**The Political Economy of Economic Conservatism in India:**

**From Moral Economy to Pro-Business Nationalism**

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Abstract: Economic conservatism in India today is associated with the BJP’s embrace of markets and competition. This article argues that conservatism within the nationalist movement was founded on rejecting both the market and the planned economy, embracing instead ‘moral economy’ principles of economic life guided by social norms and development founded on small-scale craft production. After independence, conservative nationalists, while acknowledging the need to enhance state power, protected the moral economies of craft-based and agrarian production. But as the Congress party fractured, farmers’ movements asserted interests in market-based agricultural transformations and liberalization shifted the issue space of economic debate, new pro-business conservatives presented a new vision based on enhancing national wealth and strength through capitalist enterprise.

*Key words: conservatism; nationalism; Congress party; Swatantra party; moral economy; Gandhi; BJP*

Economic conservatism in India today echoes the standard elsewhere: an emphasis on *laissez-faire* capitalism, deregulation and the encroachment of the market into spheres of daily life. But economic conservatives within the nationalist movement critiqued colonialism not to promote the market or the interests of corporations but to defend a moral economy of social norms and mutual obligations. Conservative nationalists were suspicious equally of modernization through British ‘free market’ tutelage or through Soviet-style planned economies, given that both were seen as alien to India. Many nationalists saw western civilization – capitalism and socialism –as the source of India’s ills. For them, an Indian economy without colonialism must take its inspiration from an Indian economy before and apart from alien colonial rule.

In practice, the excavation of ‘tradition’ meant its wholesale creation. Conservative nationalism understood ‘traditional’ India as idealized sets of social norms and reciprocal obligations that oppose both the command economy or the commodifying impulses of capitalism. For these conservatives, development meant a defence of the moral economy: the principle that material production and exchange should be governed by social norms rather than either market principles or government fiat (Booth 1994). Conservative nationalists acted to deploy state power at local and regional levels to protect local economies governed by social norms from disruption and dislocation.

These notions animated opposition to Congress under Nehru and Indira Gandhi, but are almost completely absent from political and economic discourse now. Six decades later, the contemporary avatar of right-wing politics in India, the Bharatiya Janata Party (BJP), has wholly embraced free market ideology and the support of corporate interests. Narendra Modi campaigned on a platform of business-led economic growth. What could explain this shift in what economic conservatism means in post-independence India?

The shift in the rhetoric of the right from old allegiances to Gandhian principles of moral economy to that of a ‘disembedded’ alliance between the state and capitalism arises out of changes in India’s political economy. Economic liberalization, under Narasimha Rao, allowed a cross-ideological rejection of socialist planning that also foreclosed traditional Gandhian critiques of the planned economy. The rise of powerful farmers’ mobilizations drew right-wing politics away from the defence of agrarian structures and towards seeking support from urban, upper caste constituencies. As a means of mobilizing these populations, the contemporary BJP has redefined nationalism to mean development, understood as growth, through the support of big business. Thus, the article argues that change in ideology is a product of changes in the material and class foundations of party politics.

**Conservative Nationalism and the Moral Economy**

India’s underdevelopment was the central idiom for opposition to British rule. Nationalist thinkers challenged British claims of the salutary and civilizing role of imperial rule by arguing that colonial policies were making India poorer. British policies of free trade decimated craft-based manufacturing by flooding Indian domestic markets with factory-made textiles, while the wealth of the country drained outward (Chandra 1966). This foundational critique led to an argument that India would be materially better off with self-rule. But what would an Indian economy free of British domination look like? What institutions would be built to replace British ones? These questions called for a theory that linked a diagnosis of the destructive effects of colonial rule with an assessment of how best to remedy these effects.

For Congress socialists, India’s salvation lay straightforwardly in modernizing transformations of society, driven by a powerful interventionist state. This meant rapid, state-led industrialization, and reforms in agriculture that would dismantle ‘backward’ social structures that prevented resource mobilization (Chakrabarty 1992; Zachariah 2005). They had a powerful model in the Soviet Union, which transformed Russia through state-led economic planning, industrialization, collectivization and mass mobilization. Nehru’s commitments to planning emphasized his personal faith in positivism and scientism, as well as a disdain for traditional social structures.

*Gandhi’s Moral Economy*

Against the popularity of economic planning in the interwar years in India, conservatives within Congress, particularly Mohandas Gandhi, argued for a different perspective on backwardness and the means to overcome it. Several features of Gandhi’s thought formed the basis of a conservative economic and social order. First, Gandhi’s diagnosis of India’s ills was that of the penetration of modern, Western ‘civilization’ – with its attendant focus on materialism and acquisitiveness – as part of colonial rule. He contrasts this to the duty and morality of traditional Indian society:

…our ancestors dissuaded us from luxuries and pleasures. We have managed with the same kind of plough as existed thousands of years ago. We have retained the same kind of cottages that we had in former times and our indigenous education remains the same as before. We have had no system of life-corroding competition. Each followed his own occupation or trade and charged a regulation wage. It was not that we did not know how to invent machinery, but our forefathers knew that, if we set our hearts after such things, we would become slaves and lose our moral fibre. They, therefore, after due deliberation decided that we should only do what we could with our hands and feet… (Gandhi 1934, 58).

Thus, *swaraj*, or self-rule, meant not just political independence from Britain but an independence from western habits of mind and society associated with capitalism (Rudolph and Rudolph 2006).

For Gandhi, the spinning wheel, the handloom and *khadi* represented a rejection of western material culture and a return to a more holistic, craft-based way of life represented by the ideal village republic. The practice of wearing khadi entailed a deep suspicion of industrialization, which was the principal objective of Congress socialists. They also defined *swadesh*, or self-sufficiency, as rejecting western definitions of what it is sufficient – catching up to the leading industrial powers in production and standards of living – and opted instead for a combination of craft manufacturing and the rejection of material accumulation.

Gandhi also believed that the idealized village community encapsulated morally correct relationships between the rich and the poor, as each lived according to their own duty or *dharma* rather than in class competition. He formulated the principle of trusteeship: that the rich held the wealth of society in trust for the poor, taking little for themselves and using the rest for the poor’s uplift (Gandhi 1941). This approach had the added political benefit of sublimating class conflict within Indian society, which he saw as necessary for the independence struggle.

Gandhi’s writings and teachings anticipated the framework of moral economy. Polanyi (2001 [1944])argued that in the period before the rise of the national market for goods, services and factors in Europe, individual economic exchange was governed by social norms, which were sheared apart by the market economy and the commodification of land, capital and especially labour. For Gandhi as for Polanyi, free market capitalism was destructive to societies that were built on moral foundations and restrained by moral fetters, in which social obligations and thick ties governed production and exchange and protected the vulnerable. For Gandhi, turning to the mythic era before commodification was not just desirable but necessary for true independence from colonial rule.

*Conservative Nationalists and the Making of the Indian Economy*

Erdman (1967) categorized the “rightist” reactions to the increasingly socialist and planning-oriented Congress at independence into three camps. The first was that of princely rulers as straightforward reactionaries defending their royal prerogatives. The second, that of the Hindu right, imagined the creation of a muscular Indian nation-state based on Hinduism (Jaffrelot 1996, 25-33). While the Hindu right was certainly exclusionary, it was also modernist; the early Hindutva politicians and ideologues believed in industrialization and emulation of fast-developing powers to catch up to the West and defend the Indian nation through military power.

The third group, what Erdman called ‘disguised’ conservatives, brought Gandhi’s village republic into the realm of politics and policy. Conservative nationalists represented much of the party’s leadership in the provinces. They included many who rose to prominence as upper caste aspirants whose ambitions were frustrated by imperial hierarchies (Weiner 1967). They would go on to dominate the party at the state level after independence, and would challenge Nehru’s later attempts at industrial development. Vallabhbhai Patel, the undisputed leader of this conservative wing of Congress, transformed Gandhi’s conservative nationalist philosophy into a concrete ideological and political program.

Patel, born in 1875, came from self-described peasant roots and achieved success as a barrister before becoming an acolyte of Gandhi, eventually leading *satyagraha* campaigns at Kheda and Bardoli in Gujarat. Importantly, he supervised the recruitment of much of the Congress leadership at local and regional levels, and managed the coordination of Congress provincial ministries after 1937. His politics within the nationalist movement were conservative with a strong Gandhian flavor, and throughout his political career, he fought with Congress socialists over strategy and policy. Patel is perhaps best known for his involvement in the coercive integration of princely states, and for his intransigence against the Muslim League. Yet Patel’s perspectives on development provided political content to Gandhi’s idealism.

As with Gandhi, wearing *khadi* took on central symbolic meaning in Patel’s life and politics. Addressing supporters, he said,

Millions of people live in huts. If they are able to earn something, it would be an act of benevolence on your part. If city-dwellers like us set an example, it will be emulated by the villagers. It would be helpful if we are clad in khadi cloth, and it will inspire many more to put on khadi dress… When many types are available, then why help the mills? I do not want you to hear the complaints of Bombay and Ahmedabad Mill owners. When a number of persons had courted imprisonment, at that time, the mill owners entered into a contract with Lancashire and mortgaged the nation. How can we assist those who care for their own business and have no feelings for the nation’s welfare?[[1]](#footnote-1)

Patel also used the symbol of the spinning wheel to castigate Congress Socialists for their intentions in economic planning and modernization:

I have no inferiority complex towards common citizens. I am a peasant by birth and culture and so long as peasants do not achieve their natural rights, I am not prepared to accept any kind of obstructions in respect of movement of conditions of peasants. … But I am afraid that the so-called slogan of the Socialists to “March Forward” is nothing but hollow talk. … Our young Socialist friends cut a joke about the spinning wheel and discretely talk about the use of the mechanized plough. But he who has passed his whole life in the midst of rural people and living style, as such of common man, I am fully aware what problems in restructuring village life are created by using the mechanized plough.[[2]](#footnote-2)

In this jeremiad against mechanization, Patel refers to his own peasant roots to emphasize the social disruption of modernization and mechanization for employment and social order.

Labour was a central theme in his life, yet his vision of workers’ organization, in accord with Gandhi’s, was paternalistic and emphasized harmony between employer and labourer. Patel was a lifelong supporter of the Gandhian Textile Labour Association in his hometown of Ahmedabad, which emphasized arbitration and cooperation over strikes. In support of the TLA’s organization and methods, following Gandhi’s framework of trusteeship, he said,

It has worked for the labourers with a true spirit, and is doing selfless service. These labourers are neither credulous nor foolish enough to be cheated by those abusing the capitalists… Let those who desire to abolish capitalism organize another superior association like this. If they are able to make it a reality, I am then prepared to work as a *sepoy* under them. … If you are cherishing the idea of mitigating the Congress or to abolish capitalists and zamindars, so long as I am alive, you will not succeed. Congress belongs to the country and everyone is welcome in it. We have not given up hopes of cooperation from capitalists and zamindars as well as native rulers. We shall have to march together to free India from foreign rule.[[3]](#footnote-3)

Both Gandhi and Patel emphasized throughout their careers that class conflict should be avoided.

Gandhi and his disciples distrusted industrialization, particularly under the rubric of Soviet-style planning, seeing it as destroying craft production. This suspicion was directed against those who take up western production and consumption as a model:

We know that cities are fattening at the cost of villages. Cities are the agents of sending money to foreign countries…. But here the city-public will never do any sacrifice but look to the villages [to sacrifice]. [Those who] have simply booking [sic] knowledge advice us to do mass production and quote examples of Russia and other countries. Our mills can supply half of the cloth for the whole country. Some 12 lakhs of mill hands earn their wages. If the cloth for the whole country is to be prepared, 25 or 30 lakhs of people will get their wages. What about the remaining 32 crores of the public? Should they die in starvation?[[4]](#footnote-4)

Here the distrust of machine culture and opposition to the capital accumulation combine to critique the notion of aggregated industrial development and production. But the alien-ness and disruptiveness of industrial production Patel saw as deeply violent:

Mass production will result in mass killing and mass slaughter, but not mass wealth. ... Western civilization is on trial. It has done immense harm. … the ill-balanced production of machinery has brought about a state of things in which their very existence was threatened.[[5]](#footnote-5)

Thus the critique of free market capitalism and the critique of economic planning came from the same intellectual source: that of modernization through the destruction of craft and the moral order that accompanied it.

A particular fear of socialism arose from the notion of class conflict, which was deeply at odds with the spiritual harmony and trusteeship at the core of the Gandhi’s vision. For this reason, Patel had serious misgivings about Nehru’s socialism:

My withdrawal [from candidacy as Congress president] should not be taken to mean that I endorse all the views Pandit Jawaharlal stands for. Indeed, Congressmen know that on some vital matters my views are in conflict with those of Pandit Jawaharlal. For instance, I do not believe in the inevitability of class war. Whilst I detest imperialism and admit destructive inequality between the capitalist class and the famishing poor, I do believe it is possible to purge capitalism of its hideousness. Whilst the Congress holds by non-violence and truth as indispensable means for the attainment of independence, Congressmen, to be logical and true to their profession, must believe in the possibility of weaning those who are mercilessly exploiting the masses from what is a crime against humanity. I believe that when the masses are awakened to the sense of their terrible condition they will know how to deal with it. There is no difficulty in my subscribing to the doctrine that all land and all wealth belong to all. Being a farmer myself and having identified with the peasantry for years, I know where the shoe pinches, but I know that nothing can be done except through the power of the people. Fortunately, we have learned what non-violent non-cooperation can do. When people learn the art of withdrawing their cooperation from the forces of evil, it will perish for want of nourishment.[[6]](#footnote-6)

Patel’s class-conciliatory politics both echoes his Gandhian thought but also reflects the political pragmatism of Congress leaders on the eve of independence.

*Conservative Nationalism and the State*

Gandhi maintained a distrustful relationship to the state, as an organization whose principal means were coercion, and the Congress party, whose objective was increasingly to dominate and deploy state power. The coercive nature of the state was less of a concern for Patel and his colleagues, who from 1937, were increasingly in control of government policy. But it was the violence of Partition that recommitted Patel to the necessity of maintaining a powerful state apparatus as a bulwark against enemies foreign and domestic. The resources for this had to come from domestic industrial production, as it was critical to maintain independence from foreign powers. But Patel stressed that this engine of material power must not disrupt the villages.

We see Patel struggling to justify this more statist version of economic nationalism with Gandhi’s philosophies of non-violence:

If we want to carry on government, there are only two ways of doing it. One is the path laid out by Mahatma Gandhi. That is the establishment of Rama Raj in which there is complete peace, freedom from crime and coercion of any kind. All of us should try to achieve that consummation; but, undoubtedly, we cannot reach to that goal overnight. The alternative is a firm government backed by a strong Army, strong Navy, strong Air Force and a strong Police; but, ultimately, governed by the will of the people. Under such a system, the government in office is entitled to the support of the people; unless of course, it follows a wrong path.[[7]](#footnote-7)

Ultimately, Patel was concerned with preserving and augmenting state power and countering the politics that might threaten political order. Suppressing industrial unrest was a repeated theme, that workers must put national production and national power before distributional concerns at a time of crisis. But at the same time, Patel did not advocate disruption to the countryside in the service of national production, as Nehru would do. As much as industrialization was recognized as essential for creating national wealth and perforce, national power, part of the compromise between socialists and conservatives entailed the protection of village industries and craft manufacturing (Chakravarty 1993; Naseemullah 2017, 82-83).

**Conservative Nationalism in Internal and External Opposition**

Vallabhbhai Patel died in December 1950; thereafter, there was no Congress leader with stature comparable to Nehru that could challenge his authority. Yet Congress conservatives controlled key ministries at the center and state governments throughout the country; they consistently opposed policies of Nehru and the Planning Commission, thus protecting the rich peasant cultivators who formed the basis of provincial Congress power (Frankel 2005, 131-155).[[8]](#footnote-8) The political frustration of Nehru’s attempts to limit the resources on agriculture eventually led to the Nagpur Resolution in 1959. The Resolution stated that

the future agrarian pattern should be that of cooperative joint farming, in which land will be pooled for joint cultivation, the farmers continuing to retain their property rights, and getting a share from the net produce in proportion to their land. Further, those who actually work on the land, whether they own the land or not, will get a share in proportion to the work they put in by them on the joint farm (cited in Frankel 2005, 162).

The Nagpur Resolution concretized Nehru’s intention to extend the reach of the state deep into the countryside. While not calling for the full collectivization of agriculture, it arose from his sympathies with early Soviet perspectives on decayed traditional agrarian structures as an obstacle to national progress, with villages no longer able to be self-sufficient and were instead sites of domination and violence (Nehru 1980 [1936], 52). For Nehru, development meant freeing those who were trapped in low-productivity agriculture at the mercy of dominant castes and the local apparatus of coercion to participate in India’s future.

*Swatantra*

Nagpur was a fundamental challenge to the conservative nationalists. In response, the veteran Madras Congress leader and former Governor-General Chakravarti Rajagopalachari joined the Andhra Congress peasant leader NG Ranga to form the Swatantra Party, in direct opposition to agricultural reform and socialist planning in the countryside. Swatantra was a diverse and ultimately incoherent coalition involving mobilized, aspirant peasant-cultivators, portions of the business community, regional parties and malcontented aristocrats. These groups had individually conflicting interests, but all opposed Congress and the apparatus of socialist planning (Erdman 1967). Ultimately, however, Swatantra was led by Rajagopalachari, who was driven primarily by conservative nationalism rather than free market ideology.

Often thought of as a liberal, Rajagopalachari indeed voiced his dissent against Congress because he felt that the overreach of the state was stifling personal freedoms: “[Swatantra] is an answer to the challenge of the so-called Socialism of the Indian Congress party. It is founded on the conviction that social justice and welfare can be attained through the fostering of individual interest and individual enterprise in all fields better than through State ownership and Government control. It is based on the truth that bureaucratic management leads to loss of incentive and waste of resources.”[[9]](#footnote-9) But his conception of freedom was grounded not in Lockean individualism but rather in Gandhi’s thought; *dharma* rather than the market opposed the inhuman bureaucratization of the planning project. His critiques of the Nehruvian state were phrased in these terms:

the loosening of the religious impulse is the worst of the disservices rendered by Congress to the nation. We must organize a new force and movement to replace the greed and the class hatred of Congress materialism with a renovated spiritual outlook emphasizing the restraints of good conduct as of greater importance than organized covetousness. Every effort should be made to foster and maintain spiritual values and preserve what is good in our national culture and tradition and avoid dominance of a purely material philosophy of life which thinks only in terms of the standard of life without any reference to its content of quality.[[10]](#footnote-10)

For Rajagopalachari, the defence of the individual against the encroachment of the state was necessary not because of the importance of individual self-interest and market competition, but because Gandhian ‘soul-force’ existed only in the individual and the community, not the state: “the individual is the only reality. The State is a non-living entity. If the individual is wiped out, we reduce the nation to a soul-less existence.”[[11]](#footnote-11) Ultimately, his objections to statism less to do a straightforward rejection of industrialization as to the coercion associated with statist control in the absence of the moral economy: “Planned economy and cooperative life in place of the competitive and selfish motive [associated with laissez-faire capitalism], is modern economy. This cannot be effectively achieved if it depends on mere authority, however powerful. We must have a generally accepted culture which works as a law from within, to assist the law from without. Unless we have the help of culture, mere material planning culminates in coercion, fraud and corruption.”[[12]](#footnote-12) Thus ultimately, conservative nationalism led Rajagopalachari to criticize the Congress planning apparatus.

NG Ranga, the former Congress peasant leader and Swatantra’s second-in-command, was even more explicit in his use of Gandhian economic rhetoric – of agriculture and craft production – in criticizing the Congress-led reach of the state and the money economy:

they wish to draw millions of artisans into the embraces of the small factories tied up however loosely to the growing large-scale money economy as in evident by their plans to replace the whole of the handloom weavers… by the introduction… of power looms through the sugar-coated weavers’ power loom co-operatives. They also want to replace crores of small shopkeepers and their family economy of trading by introducing state-controlled, regulated or owned grain shops…”[[13]](#footnote-13)

Ultimately Swatantra was a diverse coalition that included Hindu nationalists such as KM Munshi and free-market liberal capitalists like Tata director Minoo Masani, and was supported by professionals, former princely rulers and regional parties and politicians for largely pragmatic reasons. But core parts also represented the conservative nationalism from the Congress of an earlier era.

*Conservative Nationalism in Congress*

Conservative nationalist figures remained within the Congress party as well, at least until the 1969 split and the high watermark of Indira Gandhi’s power. Morarji Desai, prime minister under the Janata coalition between 1977 and 1979, was a Congress leader from Gujarat and an acolyte of Patel’s, who served as finance minister under Nehru and Indira Gandhi. Desai’s ideology and nationalist politics were resolutely conservative and anti-Marxist. But he was ultimately inspired by the Gandhian principle of *sarvodya* – universal uplift – rather than economic growth being the true measure of development; he emphasized on Gandhi’s concept of trusteeship as ameliorating inequality through the charitable giving and public work of the wealthy (Frankel 2005, 227-8). Part of this involved the Gandhian transformation of the individual away from materialism: “before we can hope to achieve *sarvodaya* as a reality, we have got to establish conditions which will minimize the destructive urges for unlimited acquisition of power and wealth and utilitarian means of achieving material welfare” (Desai 1966, 73).

Desai did recognize the need for industrialization, but also defended craft production in both Gandhian and pragmatic terms:

It will be readily acknowledged that industrialization, by itself, whatever the measure of its achievement, will fail to give full employment to those who are not adequately employed today. Modern industries, being highly mechanized, are not labour-intensive. Agriculture sustains about seventy percent of our population; and as is well-known, those who possess land under cultivation hardly secure a sufficient return. Besides there are large masses of landless people lacking opportunity for fulltime gainful employment…. it is impossible to absorb all these vast numbers in mechanized industry. Where then shall we find employment for them except in khadi and other village industries? … So much for the economic aspect of the problem. We must not lose sight, however, of the cultural significance of these industries. Modern civilization has a highly industrialized base; manual labour is being rendered superfluous by technological revolution. As labour-saving devices multiply, we shall slowly lose the skills God has planted in our hands and feet. Our limbs must be employed in productive labour, lest they fall into disuse. And fine, delicate work can be done only by one’s hands, not by machines (Desai 1966, 173-174).

Desai was the most prominent figure in Congress to be attacked by the Left during the rising tide of Indira Gandhi’s populism; he would emerge as a leading figure of opposition against the Emergency, serving as premier under the Janata coalition. But Desai’s commitments to development as sarvodya, his reservations against the leading edge of statism and his commitment to cottage industries and craft production demonstrates the continued vitality of conservative nationalism more than two decades after the death of Gandhi.

*Conservative Nationalism in the Sangh*

Perhaps the most surprising location for Gandhian flavours of conservative economic thought after independence was in Hindu nationalism. Early iterations of Hindu nationalism, inspired by Savarkar and represented by the Rashtriya Swayamsevak Sangh (RSS) and the Hindu Mahasabha, called for a militarized, rapidly industrializing Indian nation-state, capable of defending itself against foreign domination (Erdman 1967, 51-55). Hindu nationalists before 1947 were disdainful of Gandhi for his supposed capitulations to Muslim leaders, and generally regarded Gandhi’s pastoralism as placing unnecessary limits on national power.

In the decades following Indian independence, the Bharatiya Jana Sangh, founded in 1951 and becoming the largest mainstream Hindu nationalist party, absorbed Gandhian conservative nationalism as Congress itself went in a more assertively socialist direction. Shyama Prasad Mukherjee, the Jana Sangh’s founder, was a one-time Congress politician who served in Nehru’s first cabinet, but resigned to form the Sangh in 1951. Mukherjee, along with Sangh ideologue Deendayal Upadhyaya, framed the party’s program against the Congress party’s impulses toward administrative, political and economic centralization. Its party platform in 1951 stressed economic conservatism in explicitly Gandhian terms: “the village has been the centre of Bharatiya life in all times. The ideal of ‘Sarvodya’ cannot be achieved until and unless the village is restored to its original position as the basic economic unit.”[[14]](#footnote-14) Along with the core tents of conservative nationalism in the post-war years, Upadhyaya argued that Nehruvian planning was moving too fast, thereby disrupting traditional agrarian society: “by taking up programmes of heavy industries, the [Planning] Commission intended to bring about a structural change in society. Their aim is to build an industrial in place of an agricultural society. But we cannot build a pyramid from the top downwards.”[[15]](#footnote-15) The Sangh mobilized opposition to the Nagpur resolution in 1959 for the same reason as Swatantra, because it represented a frontal assault to the ideal village republic.

Deepak Lal consequently characterized the economic programme of the Sangh as “close to those espoused by Gandhi, with the major difference being that, unlike him, they do not want completely to reject the modern world.”[[16]](#footnote-16) In this, they held in common core principles of conservative nationalism with those who formed Swatantra and those who remained in Congress. Their positions could not advocate Gandhianism without adulteration, as it was fundamentally a utopian promise; political leaders inherited an Indian state that required resources, authority and the capacity to coerce. Rather, conservative nationalists ended up acceding to the need for industrialization, while at the same time wanting to restrict the scope of the state and the planning apparatus to a bounded industrial economy. The nature of their conflict with the Nehruvian state was over the extension of coercive state control into agrarian society, which was the last redoubt of the spirit, if not the reality, of Gandhi’s village republics.

**The Transformations of Conservative Economic Thought in India**

The dynamics and fault lines of Indian politics changed after the Emergency and the succeeding Janata coalition. In 1980, after Indira Gandhi retook power, the Jana Sangh was reborn as the Bharatiya Janata Party (BJP), and it would come to serve as the dominant political force on the Indian right over the next 35 years. Unlike the Sangh and Swatantra, the BJP, at the centre of the National Democratic Alliance (NDA), has gained power twice in New Delhi, most recently under Narendra Modi in 2014. What is truly remarkable is the disjuncture between the Gandhian economic nationalism of the BJP in the 1980s and into the 1990s and how the contemporary BJP understands the economy and the nature of development today, which allies majoritarian nationalism with pro-business capitalism.

*Explaining the Pro-Business Nationalism of the BJP*

In its foundation, the BJP reaffirmed the Sangh’s commitments to Gandhian economic thought. Into the 1990s, its economic policy statements emphasized Gandhi’s notions of *Ram rajya* and Upadhyaya’s philosophy of ‘integral humanism’ in creating a “social and economic order which is non-exploitive, cooperative and harmonious and provides full play to individual initiative and dignity” (BJP 1992, 4). Further, while “communism has collapsed, the resurrection of unbridled capitalism will not provide the key to our myriad problems. It will only lead to consumerism and debt burden. The spirit of Swadeshi and self-reliance must not be lost sight of” (BJP 1992, 5). Even a year after liberalization, economic policy was thus still cloaked in anti-materialism.

In the 1998 manifesto, the BJP focused rhetorically on a middle path between the failures of socialism and the hazards of globalization, while re-emphasizing nationalism:

Now, after the collapse of the socialist paradigm, our entire establishment has defected to the type of free-market system that prevails in the Western countries, once again without any debate as to whether such a system can be wholly transplanted to India. The policies of liberalization, particularly globalization, pursued by the Congress and later by the UF Government have resulted in economic stagnation. What this nation needs now is a practical approach that is devoid of dogma and is guided wholly by considerations of national interest and what is appropriate for us (BJP 1998).

By this point, *swadeshi* came to mean straightforward economic nationalism, of the kind that is based on increasing national wealth rather than individual and community-based transformation: “Swadeshi simply means ‘India First’. This is the governing principle of all nations. Now the idea of Swadeshi is being accepted in most quarters, also by the Indian industry… The fundamental approach of the BJP is that it is imperative to develop a collective national will and confidence that ‘India shall be built by Indians’. National development will largely depend upon national effort and national capital and savings” (BJP 1998). The party had thus shifted its emphasis away from the protection of village society and toward towards the notion of domestic savings, investment and growth as ends in themselves. How did this happen?

To understand the shift in perspectives of conservative nationalism -- from the Sangh and the earlier BJP -- to the pro-business nationalism of today’s BJP, we must address significant changes in India’s political economy that provided the material and political foundations for the new conservatism. In general terms, this can be understood as a consequence of the collapse of state-directed development and its repercussions in the political arena (Kohli 2011; Naseemullah 2017, 84-95). More specifically, three dimensions of change are central: the rise of articulated agrarian interest groups associated with the Green Revolution, the related but distinct decline of Congress as a catch-all nationalist organization, and finally the effect of liberalization on policy debates.

In the years leading up to the Emergency and in the decades that followed it, *kisan* or rich peasant movements developed a powerful, independent voice in Indian politics, fundamentally rejecting socialist plans to cooperatize agriculture and demanding resources from the state to take advantage of the full benefits of the Green Revolution (Frankel 1971; Rudolph and Rudolph 1987; Varshney 1998). Chaudhry Charan Singh, the Jat leader representing the intermediate caste middle peasantry, left Congress in 1967, establishing an early non-Congress government in Uttar Pradesh, and was a key figure in the Janata government. Charan Singh and his movement presented a political problem for conservative nationalists. He was, like Desai and the Sangh leadership, an heir to Patel’s nationalist politics, but he also mobilized peasants as a particularistic interest group demanding recognition and resources from the state, and deployed specific grievances based on urban bias and backward caste neglect as an integral part of mobilization (Brass 1993). His constituents were the propagators of a deeply *capitalist* commercial revolution in the countryside, which was orthogonal to a vision of agrarian economy based on preserving traditional norms of reciprocity and obligation. The assertion of farmers’ interests, especially demands for rural investment and resources to maximize economic returns, challenged the notion of protecting an unchanging agrarian society by conservative nationalist intellectuals and politicians who were in fact quite socially distant from it.

The Sangh’s conservative nationalism was especially challenged by peasant mobilization. Hindu nationalism has always been a predominantly urban movement, based in large towns and cities that supported concentrated membership and wide-spread literacy. Thus kisan agitations challenged the central idioms and models of Gandhian conservatism as essentially nostalgic pastoralism rather than policy responses to the suffering in the real countryside.

Relatedly, parochial articulations of political interests, based on caste and language, emerged to challenge both Congress as a party but also the implicit commonality of interests in Indian nationalism. Charan Singh’s intermediate caste kisan mobilizations, as well as the Tamil nationalist Dravida Munnetra Kazagham and other aspirant regional parties from Orissa to Karnataka and Punjab to Bihar, rejected the one-ness of the Indian nation under Hindi-speaking upper caste Hindu tutelage. This led to a new Indian politics that favoured distributional conflict based on ethnically defined groups (Palshikar and Yadav 2003, Chandra 2004). This new centrifugal politics meant that no party could simply argue, without opposition, that they represented India as a whole; such unity under a single social and moral order was the very basis for conservative nationalism. Hindu nationalists, responding to this fragmentation, would shift their mobilizational strategies from a more universal nationalism in economic terms to taking majoritarian positions that reflected the particularistic perceived grievances of the Hindi-speaking upper castes against issues from reservations to personal law, on which more below.

Lastly, the liberalization of the economy by Congress governments removed conservative nationalism’s main antagonists: economic planning and the overreaching bureaucratic state. Conservative nationalists, from Patel to Rajagopalachari to the Jana Sangh, criticized Congress socialists’ efforts to build up a vast apparatus of state power that would seek to control, direct and ultimately transform India’s economy by disrupting the village community. They saw it as operating at an inhuman scale, and thus coercive. Even those who accepted the necessity of state-led industrialization argued that this immense state power should be limited to cities and factories and kept away from the villages. In a series of articles in *Swarajya*, Rajagopalachari levelled an attack on the regulatory aspects of this regime – the license-permit-quota *raj*: the power of the state, and the party that controlled it, over business meant that it could extort resources through campaign donations, thus inaugurating a closed system of institutionalized corruption and political exchange (Rajagopalachari 1977).[[17]](#footnote-17)

The vastness, corruption and violence of the state proved a durable target for conservative nationalists inspired by moral economy understandings of development, particularly as this state apparatus was wielded in personalistic fashion by Indira Gandhi in the late 1970s. But by the 1980s, new ideas and shifting interests within Congress and the state combined to formulate policies that increasingly challenged socialist planning from within. By the time the balance of payments crisis of 1991, a ‘tipping point’ had been reached that led government responses to dismantle much of the planning apparatus, thus radically decreasing the state’s role in the economy (Denoon 1996; Kapur 2004; Mukherjee 2015). New technocrats within the party and the bureaucracy accepted a much greater role for markets and a delimited role for the state.

Economic liberalization presented a crisis of politics for the BJP as well as conservative nationalism, as the main object of critique disappeared with alacrity. For a party that built up their intellectual apparatus and political constituency out of opposing the overreach of the state, and who partly formed a government based on those positions, this could have been devastating. Further, the Gandhian rhetoric of conservative nationalism, including a nostalgia for ageless and spiritual village society and philosophies of personal asceticism and self-abnegation, seemed increasingly out of step with both an emerging middle class eager for greater consumption opportunities and disadvantaged groups demanding a fair share of resources from the state. Older issue spaces were thus foreclosed and BJP was forced to new positions, on different ideational foundations, that could attract new and expanding constituencies. The party – now the real avatar of right-wing Indian politics – chose a pro-business understanding of economic nationalism.

*The Pro-Business Nationalism of the contemporary BJP*

Even before their rise to power in the central government in 1998, the BJP’s strategy of electoral mobilization involved representing the interests of an upper caste Hindu population who felt marginalized by Congress’ appeals to religious minorities. The Babri masjid and the Shah Bano case served to highlight the supposed privileging of Muslim interests by Congress and other parties. Also significant was VP Singh’s implementation of the Mandal Commission, extending reservations to OBCs. These issues were designed to activate newly assertive urban middle class populations, particularly upper caste Hindus reacting against the economic rise and political assertion of lower caste groups (Hansen 1999).

Yet alongside the BJP’s realigning policies in the domestic sphere came a much more muscular assertiveness of India as a global power. The most obvious aspect of this more self-confident foreign policy were India’s nuclear tests in 1998. But this assertion also took the form of a new economic nationalism that focused on India’s competitiveness in the quickly globalizing world economy and those Indians, including business tycoons, who could aid in that project. Nayar (2000) argued that the BJP in power in the 1990s simply redefined *swadeshi* as national material self-interest in the context of an international economic system with incentives to participate even for poorer nations. The BJP of the 1990s, while supporting liberalization, distinguished its approach from Congress by opposing the external dimensions of liberalization, like WTO membership, arguing that foreign trade and investment rules should be used to benefit Indian companies and the Indian economy.

The Modi government since the 2014 elections has continued the fusion between pro-business development and nationalism. Palshikar (2017) has recently argued that the extraordinary success of the Modi-led campaign and the emerging dominant party system lies in Modi’s ability to interweave nationalism with development (and Hindutva), thus inspiring both material support from corporate India and popular electoral support from increasingly united majoritarian elements. This has been especially effective as the political rhetoric of the current BJP arises from ‘the Gujarat model’ of governance and development under Modi’s tenure as chief minister of that state. Jaffrelot (2015) has argued that ‘the Gujarat model’ has meant the deepening of old Gujarati traditions of collaboration between the state and the corporate sector – through the maintenance of low wages and the provision of tax breaks and acquisition of land – to the exclusion of social spending, thus garnering the support of elite and middle class, upper caste constituents while excluding others. Virmani has characterized the Modi government’s approach to economics as based on commitments to business as the main driver of growth, the government’s role in establishing corporate-friendly ‘good governance’ environment and the use of public assets to generate national income, thus reducing the need for taxes (Virmani 2015). Today’s BJP thus stands in quite stark contrast to its founding.

This position has significant appeal to the BJP’s core electoral constituencies, among the upwardly mobile forward caste entrepreneurs and professionals – and aspirants – in urban and suburban areas throughout northern and central India. Pro-business rhetoric and capitalist competition stands against policies of previous governments to provide public and social sector goods to backward communities; and of course, such policies can garner significant financial backing from major conglomerates. The pro-business vision also solidifies links between the domestic Indian economy and the powerful and increasingly assertive Indian entrepreneurial communities – of non-resident Indians (NRIs) – abroad (Rajagopal 2000). NRIs are attracted to a version of Indian nationalism that allows their support and involvement without compromising the autonomy of their investments. Thus recasting economic nationalism solely in terms of economic growth rather than sarvodya has enabled the contemporary BJP to shed many of its increasingly unpopular Gandhian fetters while still claiming a (majoritarian) nationalist mandate, particularly against a fragmented opposition that advocates for minority concerns.

**Conclusion**

The current avatar for conservative politics in India is no longer the generation of conservative nationalists who dominated Congress, but the BJP and allied organizations. This shift in venues for Indian economic conservatism has accompanied radical changes in the shape of conservative politics: from rural to urban, from defence of traditional structures to neoliberal reform and free market orientations, and from the local to the transnational. But this shift presents a challenge to extant accounts, which see deep continuities in Indian conservatism. This article, by excavating the relationship between conservative ideology and the political economy within which it was situated, represents an account of the relationship between ideas and their material foundations, as the structures that governed its economy have shifted over time. Further, it has highlighted the distinct, coherent and powerful framework of ideas, beliefs and values of conservative nationalism, one that is occluded by perspectives of the Congress party as a programmatic institution committed to Nehru’s vision of state-directed development. By looking into the history of India’s political economy, and the ideological and political conflicts that drove it, we can craft a more sophisticated understanding of how the different epistemic communities of Indian nationalists, then and now, think about the evolving relationships between economy, state and society.

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