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Chapter 3

RENT CAPITALISM, STATE, AND DEMOCRACY A THEORETICAL PROPOSITION

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I Introduction

Neither Marxist nor non-Marxist theories about the political economy in South and Southeast Asia have been able to come to terms with the decisive role of the state in the post-colonial societies. Why and how is it that the state, rather than invisible hands of the market or powerful 'civil' classes, is the main driving force?

Others may try to improve non-Marxist ideas and tools. My research aims at identifying conceptual weaknesses and contributing to the further development of Marxist approaches - by critically examining problems of making political use of its traditional theories on and analyses of post-colonial Indonesia, India and, later on, the Philippines.

Studying Communist parties in post-colonial Indonesia and India, and comparing their theses (including their analyses, prognoses, and strategies) about capitalists and state as vital driving social forces with what actually happened, I have thus identified certain decisive tendencies related to the role and basis of the state in the transition to capitalism, which were difficult to take into consideration by the use of predominant Marxism.¹

II The Problem

Generally speaking, conventional Marxist theory allows for two paths to capitalist development. The first, ideal and traditional road is characterised by the liberation of viable actual producers from feudal lords, whereafter some advance and turn into capitalists - with a minimum of state support. The second, and shall we say more German path, covers

a situation where the real producers are not liberated from feudalism and where some other countries have already developed a threatening capitalism. Thus capitalism emerges instead among the already powerful groups, landlords, big traders, etc. - who need a lot of support from a quite solid and rational state acting as a collective capitalist to, among other things, enforce capitalism upon the still unliberated masses. The two paths are simplified below:

Role of the State

Main basis of the state	non-interventionism	solid interventionism
liberated producers	(1) The idealised path from below	
landlords and traders		(2) The Prussian path from above

The main problem is that there is - according to my studies of the problems of applying marxism politically - no room for either the Indonesian or the Indian state-led developments in this tableau. The states are interventionist. However, they do not act in a unified and rational way but are extremely discretionary and even arbitrary. (This is not, however, to say that I subscribe to notions such as patrimonial, neo-patrimonial, and soft states.)

Even worse, the decisive capitalists in Indonesia are, my research suggests, neither liberated producers nor old powerful monopolists, but mainly a new brand who have emerged from within state organisations and co-operate with private businessmen, domestic as well as foreign.

Comparatively old-fashioned monopolists, and sometimes also liberated producers, are much more important in India. Nevertheless, as we know, they do not dictate the state and its important interventions but rather rely on co-operation with politicians and bureaucrats with their own substantial resources besides those of pure servants.

It is difficult to take these indications of decisive developments into due consideration and explain them within the standard marxism that informed the communists in Indonesia and India. Let us therefore add

at least one row and one column and thereby hint at a third, still unexplained, path to capitalist development.

Role of the State

Main basis of the state	non interventionism	solid interventionism	discretionary and arbitrary interventionism
liberated producers	(1) The idealised path from below		
landlords and traders		(2) The Prussian path from above	
			(3) capitalists emerging from within the state in co-operation with private capitalists

How then shall we conceptualise a state-led transition to capitalism which is characterised by discretionary and arbitrary interventionism with a basis among capitalists who emerge from within the state and who co-operated with private capitalists? Are there, to begin with, other theories which can help us explain this third path?

A more fruitful understanding of the state in countries such as Indonesia and India leads us beyond theories that emphasise mainly imperialism and non-dominant domestic capitalism. The ruling factions have their own bases to rely upon in their co-operation with foreign capital, the states are quite stable, and capitalism is on the offensive both from within and from outside the states. But to analyse the enhanced powers of the state in terms of either regeneration of pre-colonial independent Asiatic central powers or more forceful penetration by stronger private capitalists is no solution. Rather, the states are relatively autonomous - but how and why?

The relative autonomy is not due to the emergence of an advanced capitalism that, generally speaking, can do without extra-economic interventions, but rather the other way around. However, strong roots in Asiatic specificities make it unfruitful to draw on generalisations from

the periods of absolutist European states. And the lack of a dominant contradiction between a bourgeoisie and a rising proletariat makes it difficult to use classical studies of Bonapartism as a point of departure.

Moreover, the relative autonomy is due not only to the lack of strong civil classes but also to an increase in the powers of the states. Further, these state powers are not based mainly on the immense administrative and coercive state apparatuses. Rather, the states have become decisive parts of the economic base in addition to being an arena with institutions for the mutual benefit of the dominating civil classes. Also, the states are not unified actors. Their organs are penetrated instead both from within and without by various groups and individuals, for their private ends. We have quite substantial knowledge about the foundations of the factions that penetrate the state from without. However, we should know more about the bases of those which arise within the state itself, in order to understand the frequent corruption, clientelism, and corporatist forms of co-operation with dominating civil groups.

In my view it is, in other words, essential that we proceed by adding the materialist foundations - if it is true that the state is an important part of the economic base itself. One way of doing this is, I suggest, to conceptualize the roots of the state powers that cannot be linked to 'civil' classes in terms of rents.

III Rent Capitalism and the State

To begin with, one may talk about rentier states to indicate that, for example in Indonesia, huge parts of the state income originate from rent on oil (plus foreign aid) which makes the state less dependent upon taxing people and on promoting production in order to increase revenues. Also, it may be easier for influential persons within the state apparatuses to get privileged access to or simply steal these resources, rather than from incomes based on taxation of the people. No doubt this is important. However, it leaves us with a rather static view. It is hardly the origin of the resources, but rather the monopolisation of them and their administration that is basic - and thereby the possibility to add rents from trading or investing favourable regulations etc. as well as real assets to the initial resources. And even if state incomes dry up (like oil revenues in contemporary Indonesia), there is still the option for influential persons within the state apparatuses to demand rent from outsiders, who need 'favourable' regulations and/or can give something in return for getting access to the remaining resources. Therefore, let me in this discussion

leave the notion of rentier state in terms of its sources of income, as well as plundering of the state, behind, and turn to legal or illegal appropriation of rents by people with capacity to control public administration and resources.

According to Ranjit Sau² it is mainly through the manipulation of the very processes of administration inside the organs of the state that it is possible to appropriate rents. We are now talking about politicians, and civil and military state personnel with control of licences, contracts, quotas, etc.

However, we should not only consider regulation, implementation etc. but also basic control over necessary preconditions for production, trade and other forms of generating surplus. (The difference is similar to the one between ownership of a company and the management of it). What I have in mind is, for example, the control of real resources such as finance, inputs, know-how, transport and infra-structure, access to markets, disciplined and skilled labour, etc.

In an 'ideal' capitalist economy, most of these preconditions for generation of surplus are privately owned and available on an open market. Capitalists sell and buy and make profit. The state takes care of what they have in common and mediates. As long as the capitalists survive on the market, their activities are, according to the assumptions of most economic theories, not parasitic. However, in countries like Indonesia and India, very many of these preconditions for generation of surplus are at least regulated, and often also controlled, by the state. Now the 'rules of the game' are changed. According to extreme bourgeois economists, most costs for public regulation and control imply parasitic rents - since everything could (and should) have been taken care of by the market. Others suggest that we should talk about corruption and parasitism when politicians and civil and military state personnel do not function as loyal Weberian-bureaucrat-servants (of at least the dominating classes) but discriminate - without any basis in the law and the rules. I myself would argue that plundering of the state is definitely corruption and that the appropriation of rents does not have to be illegal and parasitic.

How shall we conceptualise all this? Aside of plundering the state through self-aggrandising (e.g. by-passing others in the queue that you administer) or theft, a reasonable point of departure should be a distinction between, monopoly-rent on public administration, and monopoly-rent on public assets.

The first case is close to what Sau calls rent on bureaucracy. He discusses mainly the differential rent that those who get access to a licence, for example, can make in comparison with others - without improving or adding something to the trade or production - just like the farmer who happens to have more fertile land than his neighbour. However, I would rather start from the monopoly of administration. Rent on favourable regulations etc. can be appropriated by either trading the privileges or 'investing' them (or one's capacity to deliver them) in a specific business venture and then getting a share of the profit. (In the latter case Sau's differential rent may also turn up on top of the monopoly-rent.) The rent may be in cash or in kind. The appropriation may take place directly or indirectly, for example via relatives. If it is legal or not, or called corruption or not, is not important here. (As we all know there are, to make but two comparisons, perfectly legal ways to avoid taxes or find acceptable reasons to employ someone close to us even though other applicants may be more qualified.)

Also, we can set aside simple occupational criteria such as politicians or bureaucrats. Despite this I would hesitate to distinguish a class. It certainly is a distinct form of surplus appropriation. But the very foundations of the monopoly over various parts and levels in state regulation and implementation that makes rents possible are very diverse, and hardly promote similar interests and ways of reproducing and monopolistic positions.³ For example, some would turn to fellow bureaucrats or officers, others to strong civil classes or even foreign business and government agencies for basic support. Rather, I would argue that this first type of rentiers, which I will call *regulative rentiers*, are usually independent servants and/or representatives of various classes and factions which in their turn have obvious and direct relations (in terms of ownership and control) to the means of production.

The second case, on the other hand, has to do with precisely such more thorough control over, broadly speaking, public means of production - assets and services necessary for the generation of surplus. In other words and for example, once we have paid to be considered for irrigation services and to be favourably treated by those who order the queue, we also have to pay rents to the particular politicians and servants who have monopolised control over the water, the dam and the channels. What we face is, thus, an informal type of privatisation of the public sector within the framework of, and this is very important, the legitimacy of the state as a whole. Again, the rents may be appropriated through trade or investment of the assets, in cash or in kind, directly or indirectly, legally or illegally. Consider for

example how certain generals in Indonesia manage to control - and exercise legitimate control of - various state-owned companies, state apparatuses (and sections within them), monopolising thereby a whole range of necessary preconditions for trade and production like raw materials (not least oil and gas), finance, labour and so on. Hence, they can demand rent on letting these resources out - just like a landlord who rents out parts of his land - or enter into partnership with the actual businessmen.

In this case, distinguishing a new class of rentiers is theoretically unproblematic. We have to deal with monopolised control of necessary real assets which happen to be public and not available on an open market, but which could just as well have been privately owned and often even possible to buy for anyone. It is difficult but quite possible to identify which individuals and groups are in control of what assets, and how they are linked to private businessmen and groups.⁴ And in the final analysis it is their control of, broadly speaking, means of production, not their positions as bureaucrats or officers or politicians, that matters.

Further, by studying the interrelationships between these rentiers and private capitalists, it is possible to distinguish between at least two factions of the class: those who 'only' appropriate rent by trading the 'product' to anyone who pays, as a banker, and those who invest the assets or monopolised services in specific companies in return for a share of their profits on trade and/or production, like a finance capitalist. (Other characteristics, such as high concentration of capital, that go with the concept of finance capitalism do not necessarily follow suit!) I will label the first faction *political rent capitalist* and the second *political finance capitalists*.

No rents reflect productive business in the sense that they result from something that has been added to the product. But while it is common that rents on favourable administration may distort regulations that are essential for the promotion of production (e.g. within the framework of import-substitution policies), monopoly rents on necessary assets are not more parasitic than private rents on, for example, real estate or profits on trade. And we are not talking about plundering the state. Our rentiers, and especially the financiers, must see to it that their clients are doing reasonably well so that they can pay and not turn to other patrons. However, all monopolies may hamper economic and social progress.

I will shortly return to the dynamics, but the question why the political rentiers and financiers are capitalists should also be touched upon here. Their appropriation of rents is, in principle, possible to adapt to many modes of production. Hans Bobek has developed an extremely wide notion

of rent capitalism which he applies to very early periods in history.⁵ In my view, however, rent-business in itself is not capitalist. (The fact that bureaucrats, for example, might invest their stolen goods or rents like 'proper' private capitalists is quite another thing.) But contemporary appropriation of rent in countries like India and Indonesia takes place within the framework of a predominantly capitalist system. Hence, the rentiers and financiers are dependent upon the performance of the trading and producing capitalists in order to get best possible rents. And the traders and producers are in desperate need of most of the resources that the political rentiers and financiers can offer.

Important parts of what I have said so far about the roots of the state powers that cannot be linked to 'civil' classes may be summarised in the following tableau:

Sources

Form of appropriation	public administration	public resources
plundering	self-aggrandisers	thieves
trading	regulative rentiers	political rent capitalists
investing	regulative rentiers	political finance capitalists

I could not refrain from identifying actors within the boxes, but would like to stress what people actually do - since the distinctions do not imply that specific individuals and groups are engaged in one sort of 'business' only. A particular bureaucrat or officer or politician may be partly 'clean', partly self-aggrandising, partly stealing, partly appropriating rents by trading/investing favourable administration, partly engaged in political rent or even finance capitalism. Likewise, concrete political rent capitalists, for example, may also to some extent be regulative rentiers... And the state as a whole is, of course, not only an organ for the rentiers themselves but also for the civil classes and factions. Finally, the control of state resources by the rentiers and financiers is not only hidden but integrated with official state authority and legitimacy. As I said in the beginning of this discussion: I am concentrating on the material causes for why the perverted state, and the forces within it, are able to integrate, regulate and reproduce complex relations of power and exploitation. Hence I am

looking for one decisive aspect, and do not aim at giving a full explanation of all the complex dimensions.

However, let me also consider the role of rents in the frequently discussed patron-client relations. According to the Weberian approach, clientelism reflects ways in which dominant persons mobilise and institutionalise popular support, and in this process also in other ways use their subordinates in return for patronage. Little is said about the very basis for this besides references to the historical background. Neither have Marxists, to my knowledge, come up with a powerful alternative, but they usually add that patron-client relations mirror false consciousness among clients, for which there may be various reasons. Classes based on relations of domination and exploitation in the process of production are present on the economic level, but rarely formed socially and politically. Instead, organisation is blurred by old social, political, cultural and religious structures and patterns.

I do not want to deny the need to go beyond so-called economic explanations, but in this case it is actually the material basis as a point of departure that is missing. I would maintain that patron-client relations in societies such as India and Indonesia are not mainly superstructural remnants without firm economic bases, which could thus be undermined by conscientisation of the clients over the 'real' conflicts of class. Rather, clientelism in countries such as India and Indonesia - including clientelism as an important element of communalism - may often, in the final analysis, be explained as a combination of economic and extra-economic forms of appropriating rents (parallel to other forms of exploitation and contradictions of class in the very processes of production and trade).

The rents are not mediated through open markets. Especially assets and services, for which rents are demanded, are tightly linked to individuals. The 'commodity' is personalised. Personal relationships between the stronger and weaker parties are necessary for appropriation of rents. The weaker party has to turn to specific powerful individuals in order to reproduce his position. The stronger party has to turn to specific individuals who need (and can 'pay' for) what he can offer in order to uphold his power and to be able to appropriate rent. Both parties are eager to sustain their relations - as long as no better patrons or clients appear, or at least till one party can reproduce his position on his own, or through other forms of domination and exploitation.

These remarks bring me to the dynamics of, broadly speaking, political rents. The historical background in Asiatic forms of absolutist states, followed by the colonial state, weak civil classes etc. are quite obvious.

However, having set aside the discussion about a rentier state in terms of its sources of income (which is of course important for a full discussion about so-called developmental states), and concentrating instead on appropriation of rent based on monopolisation of public administration and resources, I would nevertheless like to elaborate a little on the suggestion that states promote development when facing the 'right' combination of domestic and foreign threats.⁶ If I link my attempt at identifying the decisive forces within such states, with Robert Brenner's thesis that classes turn progressive only if they have to radically change systems and structures in order to reproduce their positions,⁷ I arrive at the following argument:

In order for states like India and Indonesia to turn 'developmental', it is the regulative rentiers, and especially the political rent and finance capitalists with powers of their own, who have to face a combination of threats and possibilities in order to turn progressive (though not necessarily revolutionary).

Rent-seeking patrons cannot exist without clients within trade and production. But the latter are also in desperate need of the resources that the political rent and finance capitalists command. Hence it is strategically important to study the balance of power between various patrons and within different patron-client relations. For example, the client may be able to choose a more favourable patron or turn more independent. On the other hand, patrons will have to reproduce their positions by accumulating sources of rent, offering better services and/or relying on more 'developed' extra-economic powers (not necessarily in terms of naked force). Consider, for example, the importance of the huge resources that Indonesian patrons got access to through the nationalisation of foreign companies in the late 50s and early 60s, as well as via oil and gas in the late 60s and early 70s, or the decisive effects of the domestication of peasants and labour in the mid 60s. Also, it is, for instance, obvious that Indian private business clients have a more independent position than their Indonesian counterparts. On the other hand, the balance of power between the various dominating classes in India, including the political rent capitalists and their private capitalist clients, is much more even than in Indonesia, which, as Bardhan and others have maintained, restricts 'efficient' developmentalism.⁸

At the same time, regulating rentiers may be somewhat weakened because political rent and especially finance capitalists have to further develop their clients' trade and production to sustain their own appropriation rents - something which may require a more efficient and less arbitrary

administration. Similar changes are on their way in Indonesia. And this is at least one possible way of interpreting Rajiv Gandhi's privatisations, deregulations and emphasis upon efficiency.

Also, as I have already hinted, political rent capitalists may transform themselves into political finance capitalists by associating themselves more tightly with specific private capitalists and their ventures. Thus they are no longer only leasing out their assets and services to anyone who can pay (like a banker), but investing their capital - the assets and services - in certain companies (like a private finance capitalist). On the central level this is more important in Indonesia than in India. The links between private client capitalists and their companies on the one hand, and on the other hand political rent and finance capitalist generals, are getting stronger and stronger.

But, if powerful rentiers fail to change, they may be faced with revolutionary threats from, for example, frustrated private client capitalists. This is at least one way of interpreting the fall of Marcos in the Philippines.

Finally, there is no need to exclude the possibility that clients weaker than private capitalists might find ways and opportunities to become more independent and to overrule their patrons. Unfortunately, I cannot give any examples. Most radical organisations do not give priority to struggles against the appropriation of and exploitation through rents. And when the issue is at stake, at least indirectly, - as recently in the farmers' agitation in India - the weaker groups and radical movements seem to hang on to private capitalists' or rich farmers' interests. However, I will continue to exclude peasants and the rural scene from this essay and return to it in a subsequent paper in this collection.

The problem with which we started the discussion in this chapter was that the state-led transition to capitalism in India and Indonesia does not fit into the common first and second path to capitalism. Rather, it is characterised by discretionary and arbitrary interventionism with a basis among capitalists emerging from within the state and co-operating with private capitalists. Having conceptualised the roots of state powers that cannot be linked to 'civil' classes in terms of rents, we can now reformulate the tableau from the beginning of the chapter in the following way:

The unexpected and unexplained third path to capitalist development is characterised by what I would call semi-privatised state interventionism (interventionism, but not solid as a collective capitalist), mainly governed by regulative rentiers, and based on political rent and finance capitalists who

co-operate with private capitalists. This third path to capitalism may, therefore, be called rent capitalist.

Role of the State

Main basis of the state	non interventionism	solid interventionism	semi-privatised interventionism
liberated producers	(1) The idealised path from below		
landlords and traders		(2) The Prussian path from above	
political rent and capitalists in co-operation with private capitalists			(3) The rent finance capitalist path partly from within the state

What about the other boxes? One can fill most of them with at least fragments of the transition to capitalism in various countries and regions. One case is of particular interest. As I have already mentioned there are indications that at least Indonesia is heading slowly in the direction of more solid interventionism with more disciplined regulative rentiers. More efficient and less arbitrary administration seems to be needed in order for political rent and finance capitalists to promote their clients' production and trade - and thus their own appropriation of rents. (There are, perhaps, some similarities with the transition in South Korea in the early and mid 60s.)

Finally, please observe that I have 'only' addressed some decisive factors in the transition to capitalism and particularly the problem of how to explain, within the framework of historical materialism, the obviously decisive powers of those rulers of the state who cannot be directly linked to 'civil' classes. Thus I am not presumptuous enough to talk about the mode of production or 'at least' about the complete structure or system of contemporary capitalism and state; and therefore neither about the form of regime, ideology, development strategies and many other things of importance. That requires a much wider conceptualisation and complete analysis, which still remains to be done. But the problem was, that when

such attempts were made with the standard approaches (and applied politically) by marxists in Indonesia and India, they could not take into consideration, among other things, the transition to capitalism and the roots of powers that I have now tried to make sense of.

Rent Capitalism and Democracy

Finally, let me discuss preconditions for democratic rule⁹ in countries such as Indonesia and India under rent capitalism. There are five basic types of prerequisites.

(1) Most private capitalists depend on extra-economic protection and support in order to reproduce their positions. Political rent and finance capitalists even base their strength on political monopolies.

Thus, on the one hand, the extent of what people *in principle* hold in common, within the framework of the state, is very large. But, on the other hand, the material basis (among the capitalists) for extended equal rule is narrow. And there is hardly any powerful basis for bourgeois democracy¹⁰ to be found in the interests of economically independent capitalists.

However, private capitalists in India are, generally speaking, more autonomous, and the political rent and finance capitalists less powerful, than in Indonesia. Hence, the scope and need for governing according to rules of what the capitalists and their servants hold in common, plus relatively independent politics in general, is wider and more pronounced in India than in Indonesia.

(2) Exploitation through rents has decisive importance. This has at least two basic effects upon the conditions for different types of rule.

To begin with there is a material basis for the personalised dependency relations. These open the way for clientelism as a means of mobilising popular support etc. among citizens on all levels. And this in turn leaves some room for very limited forms of popular influence and participation - as long as the very exploitation through rents, the control of common resources, is not threatened; as long as the patrons can continue to reproduce their positions as rentiers.

Moreover, exploitation through rents is, by definition, based on centralised relations of power (because of the control of what people, in principle, hold in common). Thus there are also decisive preconditions for centralised forms of political mobilisation to be found. Hence the

importance of leaders, paternalism, *bapakism* in Indonesia, but also populism.

However, because the Indian capitalists are comparatively more autonomous than the Indonesian ones, but still dependent upon other's capacity to govern what capitalists hold in common, and to mobilise general acceptance, there is in India room for the co-existence of limited forms of political democracy and clientelism, paternalism, etc.

Also, the relatively autonomous politicians and civil servants (in India) may find it suitable to develop forms of rule that include vote-catching, mediation, respect for elitism, etc. not only because their masters need it but also in order to reproduce *their* positions. We should not forget that most politicians and administrators in India do not possess the same absolute powers within the organs of the state as many of their Indonesian colleagues do (among whom there are more and more powerful regulative rentiers, as well as political rent and finance capitalists).

(3) Class structure under rent capitalism is complex and fragmented. Social and political organisation is not only affected by appropriation of surplus within production and trade but also by exploitation through rents - which supports other forms of loyalty than class.

To begin with, this requires complicated regulations and forms for compromises and mediation among dominating classes, factions and patrons. This in turn may, if necessary for the reproduction of the dominating groups, give rise not only to limited forms of equal rule among the powerful groups but also to demands for more efficient and universal administration of what they hold in common.

The less absolute power of the dominating groups in India than in Indonesia seems to give room for limited forms of equal rule of what the capitalists hold in common. On the other hand I shall not be surprised if the very absolute powers of political rent and finance capitalists in Indonesia will, in the near future, give rise to more forceful demands for a slightly more universal, technocratic and especially more efficient administration (of their common business) than in India.

(4) Complex class structures, and socio-political mobilisation and organisation along vertical rather than horizontal lines, also condition the ways in which rulers are able to domesticate oppressed and exploited people on various levels. There is a need for other forms of conflict regulation between rulers and ruled than many of the methods applied during the development of advanced Western capitalism. For example,

pure economic force on a comparatively free and open labour market cannot be relied upon to the same extent. As I have already mentioned, there are, instead, ample opportunities to subordinate people within the very processes of appropriation - through clientelism, etc.

The need to draw on such opportunities seems to be greater in India than in Indonesia - not least because the Indian rulers on different levels possess less absolute powers. This, then, is an additional reason for the survival of contained political democracy in India.

This is not the best place to elaborate on prerequisites for democracy due to interests and demands put forward by peasants, wage labourers and others. (I will be better equipped to do so in a forthcoming book from my project that departs from theses about these classes as driving social forces.) However, since it may be possible to interpret my conclusions as if there were hardly any openings for genuine democracy under rent capitalism, I would like to make some remarks.

It is, of course, true, as Mouzelis¹¹ and others have pointed out, that late, incomplete and uneven industrialisation gives rise to wage labourers who, to borrow Arrighi's concept,¹² are less likely to be able to defend their market bargaining power by uniting, forming powerful organisations, and enforcing certain democratic concessions from a bourgeoisie within the framework of a stable and flexible capitalism, than their comrades in Western Europe. But the dynamics of rent capitalism also produces other conflicts and possible options.

Consider, for example, that the very basis for exploitation through rents is monopoly of what people, in principle, hold in common. Thus, even if wage labourers may be very fragmented and have very different immediate interests as well as survival strategies for their reproduction within the existing structures and systems, many of them have to do away with undemocratic forms of rule in order to radically improve their situations. Moreover, they have this in common not only with a majority of the wage labourers but also with huge numbers of peasants, petty businessmen and others in subordinated client positions.

The crucial problem is, of course, that quite a few of them may be able to reproduce their positions, and even to some extent their levels of life, within the framework of the present relations of power - without struggles for democracy. And their immediate common interests within the fragmented and different processes of production and trade may be more decisive for short term actions. Many wage labourers in Western Europe had to demand democracy already in order to defend their very

immediate interests of protecting their market bargaining power. But, on the other hand, as soon as the general exploitation through rent becomes decisive and necessary to fight for the protection and direct improvement of people's standard of living - as recently in Kerala¹³ - interests in democracy are general, dynamic and may even become revolutionary to an extent never experienced in Western Europe - since the very basis of many economically as well as politically important rulers is undemocratic control over what people hold in common. Also, the powers of the rulers, the common resources that they control, is extensive. Thus, a democratisation of the ways in which common resources are ruled may empower people to an extent that, relatively speaking, would perhaps even bring them ahead of the labour movement in Western Europe.

If, as Thérborn¹⁴ and others have claimed, capitalism in the West produced contradictions and opportunities that made it possible for the labour movement to enforce bourgeois democracy, I would thus argue that the dynamics of rent capitalism may give rise to contradictions, movements and demands which, intended or not, may produce more extended forms of popular rule.

This, however, is not to subscribe to the ideas of radical democracy, put forward by Laclau and others, in the context of post-industrial societies, where they argue that interests of class are no longer decisive for democratic demands.¹⁵ Quite on the contrary, I would argue that general interests of democracy in countries such as Indonesia and India may be rooted in the very process of exploitation through rents.

Implications for Political Marxism

It is not the state per se that is 'evil' under rent capitalism. It is rather the socio-economic and political balance of power, which makes it possible for certain social classes and factions, within as well as outside the state, to monopolise and use resources which are in principle collectively owned.

Hence, there is no main conflict between 'state and civil society' - but between, on the one hand, the social classes and factions, within as well as outside the state, who have monopolised public resources, and on the other hand those who have produced but do not possess these resources.

There are two main ways out of this. Either power is transferred to state-dependent private capitalists by way of 'liberalisation' (the traditional bourgeois argument for strengthening the 'civil society') - or the control over the collectively-owned resources is transferred to the real producers by way of democratisation.

I fail to see any logical reason to consider privatisation, not even in order to promote growth or to strengthen the 'civil society'. It is not the state as such, but the way in which it is controlled and used, that is crucial. The easiest way to get rid of tax evasion, for example, is, no doubt, to liberate people from taxes. However, it is not the common resources that should be done away with, but their monopolisation.

Therefore, what is the potential for democratisation? Many of the preconditions that were decisive for the emergence of European bourgeois democracy are lacking. The basis of rent capitalism is undemocratic control over what people hold in common. On the other hand, potential interests in democracy are spread at least as widely as exploitation through rents on what is collectively owned. And the extensive common resources constitute a considerable potential basis for people's development under democratic rule.

An option exists, thus, for broad social and political alliances based on common interests in democratisation, by which political marxism can regain the importance and initiative it sometimes had during the pre-rent capitalist periods of co-operation with occasionally progressive capitalists and leaders of the state.

The issue of democratisation is latent. Political Marxists may turn down the explosive potential of demands for democracy, open up for bourgeois forces to take over instead, and hold on to old theses and strategies - as most of the Philippine communists did recently (which is similar to when many South and Southeast Asian communists occasionally gave up nationalism during the anti-colonial struggles).

On the other hand, political Marxists may, consciously or not, shoulder demands for democracy and take the lead - as the Kerala Communists did in order to win the 1987 state elections. Promotion of growth and the people's standard of living required efficient state organs and co-operatives. They were, however, monopolised and abused. Thus, they had to be democratised. (Whether they can implement this policy consistently or not is another question.)

However and of course, even if all who are significantly exploited through rents on monopolised common resources should be interested in democracy, we need much more knowledge about when and how people have the interest and capacity to give priority to the struggle for democracy. I hope to be able to return to this during the next few years.

NOTES

1. This essay is based on some of the conclusions in my new book, *What's Wrong with Marxism? I: On Capitalists, and State in India and Indonesia*, Manohar publications, 1 Ansari Rd., Daryaganj, New Delhi-2, June 1989 - in which I am partly drawing on new research on India and partly on my *Dilemmas of Third World Communism; the destruction of the PKI in Indonesia*, Zed Books, 1984 (first published in Sweden 1982) and *Struggle for Democracy - a new option in Indonesia?*, The AKUT-series no 33, University of Uppsala 1984. For the empirical basis of the arguments in this essay and full references, please consult these books.

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2. Sau, Ranjit, 'Economic consequences of a dominant coalition', *Economic and Political Weekly*, Vol. 21, no. 24, 1986.
3. Thus, for these and other reasons I would not subscribe to property rights and public choice arguments.
4. Cf., for example, the fine research done by Dick Robison and David Jenkins.
5. Bobek, Hans, 'The main stages in socio-economic evolution from a geographical point of view', in Wagner and Mikesell, eds, *Reading in cultural geography*, The University of Chicago Press, 1962.
6. Gunnarsson, Christer 'Utvecklingsstaten 1 Öst och Sydostasien', ('The developmental state in East and Southeast Asia'), *Den ny verden*, Nr 2, 1987.
7. Most recently in Brenner, Robert, 'The social basis of economic development', in John Roemer, ed., *Analytical Marxism*, Cambridge University Press, 1986.
8. Bardhan, Pranab, *The political economy of development in India*, Basil Blackwell, Oxford and New York, 1984.

9. Drawing on Lars Rudebeck, *Development and democracy. On political systems and their preconditions in different types of societies*, AKUT and Dept. of Political Science, University of Uppsala 1985, I distinguish between people's rule, a form of government, and people's power, its socio-economic basis. A very general definition of democracy could be that people equally rule what they hold in common.
10. Bourgeois democracy in the sense that private property is excluded from what people hold in common, and thus from what should be democratically ruled.
11. Mouzelis, Nicos, 'On the rise of postwar military dictatorships: Argentina, Chile, Greece', *Comparative Studies in Society and History*, Vol. 28, No.1, 1986.
12. Arrighi, Giovanni, 'The labour movement in twentieth century Western Europe', in Wallerstein, ed., *Labour in the world social structure*, Sage, London, 1983.
13. The communists in Kerala had been out of state government for rather many years. In the recent elections (Spring 1987) nobody expected them to win. They had stagnated. But the Left Front won. Why? During the elections and afterwards they were almost forced to give priority to democratising the regional and local organs of the state. Otherwise they would not be able to use them for the promoting of economic and social development and the creating of new jobs. Thus they had to abandon old tactical alliances with communal parties as well as the previous fixation of workers' and peasants' struggle for higher wages and land etc. - which had stagnated, did not hit at economic recession and speculation, and did not help the many unemployed.
14. Therborn, Göran, 'The rule of capital and the rise of democracy', *New Left Review*, No. 103, 1977.
15. Laclau, E. and Mouffe, C., *Hegemony and socialist struggle. Towards a radical democratic politics*, Verso, London, 1985.

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