

# India: The World's Largest Failed Democracy

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There was a time when school kids around the capitalist world would have a test question in the form of -- What nation is the world's largest democracy? 'India' you'd write down because the factoid was repeated incessantly by the mass media, along with our educators, because it was an effective political weapon aimed at China, it's even larger neighbor ruled by a 'communist totalitarian' dictatorship.

It didn't matter that after Chinese Stalinism overthrew a capitalist dictatorship the country was able to greatly improve the quality of life of the Chinese masses; a people (currently 1.4 billion) that constitutes 18.9% of the world's population. Meanwhile, India with its 1.3 billion people (soon to pass China because of its social backwardness) could more reasonably have democracy replaced in the question with – What nation has the biggest economy (5th in the world) with the most unequal development.

Areas of India have been developed to have all of the most modern conveniences for the bourgeois elite, while the vast majority of the population lives in rural area hovels where they have to shit out in the fields because the capitalist ruling class hasn't seen fit to build a sewage system for anyone but the upper caste types like themselves.

The country is currently ruled by an ultra-nationalist Hindu-reactionary political party which for all its evil-doing will at least, thanks to its fascist proclivities, free us from hearing the nation called a democracy. It has recently terminated an arrangement made when the UK freed what are now India and Pakistan that created relative stability in the disputed region of Kashmir; an area with a majority Muslim population that is ruled by India. It then topped that with a new citizenship law that would permit refugees from various religious groups, except Muslims, to apply for Indian citizenship. The defense for this was that those people have no country to go to -- meaning: Muslims have Pakistan, and with an extended implied meaning, that India's 200 million Muslims should get the hell out.

But something positive may come out of this. It has created a social upheaval across religious, and to a certain extent, class lines. And now, despite claims that the world economy is on the upswing, the Indian economy is certainly in decline.

The Modi government is of the free market 'neoliberal' type. It's GDP has declined for 6 consecutive quarters and the government has proposed structural reforms to give it a boost. That means cutting the minimal protections the working class now has. Removing business regulations so that they have a freer rein in screwing the people that must trade with them. And of course lowering expenditure on basic public services.

On top of all this India is currently going through an 'Onion Crisis'. The price of this staple has risen 253% in the past 5 months. Normally India exports a great deal of its onion crop. The custom is that Indians eat fresh onions for the first 5 months of the year and then stored onions until other regions begin to produce onions in August. Aberrant rainfall can affect those crops. The solution is for the government to keep a large reserve for the domestic population. But Modi is all for free trade and Indian traders don't want their business diminished. So the onions are striking back -- thus the demonstrated effectiveness of free market capitalism.

### **Economic Info**

-- The main initiator of the big slump was the collapse of the housing market. Prices were rising, homes were being flipped for quick profits, and owners were cashing in on the rising value by re-financing. The two main reasons for re-financing are obtaining a mortgage at a lower interest rate, and cashing out the increased value. The latter is a prime sign that the homeowner is spending beyond their regular income. It's also possible to tell if their debts were getting over their heads by the shortening of time between multiple re-financing. According to Freddie Mac between 2004-2007 \$1 trillion was raised from the re-financing of their prime first-lien mortgages. According to Attom Data between 2005-2006 \$1.8 trillion was extracted from housing value. Also the median age of refinancing began to drop to around 3 years in 2006, and the vast majority of them were for cash, not cheaper mortgages.

Well, this may be happening again. According to Freddie Mac the number of re-financings grew from 3% in 2012 to 23% in 2018, and 82% were cash-outs. According to CoreLogic 76% of FHA-insured mortgage refinancing were cash-outs. The loan to value in the bubble years was 95%. The FHA recently lowered it from 85 to 80 percent. The government will make them keep some equity whether they like it or not. Perhaps they know something.

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