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Revisiting *The Great Transformation*: Tata's Entry and Exit in West Bengal

The current relevance of Karl Polanyi's ideas with regard to development and change in poor countries

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Abstract: This paper analyzes the current applicability of Karl Polanyi's, 'The Great Transformation' (1944), in contemporary developing countries transitioning to market economies. Polanyi's case studies of industrializing England and tribal economies led him to an understanding of the necessity of institutions for maximizing the functioning of markets. Polanyi's theories are re-tested in a contemporary democratic and developing country. On the whole, his concepts such as the 'double movement' and 'embeddedness' have stood the test of time. However, the contemporary contingencies of government-to-government competition for private capital, an ever-increasing rate of innovation and high population densities highlight the difficulties in 'transforming' the poor and unskilled.

I. Introduction

Karl Polanyi's, *The Great Transformation (1944),* is an example of the "genuine comparative approach in the social sciences" (Berthoud 1990, 172). The crux of Polanyi's thesis – and his greatest contribution to the social sciences – was a product of his knowledge that "understanding other societies implies a consciousness of our culturally bounded conceptions" (Ibid.). He saw that formal economics, with its focus on profit maximization in an environment of scarcity, was "patently ethnocentric as it universalizes the historically specific culture of market capitalism" (Stanfield 1990, 196). For the society of industrializing 19th Century England, "the economists had it basically right" (Krippner 2001, 781), but the applicability of their model – along with its necessary abstractions – should not been made trans-historical and cross-cultural. Today, many developing countries have portions of their economies based upon social obligation; thus the ruin of these institutions cannot be disentangled from the livelihoods of those affected.

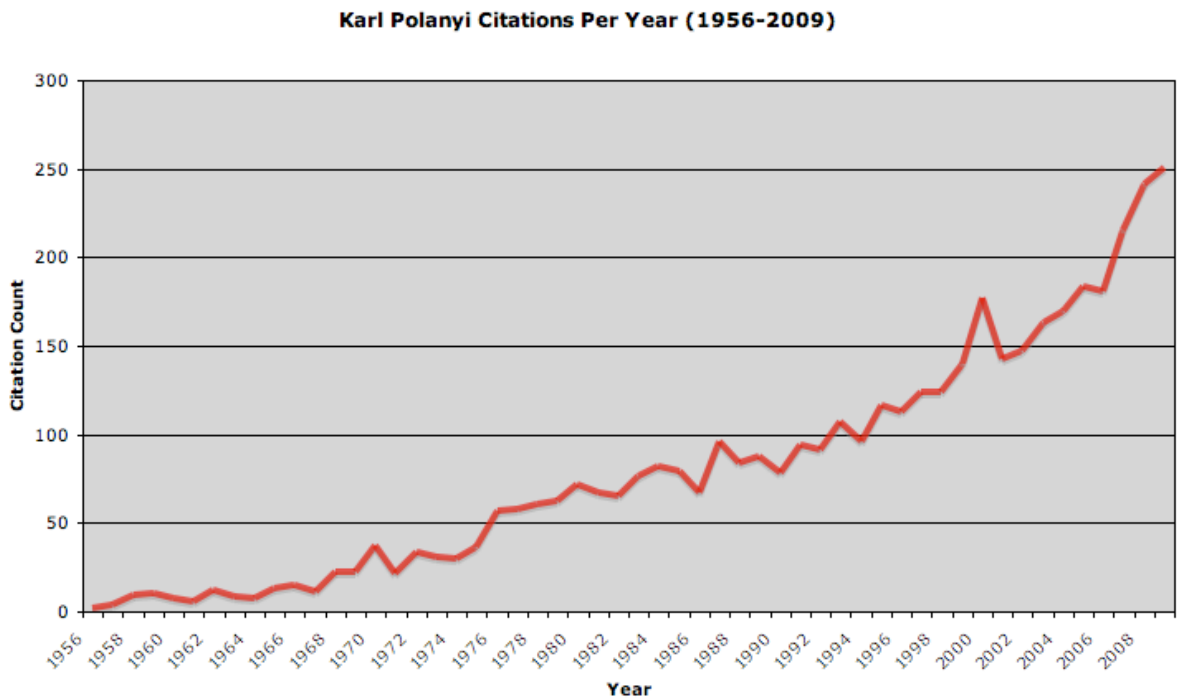
A Theory of Transformation?

It follows that neo-liberal development theory fails to have a cohesive theory of 'change'. It doesn't recognize the socially bounded economy that is destroyed in market transitions. "Nowhere has liberal philosophy failed so conspicuously as in its understanding of the problem of change" (Polanyi 2001, 35). Today, orthodox economic views in a post-Washington Consensus environment give prescriptive instructions on 'what countries need to do', but no instructions on 'how to do it' (Brett 2009). Liberal ideology presumes rapid change leads to rapid adjustment. By removing distortions in the economy, the market produces efficiency gains. This viewpoint ignores the fact that in many cases the "market" does not yet exist. In Polanyi's words, "[I]n no case can we assume the functioning of the market laws unless a self-regulating market is shown to exist. Only in the institutional setting of market economy are market laws relevant…it [is] the modern economists, whose stricture imply the prior existence of a market system…who strayed from the facts" (2001, 40).

Therefore Polanyi's understanding that institutions were of utmost importance to economic stability and continuity led logically to his methodology of "cross-cultural economics" (Stanfield 1990, 204) where the regularities created by institutions are compared historically across cultures. He objected to the economistic fallacy that the economy could be separated from the rest of life since "the means of meeting material needs were generally so embedded in the broader institutional fabric of social life that they could not be considered separately" (Somers 1990, 152).

Institutions and the Rise of Polanyi

Today, "[m]odern economic theory recognizes markets as complex, socially embedded institutions whose outcomes are contingent on the institutional matrix in which they are embedded" (Evans 2009, 325). In fact, many orthodox economists now argue that the failures of neo-liberal, free market policies were due to developing countries not having the necessary institutions. It seems that "Karl Polanyi is very much back in vogue" (Watts 2003, 11); the numbers seem to back up this statement, as there has been a near doubling of annual Polanyi citations over the past decade.



Source: ISI Web of Knowledge, Cited Author Search
Search Term: "Polanyi K*" (8 August, 2010)

That Polanyi's book was such a flop at its initial release and is now – some sixty years later on – seeing a surge in popularity is an interesting exposé into just how far mainstream thinking in social sciences has shifted regarding how it is that societies transform and countries develop[1].

Two Case Studies

Brett (2009) contends, "Polanyi's work provides a seminal analysis of the consequences of the transition from pre-market to market societies" (76). But strictly speaking, *The Great Transformation* is a set of two case studies plus theoretical discussion. The first case – of how England transformed from a pre-market to market society, is a longitudinal comparison of a single case examined over time with a before and after examination. The second case, of the then-recent anthropological work describing tribal resource distribution systems, is a cross-sectional study of pre-capitalist economies. Therefore, to confidently apply Polanyi's theories, we must know the differences between his case

[1] Some economists have become "institutional fundamentalists". Witness Paul Romer's decision to leave Stanford and work full-time on his "Charter Cities", where city-sized areas of a developing country would be given a brand new slate of "rules" in order to create growth.

study choices and the contemporary developing world.

Systematic Analysis

"Scholars from a variety of disciplines and political perspectives have returned to Polanyi's 1944 masterpiece, *The Great Transformation*, because it offers a powerful critique of a world economy organized through a system of self-regulating markets. Yet most of these analysts do little more than borrow a concept or a number of telling quotes from Polanyi. Efforts to engage with Polanyi's analysis in a more systematic fashion remain rare" (O'Riain and Block, 187). I agree with this assessment, so it follows that I will engage Polanyi's work in such a 'systematic fashion' by answering the following question:

Is Karl Polanyi's, *The Great Transformation (1944),* still relevant in explaining market transitions in contemporary developing countries? Specifically, do Polanyi's theories stand up when tested against the efforts of the West Bengal government to expropriate and enclose 997 acres of agricultural land from 13,051 small landholders and sharecroppers to make way for a Tata Motors car factory?

On the whole, Polanyi's ideas performed well under the case study test. Evidence supports his theory of the *'double movement'*, where marginal farmers acted spontaneously to protect themselves from the effects of market forces, while government intervention was need to create the conditions necessary for production and profitable sale of Tata automobiles. Though farmers were unsuccessful in protecting their own land, they did decrease the *'time-rate of change'* as the government slowed its policy of land acquisition. Polanyi's freedom of '*non-conformity'* acted as a political check to save West Bengal society from the 'white elephant' of excessive corporate subsidies. On the other hand, the contemporary contingencies of government-to-government competition for private capital, labour saving technologies and an ever-increasing rate of innovation show that Polanyi's theories may wrongly negate neo-liberalism's power as an "arm of political domination" (Burawoy 2001, 240). In addition, modern democratic rights to protest and high population densities mean that Polanyi's case studies of industrializing England and tribal economies may *underestimate* the difficulty of contemporary developing countries to transform into market societies: Unskilled poor people are not being 'transformed'; instead they risk being used opportunistically by political elites or are 'managed' by governments and placated with doles as they sit on the sidelines of the new economy (Harriss 2009, 775).

West Bengal's Great Transformation?

I argue that this West Bengal case study represents a situation 'least-likely' to confirm Polanyi's theories. In short, there should not be a countermovement by marginal farmers against the industrializing attempts of a Communist party – which sells itself as the party of the peasantry and, largely, depends upon their support. Of nearly anywhere in the world, this *elected* Communist government should put in place pre-emptive measures to protect its core supporters during private corporate industrialization. The government's use of the Land Acquisition Act of 1894 is a unique opportunity to see *actual* liberal (not neo-liberal!) acquisition laws in action in a modern developing country. Thus, the object of Polanyi's critique – the 19th C liberal paradigm – is re-tested in a contemporary setting. The Land Reform Act of 1977 guarantees the sharecropper contract so that the price of rent (land) and wage (labour) is determined by law (command) as a proportion of agricultural output, which also acts to de-monetize the form of payment. Thus, forced enclosure of the land gives us a clear example of government 'disembedding' the traditional relationship of marginal farmers to the land. In short, the case study allows testing of Polanyi's theories in the contemporary, democratic and developing country of India, while isolating the effects of century-old liberal land acquisition laws on the traditional economies of sharecroppers.

II. The Great Transformation as Two Case Studies

Fred Halliday called *The Great Transformation* "willfully digressive" (2008), while Block (2001) suggests that "it is futile to try and summarize it; the best that can be done…is to elaborate some of the main strands of Polanyi's argument" (xxiii). In light of this, I highlight the parts of *The Great Transformation* as they pertain to the case study in Singur, and since I have argued that Polanyi's work is essentially two case studies and a discussion, I have organized my summary of *The Great Transformation* along those lines, ending with an explanation of its main conclusions.

The Self-Regulating Market

Polanyi presents us with a puzzle. Why was it that such destruction occurred throughout the world during the first half of the 20th century? Why was the world ravaged by two world wars and a deep, long depression after the preceding 100 years of general peace and rising economic prosperity?

Polanyi lays full blame for the early 20th century catastrophe on the "utopian endeavor of economic liberalism to set up a self-regulating market system" (Polanyi 2001, 31) and 'gain' becoming the religion of its generation. The "faith of the age" (Ibid., 26) of linking every banknote to gold reserves was shared by many leaders of various ideological backgrounds including Hoover, Lenin, Churchill and Mussolini. This utopian faith of a self-regulating market led many small countries – being forced to stabilize their currencies, to "literally starving themselves to reach the golden shores" (Ibid., 27). Germany, as a defeated nation, easily recognized the deficiencies in the world economic order and with "sinister intellectual superiority" (Ibid., 30) worked to hasten its destruction in order to accrue "new developments of finance, trade, war, and social organization" (Ibid.) – in a word, fascism.

i. Case Study Number One: 19th C. Britain

In order to understand "the long-term factors which wrecked … civilization" (Ibid., 32) then one must understand the birthplace of Ricardian economics, market economy, free trade and the gold standard – namely, the industrializing Britain of the early 19th century. Therefore, Polanyi (like Marx and Smith before him) uses the Industrial Revolution in England as a source of theoretical prominence and presents a longitudinal comparison of a single case examined over time with a before and after comparison.

He presents the enclosure movement, a necessary pre-cursor to Industrial Revolution, as a "revolution of the rich against the poor" (Ibid., 37). The rich stole the poor's share of the common, tore down their houses, and forever broke the custom of the poor's rights to the commons. Yet this revolution – in the long run, with the efficiencies it incurred, benefited all of England's people. He argues that all economic progress will demand the "price of social dislocation" (Ibid.).

Anti-enclosure legislation, enacted by the Tudors and Stuarts, "never seemed to have stopped the course of the enclosure movement, nor even obstructed it seriously" (Ibid., 28); yet, Polanyi argues, this legislation did effectively *slow* the progress of the enclosures. Slowing the rate of change allowed England to avoid the disastrous over-grazing and soil exhaustion experienced in Spain. It also slowed the rate of social dislocation and thus avoided the type of peasant uprisings in France. Therefore, "the ultimate victory of a trend [should not] be taken as a proof of the ineffectiveness of the efforts to slow down its progress" (Ibid., 39). In fact, "a belief in spontaneous progress must make us blind to the role of government in economic life" (Ibid.). For, "if we believe that rate to be unalterable – or even worse, if we deem it a sacrilege to interfere with it – then, of course, no room is left for intervention" (Ibid.). This is the attitudinal flaw that Polanyi argues underlines the 19th century's overzealous belief in the self-regulating market and the destruction that it implicitly condoned.

Thus, his theory of change is summed up in the following formula: "The time-rate of change compared with the time-rate of adjustment will decide what is to be regarded as the net effect of the change" (Ibid., 40)

The Commodification of Land, Labour and Money

The rise of the machine in an industrializing England meant that all factors of production must be for sale in consistent and significant amounts in order to make the initially expensive outlay of capital on machinery a worthy enterprise. Therefore, all transactions needed to be money transactions and all incomes needed to be derived "from the sale of something or other" (Ibid., 44). The creation of a market economy demanded treating society and nature as an adjunct to the economy; thus, industrialization demanded what Polanyi calls a 'market society' to maximize efficiency. Therefore, "[t]o Polanyi technology is, practically speaking, an institutional force: its concrete design and operation organizes the productive resources of a society as surely as any organizing principle or institution" (Stroshane 1997, 103)

But strictly speaking, the commodities of land, labor, and money are not commodities at all, for

> a commodity is something that has been produced for sale on a market. By this definition land, labor, and money are fictitious commodities because they are not originally produced to be sold on the market. Labor is simply the activity of human beings, land is subdivided nature, and the supply of money and credit in modern societies is necessarily shaped by government policies (Block 2001, xxv).

Society resists these attempts to "mold social institutions to the shape of commodities" (Krippner 2001, 781); therefore aggressive state action is demanded in order to subordinate these 'fictitious' commodities to market imperatives.

Speenhamland

Due to food riots in England and revolutionary events in France, British elites had strong incentives to avoid food shortages at the end of the 18th century (Block and Somers 2001, 302). Speenhamland Law (1795) guaranteed the 'right to live' via subsidies in aid of wages *regardless* of earnings; yet it had the ironic effect of pauperizing large swaths of the nation. Labourers ended up having no interest in satisfying their employers since their wages were guaranteed. It also effectively disallowed the formation of a labour market in England until 1834 since "the employer could obtain labour at almost any wages; however little he paid, the subsidy from the rates brought the workers' income up to scale" (Polanyi 2001, 83).

It was removed when "the absence of a market for labor was proving a greater evil even to the common people themselves than the calamities that were to accompany its introduction" (Ibid., 81). The Reform Bill of 1832 and Poor Law Amendment of 1834 did away with Speenhamland's aid-in-wages by fiercely punishing vagrancy and creating the much vilified Victorian workhouse "which left the applicant to decide whether he was so utterly destitute of all means that he would voluntarily repair to a shelter which was deliberately made into a place of horror" (Ibid., 106).

The end of Speenhamland marked the beginning of "industrial capitalism as a social system" (Ibid., 87) and the birthday of working people as a separate economic class since, before this point, a competitive labour market did not exist. When looked at from a long-run viewpoint of human history, this type of social organization was highly exceptional. There was no historical precedent where the motives of 'fear of hunger' and 'gain' drove the system of societal organization; where everyone was subject to the forces of supply and demand and whose fates rose and fell with the whims of the market.

The end of Speenhamland also signalled the renouncing of human solidarity as the ownership classes of this Christian society denied their responsibility to feed and care for the poor. Thus, "Two Nations were taking shape" and from "out of the horrors of Speenhamland men rushed blindly for the shelter of a utopian market economy" (Ibid., 107).

ii. Case Study Number Two: Tribal Economies

Through a cross-sectional analysis of "separate sectors of the tribal economies in the process of transformation, exposed to the effects of the market economy" (Sarkany 1990,186) – Polanyi makes his greatest contribution to the fields of economic anthropology (Somers 1990, 152-158) and economic sociology (Harriss-White 2003, 484). In pre-capital societies, the individual "acts so as to safeguard his social standing, his social claims, his social assets. He values material goods only in so far as they serve this end" (Polanyi 2001, 48). Thus, the economy was *embedded* as "merely an accessory feature of an institutional setting controlled and regulated…by social authority" (Polanyi 2001, 67) through "such institutions as family, neighbourhood, and veneration of ancestors" (Bognar 1990, 14).

No society could survive without an economy of some sort, "but previously to our time no economy has ever existed that, even in principle, was controlled by markets…Though the institution of the market was fairly common since the later Stone Age, its role was no more than incidental to economic life" (Polanyi 2001, 45). Therefore, a 'market society' – where social relationships are embedded in the economic system – is a great divergence from our common human history.

Polanyi argues that *all* societies depend on the workings of three forms of distribution: *reciprocity* (price linked to custom), *redistribution* (price linked to command) and *market exchange* (price linked to supply and demand) to spread wealth within a society (Harriss-White 2003,484). But in a pure market society, where the principle of profit is universalized, society lost the ability to subordinate the market as traditional obligation was subordinated to pecuniary success.

The Double Movement

Economic liberalism demanded principles of *laissez-faire*, free trade and non-intervention to organize (or in this case, not organize) the utopian self-regulating market. But to create a society where the market is the *only* administrator of the fate of humanity – along with their purchasing power, and the environment – would ensure its destruction. Basing social reproduction solely upon the allocating principles of supply and demand is destructive because, as Amartya Sen has noted – markets are harmonious with any income distribution, including where sections of the population have no income at all (2003, 485).

Therefore, "pure" market capitalism – unanchored to any other social institutions – cannot exist since society moves spontaneously to protect itself from "the ravages of impersonal market forces" (Brown 1990, 46). Polanyi argues that 19^{th} C. England is the closest humanity has come to fully realizing this dangerous utopian experiment. Therefore, *laissez-faire* was regulated and organized into existence; yet, self-protection, the second arm of the 'double movement', sprang up *spontaneously* to protect against "the exploitation of the physical strength of the worker, the destruction of family life, the devastation of neighborhoods, the denudation of forests, the pollution of rivers…and the general degradation of existence including housing and arts" (Polanyi 2001, 139).

Intervention

What does Polanyi mean exactly that *laissez faire* was regulated and organized into existence? Adam Smith observed his own society transforming in the late 18th C. and noted on man's "propensity to barter, truck and exchange" and thus the "paradigm of the bartering savage" (Ibid., 46) became a trans-historical and trans-societal truth; humanity had *always* and 'naturally' organized distribution of resources through markets. In this way, the theory of economic liberalism became a reflection of nature's plan.

But Polanyi saw that "markets are *not* natural phenomena that develop spontaneously, and like other institutions, have to be deliberately constructed" (Chang 2003, 120).

> "[T]he introduction of free markets, far from doing away with the need for control, regulation, and intervention, enormously increased their range. Administrators had to be constantly on the watch to ensure the free working of the system. Thus even those who wished most ardently to free the state from all unnecessary duties, and whose sole philosophy demanded the restriction of state activities, could not but entrust the self-same state with the new powers, organs, and instruments for the establishment of *laissez-faire*" (Polanyi 2001, 147).

So, while exchange markets had always been present, it took centralized political coordination to unleash their full productive power.

The Collectivist Conspiracy of Protectionism

For economic liberals, any move towards "self-protection of society…was a mistake due to impatience, greed, and shortsightedness, but for which the market would have resolved its difficulties" (Polanyi 2001, 148). Therefore, "if markets fail to perform, the fault cannot lie with the theory since it is simply a reflection of nature's design. The problem must lie with political interferences that have shielded some aspect of the social order from the market's logic, imposed perverse incentives, and impaired its self-regulating laws" (Somers and Block 2005, 282). Thus market fundamentalism engages in a 'double task' of "using ideational power to construct markets by means of draconian laws and policies, while simultaneously insisting that the process is entirely natural and apolitical" (Somers and Block 2005, 282).

But these social counter-moves were expressed in a broad diversity of protective action (even among supporters of economic liberalism!). These sometimes-instantaneous changes were accompanied by no changes in vested interests or opinions, and in a multitude of countries – many with different governing ideologies – ended up implementing the same types of protective legislation. Therefore, the countermovement of regulation was not delineated by ideology. In fact, the primary tools of legislation and state intervention show that the capitalist state led this development.

Rude Contact

He argues that "a social calamity is primarily a cultural not an economic phenomenon" (Polanyi 2001, 164). It is the disintegration of a weaker group's cultural *institutions* when brought in "rude contact" with a stronger group that causes the degradation. The death of these institutions, when contacted by superior ones, means a cultural "loss of self-respect and standards…[as the] culture offers them no longer any objective worthy of effort or sacrifice" (Ibid., 165). Here Polanyi disputes the 'economistic' notion that by using real wages and population figures one can conclude that the early Industrial Revolution saw marked improvement for the lives of the poor. Despite increasing wages, the poor also received a shocking degradation in the quality of their lives. This is because 'rapid transformation destroys old coping mechanisms, old safety nets, while it creates a new set of demands, *before new coping mechanisms are developed*" (Stiglitz 2001, xi).

Class

It is important to point out that "class" is not of primary importance to Polanyi. Unlike Marx, his "thesis is concerned not only with the fragmenting effects of markets on consciousness, but on existence itself" (Brown 1990, 44). As markets become the primary mode of reproducing society, they simultaneously (and ironically) threaten to destroy society. Thus, the ability of a class or interest group to protect itself from market forces will depend on its ability to generalize its plight as a concern for all of society. "In other words, for Polanyi, society is the transcendent historical category and not class!" (Burawoy 2001, 229).

Freedom

Polanyi believed that the right to *non-conformity* is the hallmark of a free society and also acted as the "political corrective to the dominant institutions and powers" (Matjan 2006, 214). This *non-conformity* is threatened by both the market (which creates profit, not freedom) and bureaucracy (whose power can be abused). Therefore, "a regulating and *political* state power (not just a technocratic bureaucracy)" (Ibid.) will always be needed to protect society from expanding market forces; but a complete negation of markets, like under Communism, led to authoritarianism; while liberalism's denial of the power of society led to fascism. Polanyi's answer to the problem of freedom is that the three fictitious commodities of land, labor and money must be re-embedded and subordinated to societal control.

Regulation is needed to release and maintain the full productive power of markets and, therefore, attain the freedoms associated with gains in material wealth. On the other hand, the state must guarantee the 'negative' freedoms that disallow persecution of those who do not conform and the 'positive' freedoms of providing individuals with basic needs. But this is a dynamic conception of freedom – one that must constantly be fought for with "indomitable courage and strength" (Polanyi 2001, 258).

III. Tata's Entry and Exit in West Bengal

The type of market transformations described by Polanyi in his examples of pre-democratic 19th C. Britain and pre-market societies are not necessarily representative of contemporary developing countries. Many poor countries, still in the process of industrializing, have both emancipation of their citizenry and democratic institutions – unlike 19th C. England. Also, developing countries have state bureaucracies and a higher level of market activity in their economies than Polanyi's tribal societies.

Tata Motors' botched ingress into West Bengal's economy has the classic pieces of Polanyi's case studies – government intervention, land enclosure, social displacement through rapid transformation, and an ensuing spontaneous countermovement – yet set in the modern, democratic setting of India. Thus the case study holds constant the dynamic transformative factors of Polanyi's narrative, while isolating the contemporary contingencies of a developing country.

The case study represents a situation 'least-likely' to confirm Polanyi's theories. In short, there should not be a countermovement by marginal farmers against the industrializing attempts of a Communist party – which sells itself as the party of the peasantry and, largely, receives and depends upon their support. Of nearly anywhere in the world, this *elected* Communist government should be the one to put in place pre-emptive measures to protect its core supporters during attempts at corporate industrialization. As Patnaik (2007) explains, "The fact that everywhere in the country, not just in West Bengal, peasants are up in arms against such 'industrialisation'…and the fact that throughout the long rule of the Left Front (LF) in West Bengal, not one incident of this kind had occurred despite the CPI(M)'s[2] alleged Stalinism, should have suggested that the roots of the problem lay elsewhere, not in the intrinsic nature of the CPI(M)" (Patnaik 2007, 1893). This 'elsewhere' referred to by Patnaik is the effect of rapid liberalization of traditional economies.

It is clear that the West Bengal government was creating a market for Nano production and sales through land acquisition, rezoning, soft loans, tax exemptions, infrastructure upgrades, plus compensation and rehabilitation for displaced landowners and sharecroppers. Therefore, this saga provides both an example of government intervention used to create markets *and* societal transformation, as the conditions contingent upon the arrival of private capital became the conditions upon which society was being asked to restructure.

The government's use of the Land Acquisition Act of 1894 – a law created by the British colonial regime that obliged owners to give up rights to lands that stood in the way of projects with a "public purpose" – is a liberal 19th C social institution. The act allows for only financial compensation. Any political, social or cultural disturbance caused by enclosure cannot be recognized – and therefore cannot be attended to – under this

[2] Communist Part of India (Marxist)

legislation. It is a piece of pure free market fundamentalism set in action in a modern developing country. Therefore, there is a unique opportunity to see *actual* liberal (not neo-liberal!) acquisition laws in action. Thus, the object of Polanyi's critique – the 19th C. liberal paradigm – is re-tested in a contemporary developing country.

The sharecropping contract – guaranteed by the state through the Land Reform Act of 1977 – stipulates the price of rent (land) and wage (labour) by law (command) as a proportion of agricultural output. This also acts to effectively de-monetize the form of payment. Therefore, Polanyi's three 'fictitious' commodities are socially embedded under this act. The enclosure of sharecroppers' land gives us a clear example of government 'disembedding' the sharecropping economy. Through enclosure, the land – and the labour associated with it, is given a pure monetary value (sometimes with a value of zero!). Thus, the economic institutions of the sharecropping contract are destroyed along with sharecropper's property rights that had allowed him to profit from his labour.

Last, Polanyi himself points out two reasons for why the English industrializing experience cannot be generalized. First, the intervention of wages subsidies prevented a labour market from forming. Second, the Anti-Combination Laws disallowed the formation of organized protest or trade unionism (Polanyi 2001, 85-86). Thus the modern Indian experience – as the largest democracy in the world with only the beginnings of a national "make work" scheme since mid-2008 – is used to test what Polanyi could not.

India

In 1991, India began neo-liberal reforms. These included drastic cuts in import tariffs; virtual abolishment of both the industrial licensing system and reservation of industries for the public sector; and reduced controls on capital inflows (Sahoo 2010, 487). Foreign direct investment and exports both sharply increased. Income per capita has nearly tripled since 1980, creating a rapidly expanding middle-class and domestic consumer market (Ibid., 488).

A widening socio-economic gap between the 'winners' of globalization – the educated urban middle-class – and the rural poor led the government to take action. In 2005, the central government passed the National Rural Employment Guarantee Act (NREGA), which guarantees rural poor at least 100 workdays per year per household.

West Bengal

In the 1950s, West Bengal was the first and most industrialized Indian state. In the 1960s and 70s, successive communist state governments, militant trade unionism and the Bangladesh War proved to scare industrial investment away. Recently, the World Bank (2009) ranked West Bengal *last* out of 17 Indian states according to 'Ease of Doing Business'. The initial rise of leftist regimes has its genesis in the shabby treatment of sharecroppers throughout Bengal, in both the pre- and post-partition eras. The practice of illegal extractions of money – or *abwab* – was widely practiced and carried out through the threat and use of violence (Chatterjee 1997, 59).

Post-partition, the numbers of professional middle-class urbanites swelled with the entry of displaced refugees from East Pakistan, “and its politics as the most organized and articulate section of the population and as the vanguard of organized political movements in the state acquired new tones of radicalism” (Ibid., 67). Today, West Bengal has high levels of political participation, with voter turnouts consistently 15-25% higher than the national average (Maharatna 2007, 1398).

The first leftist coalition governments (non-Congress) took office for short stints in 1967 and 1969-70. During this time, some 500,000 acres of *benami* land was redistributed to the peasantry. Previous land reforms had put a ceiling on the amount of land any one family could own: *benami* is any land owned by a family over and above these ceilings.

When the Left Front coalition government took power in 1977, it began intensive land reform. *Operation Barga* was a widespread movement to centrally register the names of sharecroppers (*bargadars*) with the government. Under the Bengal Land Holding Revenue Act (1979) and the Revenue Rules (1980), registered sharecroppers were guaranteed 75% of their agricultural output – with the remaining 25% as rent to the landlord. The acts also improved *bargadars* security of tenure; this increased sharecropper investment in the land and boosted productivity (Banerjee, et al. 2002).

Intensive land redistributions of successive leftist governments created vast amounts of small landholders. Land holdings in West Bengal are distributed at .82 hectares per head of household, whereas the national average is 1.41 hectares (Field 2008). This relates to West Bengal’s population density of 904 people/km^2 – the most densely populated state in India – compared to the Indian average of 360 people/km^2. Of the over 80 million people in West Bengal (Census 2001), more than half the population live directly off the land (Senguptat 2008). The number of landless has increased by 2.5 million from 2001 to 2006, amounting to a total of 7.4 million people (Banerjee 2006, 4718), while the state has lost 24,000 acres of agricultural land per year during the same time period (Ibid.).

Singur

In the late 1960s, as the first leftist coalition governments replaced Congress rule, many upper-caste landowning families in Singur sold off their land to avoid being recorded as *barga* land (Roy 2007, 3326). Certain middle-caste families bought the land and became relatively affluent. These families were traditionally pro-Congress but

> [i]ronically, as these families grew to be rich farmers, they slowly came to compromise with the CPI(M), as manifested in the more recent phase through affinity with the party leaders, economic favours to them and heavy contributions to the party fund…Since then a few middle-class persons…with pro-Congress family backgrounds slowly emerged as leaders of the party and subsequently allied with the landed people (Ibid.).

The population density of Hoogly District, where Singur is situated, is 1601 people/km^2, twice the state average and four and a half times the national average. In Singur, marginal small farmers make up half the population; another 25-30% are sharecroppers or landless people. Most *bargadars* here remain unregistered with the government and many landless people cultivate on leased-land (Banerjee 2006, 4719).

In 2007, Hoogly District became a beneficiary of the National Rural Employment Guarantee Scheme (NREGS). For the fiscal year 2007-08, 209,976 households in Hoogly received work through the program (NREGS 2010), representing 4.2% of the population.

Tata In

In 2005, the Left Front government led by the CPI(M), under Chief Minister Buddhadeb Bhattacharjee, came to power with a massive majority. Their platform gave the promise of 'development', and "went all out to invite big capitalists" (Chandra 2008, 36).

In May 2006, they announced that they had successfully lured Tata Motors away from building its new small-car plant in Uttarakhand and, instead, to choose Singur, West Bengal – 34 km northwest of Kolkata. The factory would build the Nano, a tiny four-seat car with the low price of Rs 1 *lakh*[3] ($2100), making it the most inexpensive car in the Indian automobile market and a consumer symbol of India's rising middle-class. The government purported the car factory would create 2700 direct jobs and another 16,000 to 17,000 indirect jobs (CM 2007). There would also be training for a handful of Singur youth for future Tata employment (Tata-Singur 2008).

Luring Nano production to Singur was considered such a coup because of the ultra-competitive atmosphere of attracting private capital for industrialization. A scheme introduced in 1999 by the central government to help industrially backward states to attract industry (this included Uttarakhand, but not West Bengal) allowed for 100% exemption on excise duty for the first 10 years and full income-tax relief for the first five years of production at a new industrial unit (Chandra 2008, 41). Thus, the playing field for attracting industrial capital was skewed in favour of these select states.

The Memorandum of Understanding (MOU) between Tata and the government states that total financial incentives furnished to Tata should equal that of the central government's scheme in Uttarakhand. Since the West Bengal was unable to offer the centrally-controlled carrots of income tax and excise duty exemption, Tata received the state-controlled subsidies of:

- Value Added Tax (VAT) and Central Sales Tax (CST) exemption given in the form of soft loans at 0.01% interest with repayment delayed to 2037 (Bengal 2007).

- $64 million toward canal dredging and widening, culvert and bridge-making, power upgrades, training centre, market complex, and road-building (Ghosh 2008).

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[3] One *lakh* is 100,000.

- A 28% discount on electricity costs (and guarantees against future price increases) worth an estimated annual saving of $4 million (Chandra 2008, 43).

- All costs related to government acquisition of the 997 acres of land[4], to be repaid by Tata at 0.01% interest only after realizing the monetary equivalent of benefits that it would have received in Uttaranchal[5] (Ibid., 42).

- Loan of $43 million at 1% interest, to be paid off between 2027 and 2031 (Bengal 2007).

Deutsche Bank estimated the value of these subsidies on per car-manufactured basis to be between Rs 15,000 and 18,000 (David 2008); a subsidy is equivalent to 15%-18% of the Nano's retail cost.

Under the MOU, Tata was to pay:

- $220,000 per year on a 90-year lease of 645 acres for the mother plant. The price to increase by 25% at five-year intervals (CM 2007). Thus, for the first five years, the lease cost is $340/acre/year or $30/acre/month.

- $170/acre/year on the remaining 290 acres allocated as vendor park (Bengal 2007), approximately $15/acre/month.

Under the MOU, Tata promised to invest:

- $370 million, with $260 million dedicated to the mother plant and $110 million for the vendor park.

The state government expropriated 997 acres from 13,051 small landholders to make way for the main car plant and the ancillary parts and service suppliers (Chandra 2008, 44). Compensation for landowners who had their land expropriated was set at Rs 8.7 *lakh* ($18,500) per acre for mono-cropped land and Rs 12.76 *lakh* ($27,000) per acre for multi-cropped land. The West Bengali government bragged that the compensation was one-and-a-half times market value (Ibid., 46). Those *bargadars* centrally registered as per the Land Reforms Act of 1977 would receive one quarter the compensation of their landlords. As for unrecorded *bargadars*, initially they were to receive no compensation, but the government acquiesced after peasant agitations and promised half the rate of registered sharecroppers. This money has yet to be dispersed (Ibid., 45). Wage labourers and farmers cultivating on leased-land did not receive compensation. Roy (2007, 3329) argues calm was kept in parts of Hoogly district by doling out unemployment payments.

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[4] By mid-September 2008, in the midst of increasing peasant agitation, acquisition costs rose to $37 million (Chandra 2008, 42) due to new government promises of compensation and rehabilitation.
[5] Chandra (2008) estimates this to take sixty years.

The government officially acquired all lands on October 5, 2006 – regardless of whether landowners or sharecroppers accepted their cheques; government rezoning changed the land from agriculture to factory use on November 11th; Tata Motors was given 'permissive possession' of the land at the end of December 2006 (Status 2007, 19).

Tata Out

By January 2008, the final Nano prototype was displayed to the media. At the press conference, CEO Ratan Tata joked that he had almost changed the name of the car to 'Despite Mamata' (Saha 2008), a sly reference to a growing protest movement led by Trinamool Congress (TMC) opposition party leader and "firebrand" Mamata Banerjee, who claimed to represent the interests of 2251 farmers whom had refused to sell their land (Nano wars 2008).

These farmers had spontaneously organized the Save Agricultural Land committee to fight expropriation. The movement received support from human rights activists, intellectuals in Kolkata, and other voices from India and around the world. In general, it was non-cultivating urban landlords selling of their land willingly due to the above-market price offered, while owner-cultivators, sharecroppers, land-lease farmers, and labourers have fought acquisition due their livelihoods' depending upon the land (Roy 2007, 3325).

This dividing line between those who chose to sell out to the government and those who decided to fight expropriation *did not* follow party lines (Roy 2007, 3324). Many CPI(M) advocates joined the Save Agricultural Land movement, while some land-owning Trinamool Congress (TMC) members willingly sold out. A losing CPI(M) candidate in the last *panchayat* elections was also an unregistered *bargadar* who stood to lose everything. Unsurprisingly he defected and became a part of the movement to stop land acquisition. On the other hand, a local TMC leader and Save Agricultural Land organizer deserted his compatriots and sold his land to the government (Roy 2007, 3324). The Calcutta High Court, in June 2007, forced the government to admit in an affidavit that it had not acquired around 300 acres of land from farmers who had not accepted the government buyout, were unhappy with the compensation, or did not wish to give up their land (State 2007).

By August 2008, Ratan Tata was no longer joking when he threatened to pull out of Singur due to the *bandh* (state-wide general strikes), *gherau* (human blockades) and *dharna* (food fasts[6]) and violence[7] involving tens of thousands of people, which eventually ground work on the plant to a halt. Buddhadeb made a last ditched effort of a 'rescue deal': return of 70 acres of land; financial assistance to land-losers in buying substitute farmland; compensation of 300 days work for labourers and *bargadars;* an additional 10% bonus to landlords that 'signed on' by September 20, 2008; job-training

[6] Mamata did not eat for twenty-five days. Both the governor of West Bengal and the former Indian prime minister asked her to stop the *dharna.*

[7] This included fires, explosions and mob attacks on the factory fencing, and tragically three Singur farmers committing suicide.

for one member of a displaced household; and promises of new Community Development Projects in Singur. In a strongly worded letter Tata Motors said, "the government should not take any step, which will disturb the arrangement" (Chaudhuri 2008) – referring to the return of 70 acres. Mamata was equally stubborn and continued to demand for the return of 400 acres of land to farmers, even though disturbing the integrated nature of the auto cluster would kill the dream of a $2500 car.

On October 17, 2008, Ratan Tata printed an open letter in several newspapers reminding the people of their industrial history and questioning the people as to whether they would like "to build a prosperous state with the rule of law, modern infrastructure and industrial growth, or would they like to see the state consumed by a destructive political environment of confrontation, agitation, violence and lawlessness?" (Tata asks 2008). But neither appeasement to Mamata by returning some land to farmers, nor the guarantee of the safety and security of plant operations for Tata was enough to save the project. Even though the plant was over 85% complete and Tata had already sunk $350 million into the project (Agence 2008), Tata pulled the plug in October 2008 and moved production to Gujarat where the state government was offering 1050 acres of land.

All the details of this new deal remain secret. No information has come out regarding land price, tax concessions, or other benefits. Not even the Gujarati executive or state bureaucracy had any knowledge that the deal was being negotiated or had indeed been inked until the time of the official announcement (Sud 2008, 14). Conjecture is that the company is paying only 40% of the market price of 1050 acres of land in Sanand, and that the government has agreed to take on any financial, legal or environmental liabilities associated with the land or project (Sud 2008, 13).

Back in West Bengal, with new elections looming in 2009 and the real possibility losing substantial seats across the state, the Left Front government was "compelled to go slow on land acquisition, but has not revised its industrial policy" (Chandra 2008, 41).

IV. Polanyi in the Contemporary Developing World

The attempt to transition sharecroppers away from a socially embedded economy and toward market-based institutions, through enclosure of agricultural land in Singur, acts to test Polanyi's theories in the modern world. On the whole, most of Polanyi's theoretical work stands the test of time – but there are some notable exceptions that shed light on how it is (or how it isn't!) that modern developing countries industrialize and transform into 'market societies'. I briefly layout the similarities between the theory and the case study, and then move on to discuss the dissonance between *The Great Transformation* and the modern developing world.

i. Relevance

In Singur, the enclosure of smallholder agricultural land for private industrial production reflects Polanyi's 'revolution of the rich against the poor'. Industrialization came with the price of *social* dislocation; "the dispossessed family not only loses its economic security but also the social status and empowerment achieved through political movements and land reforms" (Guha 2007, 3707). Expropriation wiped away the institutions of *Operation Barga* and redistribution of *benami* lands. While the farmers of Singur failed to save their own land, *they did slow the government's policy of land acquisition*. Polanyi's invocation that "the ultimate victory of a trend [should not] be taken as a proof of the ineffectiveness of the efforts to slow down its progress" (Polanyi 2001, 39) is given support. The peasants altered the 'time-rate of change' for West Bengal society, if not for themselves.

Polanyi's description of the demand of industrialization for societal transformation also rings true. The expense and dream of a one-*lakh* car demanded that all factors of production must be for sale in consistent and significant amounts. This condition ended up being the ultimate deal-breaker for Tata remaining in Singur. Tata would not except any changes in the layout of the factory site; disturbing the integrated nature of the auto cluster would destroy efficiencies needed to hit the retail price mark. Thus the concrete demands of technology become the arbiters of societal restructuring.

Aggressive state action was needed to subordinate the 'fictitious' commodities of land and labour to market imperatives. Forced eviction through the use of colonial-era laws removed human activity from its traditional – and previously state-guaranteed – relationship with the land. Absent and non-cultivating urban landlords sold out willingly as full-participants in the market economy; their livelihoods unaffected by the destruction of the embedding reforms of *Operation Barga*. But as Polanyi predicts – those who chose to sell out, and those who fought expropriation, were not delineated by ideology. Seeking protection from dangerous market forces is not a choice made based one's beliefs; instead it is a universal reaction. The vagaries created through the unleashing of market transformations shows that political affiliation could not stop one from losing (or gaining!) through enclosure.

Ratan's open letter to the people of Bengal sounds like Polanyi's 'liberal conspiracy of collectivists protectionism'. Ratan asks the people to leave 'violence' and 'lawlessness' and choose 'prosperity' and 'growth'. On one hand, draconian measures were instated to enclose peasants' lands; on the other hand, industrialization and privatization are said to create wealth for all. Even though owner-cultivators, land-lease farmers, laborers, and unregistered *bargadars* lose their livelihoods; it's politically motivated protectionism interfering with 'natural' functioning of the free market that inhibits their road to modernity.

Tragically, the suicides of three Singur farmers serve to highlight Polanyi's theory of 'rude contact'. The old coping mechanisms tied to the farmer's traditional relationship to the land are destroyed, while more demands appear before new coping mechanisms can be created.

The 'double movement' reveals itself in Singur. The market for Nano production and sales did not occur naturally; heavy government intervention in land expropriation, subsidies and rezoning were necessary due to the impossibility of Tata negotiating the land-titles from some 13,000 smallholders. It was the Save Agricultural Land Committee that arose *spontaneously* to protect itself. Thus, the Nano market was regulated into existence, while the protective countermove was unplanned. We also see evidence of Polanyi's assertion that special interests need broad support to launch successful counter-movements. Guha (2007) shows how in the early 1990s, "spontaneous" peasant protests against government acquisition of agricultural land on behalf of Tata Metaliks to create a pig-iron factory in Khargur (160 km south-east of Singur) were largely ignored. Intellectuals remained silent on the matter and no political party took up the peasants cause. In contrast, the Save Agricultural Land Committee received wide support by generalizing its plight as a concern for all of society.

Last, Polanyi's freedom of *non-conformity* acted as a political check in the service of all of society. Chandra estimates the government would be net-losers under the MOU, to the tune of $440 million USD over 60 years (2008, 42). Therefore, the agreement aggravates the long-term fiscal deficit and undercuts other social spending. Chandra concludes, "all credit should go to the peasantry of Bengal…for having saved their own farmland and relieved the state exchequer of the burden of maintaining a white elephant" (2008, 51).

ii. Dissonance

False Counter-Movements and Democratic Legitimacy

In West Bengal, the impediments to enclosure of land for industrialization are the land-owning citizens of a democratic nation. In addition, Hoogly's acute population density, plus intensive land redistributions of successive leftist governments, created vast amounts of small landholders. While it's true that "most inhabitants of India are only tenuously…rights-bearing citizens in the sense imagined by the constitution" (Chatterjee 2004, 38), this has not disallowed public protest, unlike the English Anti-Combination Laws. Polanyi's case studies are pre-democratic; as such, there is conjecture that all "protection" introduced by elites on behalf of the poor is either altruistic or, at least, self-interested proactive action for forestalling revolution. However, many looked cynically at the long and controversial history of Mamata Banerjee's political career and accused her of opportunism through organizing strikes, blockades and food fasts among the largely illiterate and powerless farmers just as another election cycle arrived. It is also notable that a small minority of landholders was able to kill an industrialization project, which was ostensibly accepted by the majority of landholders who marked their ballots by picking up their compensation cheques. Thus, thwarting transformation – in the context of a competitive electoral marketplace – may simply be an expedient wedge for political elites: a *false* countermovement, if you will.

Legally, Buddhadeb did not have to concede an inch to the protestor's demands; but *politically*, in order to maintain his *legitimacy*, he had to respond. Chatterjee (2004) argues local forms of popular politics – of groups that often have a marginal or paralegal standing with regard to the state, are able to transform society due to democratic politics being shaped by *governmentality*. That is, governments retain legitimacy through the welfare they create for specific populations – not through a claim to absolute sovereignty (Foucault in Burchill, et al. 1991). Therefore, the West Bengal government's decision to submit to many concessions – even though the Land Acquisition Act clearly put the protestors on the wrong side of the law – is evidence of this dynamic. Due to "an unprecedented proliferation of governmentality" (Chatterjee 2004, 36), those that "transgress the strict lines of legality in struggling to live and work" (Chatterjee 2004, 40) will have more power to slow change. This fact of modern democracy stands in contrast to the realities of Polanyi's case studies, and as a possible source of *underestimation* of the difficulties in industrialization in democratic developing countries. Instead of transforming all of society, governments placate specific heterogenous populations; yet fail to transform the homogeneous whole.

The Middle Class and The Unskilled

"Globalisation, as the later 20th and 21st Century version of the great transformation, entails different sorts of social changes. It has created a relatively much larger middle class and brought opportunity and greater prosperity to skilled workers…who become effectively members of the middle classes in terms of their lifestyles and aspirations" (Harriss 2009, 775). The Nano would find 'fortune at the bottom of the pyramid' (Ratan, 2008) and sell in volume to the swelling Indian consuming middle-class. But this depiction is patently untrue; within an Indian context (where the only market exists for the Nano since its export is disallowed due to emissions and safety standards) Tata is tapping the 'middle of the pyramid'. But land is being taken from the rural poor in order to build cars for a swelling middle-class that do not need government help (Giridharadas 2008). In contradiction to the transformation of 19th C. British society, which had colonial land and resources to cushion the increasing demands of a rising (yet relatively smaller) middle-class, Indian society is forced to "eat [their] own limbs" (Chaudhury 2007). In Polanyi's narrative, "The middle classes fulfilled their function by developing an all but sacramental belief in the universal beneficence of profits, although this disqualified them as the keepers of other interests as vital to a good life" (Polanyi 2001). Roy (2007) shows middle-caste, wealthy, landowning families had taken over key local leadership positions within the CPI(M) in Singur. Thus the Communist party has become allied with landed people and middle-class values. Like the Christian English ownership classes renouncing their commitment to human solidarity and protection of the poor through the removal of Speenhamland, the liberalizing middle-class of West Bengal considers renouncing its socialist past.

Modern day enclosures release uneducated and unskilled workers into the market where there usefulness in a modern industrializing context is not that of Polanyi's description of 19th C. England (Harriss 2009, 775). Also, the effects of enclosure and repeal of the poor laws were mitigated in the Speenhamland case due to the population valve of the British colonies and the industrializing cities of northern Britain that demanded unskilled labour. Therefore the difficulties of industrialization in modern developed countries may be underestimated by only comparing to 19th C. Britain. There is also the monstrous problem in West Bengal of attempting to divert scant and productive farmland towards industrial use where more than half the people still live off the land (Senguptat 2008).

Enclosure, in this case, is not creating a large 'reserve army' of unskilled workers banging on the Tata factory gate. The 2700 "direct" jobs to be created at the Nano plant are largely production line jobs demanding skilled labour – and therefore not attainable for the displaced agriculturalists (Chandra 2008, 47). Indeed, we witness the initial tokenism in training only a select few of the displaced for participation in the new economy. In addition, the case for job creation through modern industrialization is only getting worse. Chandra (2008) shows that there is a global trend of declining job creation in the car-manufacturing sector, while productivity per worker continues rising. Government subsidies to industrialization – in the name of job-creation and development – act ironically to subsidize labour saving, state-of-the-art technologies. The government touted the 16,000 some odd "indirect" jobs to be created through the enterprise; but these would be largely low-pay, subsistence level jobs in small shops or canteens. Therefore, it is unsurprising that farming families would not want to sacrifice the security offered by the land (Chandra 2008, 47).

Harriss (2009, 775) points to the National Rural Employment Guarantee Scheme (NREGS) "as understood by power holders as being necessary for the maintenance of social order…[for] disciplining of the poor and the containment of the Polanyian counter movement". "These powerful elites must ''manage'' the challenges and demands induced by neo-liberal policies and the resistance to these policies by the poor" (Sahoo 2010, 504). India's implementation of the NREGS during its increasing industrialization resembles English elites attempts to avoid food riots and revolution through the 'aid-in-wages' of Speenhamland. Like the aid-in-wages policies of Speenhamland, both the central government and West Bengal authorities have used unemployment insurance schemes in order to protect rural people and their own political legitimacy. But in India, the rural poor are not being transformed. Instead they are placated as they sit on the sidelines of the new economy (Harriss 2009, 775).

Unstable Markets, Risk and Intervention

Modern markets are 'unstable markets' due to unprecedented rates of technological innovation; therefore modern institutions must move at a pace of social adjustment relative to the speed of this technological change. Tata risks losing first-mover advantage of its Nano technology within two years (David 2008). Chevrolet, Bajaj, Hyundai, Fiat, Ford, Honda, and Toyota all have small and inexpensive models in the works (Field 2008). Domestic competitors Tara International plan to release the Rs 99,000 *Tiny Tara*, while Jantanta and Mahindra Reva have plans for small electric cars. Tata Motors stock price climbed on the Bombay Stock Exchange moments after announcing its departure from Singur; some wondered whether the market was celebrating the Nano's liberation from West Bengal (Saha 2008). For Tata, the hundreds of millions of dollars sunk into an empty factory doesn't compare to the loss of this first-mover advantage. The rate of technological change is driving this dynamic.

This is evidence that Polanyi is correct, technology here is the proximate cause of social change. But the shocking, exponential *rate* of technological change over the past two decades of globalization was not foreseen in *The Great Transformation*. Therefore, the rate at which the countermovement is able to mitigate damages to the losers of social dislocation, and rearrange socio-economic structures and institutions, must increase at a comparable rate. In Singur, the 'time-rate of change' – i.e. from announcement of car plant proposal, to land acquisition – was less than 5 months. The Calcutta High Court, in June 2007, forced the government to admit in an affidavit that it had not acquired around 300 acres of land from farmers who had not accepted the buyout (State 2007). The government was unable to keep its promises under the MOU: land acquisition, while quelling any destabilizing effects. The ramifications for Polanyi's theory are that the 'time-rates of adjustments' required from some developing and democratic countries' institutions and bureaucracies may be unattainable.

The case study highlights how Polanyi fails to give a satisfying analysis of 'the firm' and its socio-political power relative to the state. In 1994, the national government gave advantages to certain poorer states and inadvertently created an "incentives war" among the states to transform all of them into beggars meekly soliciting big capital" (Chandra 2008, 42). Government intervention in creating markets ended up creating a market for government intervention. The inevitable 'race to the bottom' ends at a point where no reasonably acting state could offer any more incentives or subsidies. Financial concessions set under the central government's scheme to help industrially backward states attract investment enabled "investors to earn super-profits, or reduces greatly the downside risks of failure in the market place" (Chandra 2008, 41). Nano production under this scheme – whose financial concessions West Bengal was obligated to equal – meant Tata could expect to recover its initial investment in four years without using company capital because "the firm could easily obtain a "bridging loan" from the market to be repaid through tax saving" (Chandra 2008, 41). But Polanyi "did not see market utopianism as an arm of political domination, nationally and globally—an ideology that could be resurrected time and again irrespective of its ignominious consequences" (Burawoy 2001, 240). Nor did he see liberalism as a "new technology of power…to transform the state into a major facilitator of the ever-increasing rent-seeking practices of oligopolistic capital" (Palma 2009, 829). The 'double movement' presents liberalism as disequilibrium of 'embeddedness', not something inherently nefarious. Thus, the deep pockets and superior legal and financial expertise of multinational corporations in comparison to many developing state bureaucracies is a product of disequilibrium and not necessarily power. This is a conception of the world that many would feel hard pressed to accept.

West Bengal highlights the dilemma of many developing countries attempting to industrialize and modernize. Ratan Tata's statement, "The country has been scanned and the choice of West Bengal reflects the group's faith in the state's investment climate" (Tata 2006) is a patent contradiction of the objective facts. It was only government intervention that tipped the scales of the acceptability of West Bengal's investment climate. But the feasibility of government-enforced enclosure, in a highly populated and democratic setting, risked releasing the socially de-stabilizing Polanyian counter-movement.

V. Conclusion

This research paper asks the question: Is Karl Polanyi's thesis *The Great Transformation (1944)* still relevant in explaining market transitions in contemporary developing countries? I have argued that, on the whole, *The Great Transformation* has stood the test of time. The explanatory power of the 'double movement', with net societal outcomes as a product of the 'time rate of change' versus the 'time-rate of adjustment', still have explanatory power in highlighting the institutional transformations needed in contemporary transitions to market societies. Polanyi's conceptions of freedom have predicted today's popular conceptions of 'human development', while the *social* necessity of regulating free markets is now generally accepted.

However, the contemporary contingencies of government-to-government competition for private capital, labour-saving technologies and an ever-increasing rate of innovation show that Polanyi's theories may wrongly negate neo-liberalism's power as an "arm of political domination" (Burawoy 2001, 240). In addition, modern democratic rights to protest and high population densities mean that Polanyi's case studies of industrializing England and tribal economies may *understimate* the difficulty of contemporary developing countries to transform into market societies: Unskilled poor people are not being 'transformed'; instead they are prone to the political opportunism of elites or placated as a specific heterogeneous population through dole payments, instead of transforming with the rest of society as a homogenous whole.

The case study allowed the testing of Polanyi's theories in the democratic and developing country of India, while isolating the effects of century-old liberal land acquisition laws on the traditional economies of sharecroppers. This case study also acted to test what Polanyi had identified as the limiting factors for generalizing his case study: English wage subsidies prevented labour markets from forming, and Anti-Combination Laws disallowed the formation of organized protest (Polanyi 2001, 85-86). The vibrant political environment of West Bengal and India's lack of wage subsidies were used to consider this six-decade old concern.

In closing, the case study represents a zero-sum game for the uncompensated Singur farmers: industrial enclosure removed the land *and* their traditional ability to sell their labour. Therefore, it may not have external validity with regard to the current wave of agricultural land consolidation now being witnessed in Africa and other parts of the world, where labour markets are not necessarily destroyed and may even be enhanced (Cotula and Vermeulen 2009). Also, the full implementation of the National Rural Employmant Guarantee Scheme since mid-2008 to all 593 districts in India represents a research opportunity to study the effect of government ‘make work’ projects on the rural poor who have, largely, missed the benefits of globalization.

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