

The Modi Government and the So-Called “Freebies”*

Prabhat Patnaik

A Bizarre drama is unfolding in front of our eyes. The Modi government which has been giving away hundreds of thousands of crores of rupees as tax concessions to the monopolists has expressed its opposition ironically to what it calls “freebies”, that is to handing over subsidies to other segments of the population. First, it was Narendra Modi who warned the youth against being influenced by a “revariculture”; then a BJP functionary who happens to be a lawyer moved a petition in the supreme court to prevent “freebies” from being given.

Why the supreme court was dragged into the issue remains a mystery. If some political parties are giving away “freebies” that thwart “development”, then the matter should be left to the electorate; it would if so inclined, punish such errant political parties at the polls. And in case the electorate happens to overlook such transgression, then the BJP could make it a poll issue. The supreme court simply does not enter the picture. In fact, any supreme court interference in the matter amounts not only to an encroachment on the domain of the legislature, not only to an infringement of the powers of the states within the federal structure of the country but, above all, to an abridgement of the prerogative of the electorate. Whichever way we look at it, therefore, any supreme court interference in the matter is fundamentally anti-democratic.

Indeed, the supreme court itself has been chary of such interference, even when there were persuasive arguments for its doing so. Its refusal to encroach on the domain of the legislature was the avowed reason for its not stopping the privatisation of public sector units, even though such privatisation patently violated the Directive Principles of State Policy enshrined in the Constitution; what is more, it has taken this position for a long time, starting from the days of its BALCO judgement. It was all the more surprising therefore to see the supreme court jump into the fray. If the Modi government, keen not to be seen stopping subsidies to the working people, wanted the supreme court to carry the can on its behalf, then the latter’s acquiescence with this plan seems quite inexplicable.

Welfare Spending

The logical contradiction that inheres in any distinction in principle (as opposed to mere arbitrary classification) between welfare spending and productive subsidies on the one hand, and “freebies” on the other, emerged even from the chief justice’s remarks. He talked of “freebies” not being the same as welfare spending but did not give any inkling of how to distinguish between the two. At another point he talked of the need to do away with “irrational freebies”; but this is a tautology in the absence of any independent criterion on the basis of which “rational” and “irrational” “freebies” can be distinguished because in such a case only that would be defined as “irrational” which you wish to do away with. And, finally, he talked of setting up a committee to advise on what should be done about “freebies”.

Any such committee that is set up, must at the very least, also be asked to examine the massive “freebies” being doled out to the monopolists. In a country where there is no wealth tax, and where corporate taxes are the primary means of taxing the rich (they

can always evade personal income tax by showing their consumption, and hence implicitly their income, as costs of the enterprises they own), giving corporate tax concessions goes against all canons of propriety; and the argument that such tax concessions stimulate investment is just a self-serving assertion without an iota of either theoretical or empirical support. Hence to talk of “freebies” without talking about such tax concessions is an affront to reason.

But tax concessions to capitalists are not what the supreme court committee will be asked to look into. And there are, no doubt, enough superannuated economists and bureaucrats who would be willing to serve on such a committee and play the role of a “slot machine” (you insert your coin and get the report you want). Wasn’t precisely such a committee set up during the kisan agitation against the three infamous farm laws? It’s very composition was such that it was expected simply to endorse the position of the Modi government; the only hitch was that the kisans would have none of it.

In fact, what we are witnessing now is a re-run of the same picture. The Modi government will not have the temerity to suggest any cuts in subsidies on education or healthcare; hence its fulminations against “freebies” will be directed mainly against productive subsidies, in particular those given to the petty producers, especially the peasants. As the chief justice’s remark indicates, a distinction will be drawn between welfare spending and “freebies”, confining the latter mainly to subsidies on inputs to the peasants. This distinction between “welfare expenditure” and “freebies” is of course completely untenable, since the peasant’s economy is an integrated one where expenditures on production and consumption are closely linked: if the peasant for instance has to pay more for electricity, then he may make ends meet by pulling his son out of school. But this distinction no doubt will be forcibly drawn and input subsidies to the peasants will be drastically curtailed in the name of eliminating “freebies”: indeed, already there is a mention of electricity subsidy as a “freebie”. The net effect of all this hullabaloo about “freebies” therefore will be a further squeeze on agriculture, making it more unviable and hence more vulnerable to corporate encroachment. It is the same agenda as that of the three farm laws but now presented in a different guise.

Neo-liberal Agenda

This has always been the agenda of neo-liberalism, to facilitate the corporate takeover of petty production, especially of peasant agriculture, i.e., to carry out a process of primitive accumulation of capital and to make Indian agriculture entirely subservient to the demands of the metropolitan economies, which means undermining food security in the country. The implications of such a course had come to the fore recently in the case of Africa when the stoppage of imports from Russia and Ukraine had created fears of catastrophic famines; but who in the government cares?

This pre-occupation with “freebies” is the Modi government’s latest obeisance to neo-liberalism. Since the fiscal deficit target has to be met while giving away tax concessions to the big capitalists, and since a further increase in indirect taxation is not feasible in this inflationary environment, the only way out for this government is to cut expenditure. And it reckons that the first place where expenditure can be cut is subsidies to agriculture. Cutting such subsidies serves a dual purpose: it keeps

international finance happy by sticking to fiscal targets, and it makes agriculture more prone to encroachment by big capital and agribusiness.

In fact, this entire episode reveals with great clarity two essential features of neo-liberalism. One is its anti-democratic thrust. Neo-liberalism replaces the sovereignty of the people with the sovereignty of international finance capital. The country adopts policies demanded by international finance capital, even when these policies hurt the interests of the people; and it does so by going behind the backs of the people. The entire current rigmarole of approaching the supreme court over “freebies” is nothing else but going behind the backs of the people; it amounts to presenting them with a *fait accompli* in the form of a supreme court order, instead of asking for their consent. The government knows that it would not obtain the consent of the people for its proposal of doing away with whatever crumbs come their way, in the name of curtailing “freebies”.

The second feature is its brazen class character. The choice as neo-liberalism sees it is between giving “freebies” to the people, i.e., making transfers to the working people, and “development”, which in its view is synonymous with giving “freebies” to the big capitalists, i.e., making transfers to the big capitalists; neo-liberalism pushes for the latter and towards this end, it mobilizes every institution of the State.

Narendra Modi is presented by his acolytes as a bold leader; behind his façade of bravado, however, is an abject kowtowing to the dictates of international finance capital. But every move in the direction of eliminating the so-called “freebies”, i.e., transfers to the working people, will only bring forth their resistance, of which the kisan movement has given a sterling example.

* This article was originally published in the [Peoples Democracy](#) on August 28, 2022.