	6.6
2000-01	9.1 (RE)	6.6 (RE)

If we take triennium averages, then there was a reduction of 1.6 percent in Gross tax Revenue and 1.3 percent in Net Tax revenue. Even taking the lower of these figures it would turn out that *if only the same tax-GDP ratio had been maintained in 2000-01 as prevailed prior to "liberalization", the Central government would have garnered an additional revenue of Rs.26000 crores in this single year alone.* So when arguments are advanced such as "We have no option but to invite Enron for investing in power generation, otherwise where is the money for such investment?" their vacuity is palpable. And this reduction has taken place despite the fact that *India already had one of the lowest tax-GDP ratios in the entire world.*

With tax-GDP ratios declining and the proportion of fiscal deficit to GDP also brought down and kept deliberately low at a level acceptable to the IMF, the State is forced to cut back on its investment and welfare expenditures. Many otherwise well-meaning, and even eminent, economists fail to see this simple fact. They argue that while the economy should be "liberalized" the State should spend *more* not *less* on education, health and other social sectors in order to enable the economy to "take advantage of the opportunities opened up by liberalization". This argument which ignores the *class-nature* of "liberalization" is plain wrong.

Since "liberalization" must include trade liberalization, customs duties must be brought down; since an economy which lowers customs duties cannot simultaneously increase excise duties (for otherwise it precipitates gratuitous de-industrialization by favouring imports over home production), its capacity to raise revenues from indirect taxation gets reduced. To entice foreign capital it must lower direct taxes on such capital (whether or not foreign capital actually comes) for otherwise it would go somewhere else with lower tax rates. To maintain some *inter se* equity between foreign and domestic capital, the latter also cannot be taxed too heavily, so that corporate tax revenue shrinks relatively, which cannot be offset, again in the interests of *inter se* equity, through larger personal income taxes. It follows that the logic of a "liberalized" economy is to reduce the tax-

GDP ratio; a reduction, let alone the maintenance, of social sector expenditure is inevitable under such a regime, as is a reduction in public investment. Anyone seriously interested in increasing such expenditures must argue for a rolling back of "liberalization".

Even more important than the loss of revenue is the fact that the State imbibes as economic theory the ideology of finance capital (what Professor Joan Robinson, the well-known Keynesian economist, once called "the humbug of finance"), even when the social irrationality entailed by this ideology is palpable. Consider the current situation in India. There are 60 million tonnes of foodgrain stocks with the government of which at least 40 million are unwanted surplus stocks. If the State borrowed from banks to finance a massive food-for-work programme, then there would be no inflationary consequences whatsoever; such an action would not even raise the State's net indebtedness since the money would accrue to the FCI, which is State-owned and which would pay back an equal amount of its own debt to the banks. (There would of course be some non-food component of wages but these too would create no problems in the current context, which is marked by an industrial recession, and hence can be ignored here). Such an action, then, while having no adverse consequences, would get rid of surplus stocks, would feed millions of starving people, and, if properly designed, would create rural infrastructure which could raise productive potential. But having imbibed from finance capital the fetish over the fiscal deficit *as revealed in the budget* (not even the genuine fiscal deficit in the sense of the net increase in the indebtedness of the State as a whole), the State cannot adopt such a course; on the contrary in the midst of the current recession its concern is to curtail the fiscal deficit which can only compound the recession. (The Prime Minister's announcement of a food-for work programme on Independence Day is paltry: it would, if fully implemented, use only 5 million tonnes of foodgrains).

Consider another example. The country is facing crippling infrastructural constraints. The capital goods required for investing in infrastructural sectors, such as power, are produced within the country by public sector enterprises which are currently saddled with substantial unutilised capacity. If the State borrowed from banks to invest in infrastructure, then this unutilised capacity would get used up, the net indebtedness of the State inclusive of public sector units would not increase, and yet the infrastructural crisis would get alleviated. It would however mean an increase in deficit *only in that part of the State sector's transactions which figure in the budget*; and agencies like the IMF which represent international finance capital would disapprove of it. Hence the crisis continues; desperate efforts are made to entice MNCs to invest in the infrastructure sector in India even as domestic unutilised capacity continues within the State sector itself. And what is more, the existence of this unutilised capacity, which of course entails loss-making, is then made an excuse to privatise

these very public sector enterprises, and that too at throwaway prices.

This constitutes the acme of irrationality. Outcomes which are utterly irrational from a social point of view are imposed on us because the State imbibes the ideology of finance capital.

V

Employment and Poverty

The impact of the industrial recession and the collapse of agricultural growth is visible in the growth of employment. We do not of course have very recent data; the latest data we have relate to 1999-00 (NSS 55th round), but even these reveal a bleak picture. Table 5 gives the rate of growth of total employment between successive NSS rounds.

Table 5: Annual Rate of Growth of Total Employment (%)

	Rural	*Urban*
1983 to 1987-8	1.36	2.77
1987-8 to 1993-4	2.03	3.39
1993-4 to 1999-00	0.58	2.55

What is quite remarkable about these figures is their conformity with the qunquennial output growth rate figures discussed earlier. The acceleration of output growth in the late eighties (which straddles the first two periods here but perhaps corresponds more to the middle period) is accompanied by an acceleration in the growth of employment in both urban and rural India. The subsequent collapse of output growth in the primary sector is reflected in an abysmally low rate of growth of rural employment (0.58 %) in the nineties. Likewise the slowing down of secondary sector growth is also reflected here in a slower growth of urban employment in the last period, though its terminal year still precedes the period of full impact of recession.

Such low rates of growth of employment would normally have two consequences: first, a rise in the unemployment rate, and secondly, some reduction in the participation rate: when job opportunities are few, many, especially women, simply drop out of the work-force. One finds confirmation for both these. The current daily status unemployment rate rose between 1993-4 and 1999-00 for rural males, rural females and urban males (urban females were the only exception), the rise for rural males being the steepest (29 percent). Even if we use the more stringent concept of weekly-status

unemployment (i.e. a person belonging to the work-force who did not work for even one hour on any of the seven days preceding the date of the survey), we again find an increase in the nineties, from 15 per thousand in 1993-4 to 21 per thousand in 1999-00 for rual males and from 6 to 10 for rural females.

Likewise between 1.1.94 and 1.1.2000 there was a decline in worker population ratio for all categories. Taking both males and females the decline was from 444 per thousand to 419 in rural India and from 347 to 337 in urban India. Taking both urban and rural India together the decline was from 418 to 395. Some have attributed this decline to the spread of education, i.e. people have voluntarily dropped out of the work-force in order to obtain education, which would make it a positive rather than a disturbing development. But education cannot explain the entire decline: it occurs for all age-groups across the specturm not just for school-age children. At least a part of the explanation therefore must be the fact that reduced prospects of finding jobs made people drop out of the work-force altogether.

The declining employment opportunities, especially in rural India, is reflected in the movements of the head count poverty ratio. Table 6 gives these movements up to the 55th round of the NSS.

Table 6: Head Count Poverty Ratio (%)

NSS Round	Period	Rural Ratio	Urban Ratio
32	Jul 77-Jun 78	50.60	40.50
38	Jan 83-Dec 83	45.31	35.65
43	Jul 87-Jun 88	39.60	35.65
46	Jul 90-Jun 91	36.43	32.76
50	Jul 93-Jun 94	38.74	30.03
51	Jul 94-Jun 95	38.0	33.5
52	Jul 95-Jun 96	38.3	28.0
53	Jan 97-Dec 97	38.5	30.0
54	Jan 98-Jun 98	45.3	N.A.

Source: Upto the 46th round the figurs are taken from a World Bank document. The 50th round figures are from Abhijit Sen who uses the

same method. From the 51st to 54th rounds the rural figures are from S.P.Gupta of the Planning Commission, and the urban figures are from G.Datt of the World Bank.

The poverty ratio figure fluctuates a good deal, is based (in the above Table) on large sample data for some years and thin sample data for others (which affects comparability), and has to be interpreted with caution at the best of times. A few things however stand out clearly: first, the rural poverty ratio declined sharply until the end of the 1980s, after which the decline stopped and there was even a marginal increase (even if we leave aside the 54th round figure). The 1990s in other words saw a halt to the decline in rural poverty, and, if anything, a fractional increase in it. Secondly, the decline in urban poverty which again was quite sharp in the 1980s has continued into the 1990s though at a less sharp rate. Taking rural and urban India together, the "liberalization" years have been bad for poverty.

The consumer expenditure data collected in the 55th round of the NSS showed a sharp decline in poverty ratio to 26 percent which Yashwant Sinha gleefully quoted in his budget speech. These data however, as everybody accepts now and the Planning Commission has clarified, are "contaminated" and unreliable. In the employment data collected in the 55th round, and quoted earlier, however, there is supplementary information on expenditure which is not "contaminated". This, according to one estimate (Sundaram, EPW Aug.11, 2001), puts rural poverty at 36.35 percent for 1999-00, and urban poverty at 28.76 percent. Of course estimates for the same year differ a good deal depending on the methodology, and other researchers (e.g. Sen) have put the poverty ratio higher for this year even with the same data.

Let us, however, accept these estimates for argument's sake. One can nonetheless say three things: first, while this would show a small decline in rural poverty between 1993-4 and 1999-00, *there is no decline in 1999-00 relative to 1990-1.* In other words the basic proposition that the 1990s have been bad for poverty still stands. Secondly, even this decline is because of the low agricultural prices which have meant that the consumer price index number for agricultural workers (which is the deflator used in poverty estimates) has not increased much of late. In other words even this decline in poverty is because of a shift in income distribution from one section of the rural working population to another, from the not-so-poor to the poor. Thirdly, in the very decade (1991-00) when the official "real" GDP growth rate is supposed to have reached 6.45 percent per annum, the fact that the percentage of rural population below a poverty line, *defined in absolute terms*, remained at best virtually constant, indicates the massive increase in income inequality that occurred in the economy in the years of "liberalization". No other decade since independence had witnessed such a drastic increase in inequality.

VI

Concluding Observations

"Liberalization" is not just some policy option that the government chooses, like choosing a particular tariff rate or a particular price policy. It is a major episode in the history of class struggle. It corresponds to a new phase of world capitalism with new class configurations. To discuss the effects of "liberalization" without taking into account this entire class context, in terms exclusively of text book propositions about the benefits of trade is both naive and banal. The thrust of the present wave of "liberalization" which is sweeping the entire third world is three-fold: to shift the balance away from the workers, peasants, petty producers and even small capitalists towards large capitalists both domestic and foreign; to shift the balance away from domestic capital in general towards foreign capital; and to shift the balance away from capital-in-production towards capital-as-finance. To be sure, different countries are at different stages in this process, which is carried forward by a combination of forces driven by international finance capital whose chief spokesmen are the Bretton Woods institutions.

A country travelling down the path of "liberalization" cannot even pause to provide a "human face" to the process. To provide even a mere "human face" it has to abandon that path altogether which in turn can become possible only with the widest mobilization of classes against those promoting "liberalization".

In so far as "liberalization" is not a mere policy option but a process driven by international finance capital in the current stage of imperialism, it follows that the nation-State that is carrying forward this process is trapped willy-nilly into defending the interests of international finance capital even against its own population. This gives rise to a major contradiction: since the State exists on the domestic civil society, and, in conditions of bourgeois democracy, has to respond to pressures from the latter, its pursuit of the path of "liberalization" comes into conflict with the legitimacy which it would like to surround itself with. This contradiction is typically sought to be overcome in two ways: first through an explicit attenuation of domestic sovereignty by tying the domestic State into international agreements like the WTO; and secondly through a host of measures that "roll back" democracy at home and the exercise of the democratic rights of the people.

Even such an arrangement however cannot be stable if the united people rise against it. It has to be buttressed therefore by dividing the people along communal, ethnic and other lines. The ten years of "liberalization" that we have seen have also been ten years marked by the ascendancy of the forces of communal-fascism. This has been no accident.