

The New Liberalism in India

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Liberalism has been defined by Hobhouse, the great historian and political scientist, in the following way: "Liberalism is a belief that society can safely be founded on the self-directing power of personality, that it is only on this foundation that a true community can be built. Liberty then becomes not so much a right of the individual as a necessity of society". Prof. Parkinson, the well known author of Parkinson's Law, says: "The word liberal means generous or openhanded. But generous with what? With freedom and political responsibility".

The word "Liberalism" derives from liberty. That is why we talked about 'liberalisation' in Czechoslovakia till recently. Now, in economic terms - in social and economic terms - this system of philosophy or thought involves a free society. The Liberal rejects the false antithesis between freedom and bread which the communists and the fascists always pose. They ask: "Do you want bread or freedom?" As if, we have to choose the one or the other. As if, when you have freedom, you don't have bread or, to have bread, you must give up your freedom! Now this is a huge hoax. Because actually you don't get bread except through freedom. There is no known instance in human history where a country of slaves got bread. Now, by bread, we don't mean only bread. You get that even in Moscow. By bread we mean the good things of life - the material values of life, consumer goods, as we call them. There is no known example in human history till this day where, by denying people freedom, you give them a prosperous life. On the contrary, the Affluent Society comes only where there is maximum freedom.

Which are the countries where you have ^{the} most bread, to put it like that, that is the best time? Obviously, the U.S.A. leads, Canada, Australia and New Zealand come very close, then come the Scandinavian countries of Sweden, Norway, Denmark, then comes Switzerland, then you get West Germany, France, Italy, Japan and so on. Right down at the bottom along with us, you get the Soviet Union, ahead of us, and China below us. In other words, when you do deny people freedom, you take away their bread also. That is natural. Why should slaves be well fed? Why should any government feed its slaves well? The Egyptians, who used slave labour to build the Pyramids, did not treat them well. They flogged them until they built the pyramids and died in the process. It is only the free man who has a right to ask for bread. Because he has the right, he has got the strength, he has the vote, whatever you like to call it.

A free economy therefore means that government has to play a rather limited and restricted part. Social control must be limited to a minimum. The whole idea of control is to interfere with people when some thing is going wrong. You stop a man from stealing, you stop a man from hitting somebody else, you stop a man from cheating somebody else, you stop an employer from cheating his worker - that is fair. But you don't stop a man from doing something which he should be doing. So controls are only police measures to stop somebody from

doing something he should not. The Government should not be like the mother who told the nanny: "Mary, go and see what Johnny is doing and tell him not to!" Johnny should only be stopped when he is really doing something which he shouldn't.

The second characteristic of a free society is that "the consumer is king". Everything must be done to serve the needs of the consumer, not of the industrialist, not of the businessman, not of the factory worker, but of the man who consumes, because he is the ordinary citizen. We all consume. There is not a single human being in India today who doesn't consume. He would be dead if he didn't. We consume, you consume, our children consume. Now what does "The consumer is king" mean? It means that the consumer must determine the pattern of production. The consumer must tell the industrialist who to produce and what not to produce. The consumer can do this by his purchasing power, by the little money in his pocket. The industrialist or businessman only produces what he thinks will make a profit. In other words, if there is a demand for a commodity, you produce it. If there is no demand, you are a fool if you produce it because nobody will buy it and you will lose your capital. In this way, the smallest consumer can determine the pattern of production in a free country.

Some of you, no doubt, go to the races. I go once a year or two when I am dragged there. There is a thing called the Tote, on which all the demands of the consumers, that is the buyers of tickets, are totalled up and you can say 25 people are backing Horse 'A', 75 people are backing Horse 'B', 275 people backing Horse 'C' as their favourite. The others are outsiders. The dividend is paid according to the law of supply and demand. Now, exactly the same thing happens in our bazzars. Every time we go shopping, we cast a vote. As you buy a ticket to back a horse, so you go to a shop and say "I want Hamam" or "I want Godrej," or whatever it is. You cast a vote for that particular brand of soap against another brand, just as you vote for me and not for the Congress Party or vote for the Congress Party and not for me, or just as you back one horse and not another. Now, all these preferences for soaps and perfumes, for bread and biscuits and cakes, and whatever else you like, are totalled up on the economic tote and, by looking at the economic tote, the business community and the industrialists decide what is popular, what is favoured. They shift their production according to the demand.

Let us take an example of the Monsoon. As you know, the shops before the Monsoon are filled with commodities pertaining to the Monsoon are filled with commodities pertaining to the Monsoon, namely, raincoats and umbrellas. Now, some people take umbrellas, some people take raincoats. The pessimists take both! How does the manufacturer know how many umbrellas and how many raincoats will be needed? He watches the demand and he learns from one monsoon what to produce for the next. Let us imagine that this year, for some reason, after all human beings have their own whims, the demand for raincoats went up tremendously, but umbrellas go left. It is fashionable to wear a raincoat and not an umbrella. It is considered old-fashioned and dowdy to have an umbrella. Now what happens? The umbrella dealers say: "Oh God, we have had it. Next year the same thing will happen, perhaps it will get worse". They shift. They stop making so many umbrellas and turn to making more raincoats, or vice versa. You and I, buying a raincoat

or an umbrella, have shifted the pattern of production in India. The biggest industrialist has to kow-tow to our needs. He needs us.

This is what "the consumer being king" means. It has led to the highest prosperity known in history, the highest standard of life and also of equality of opportunity and status. This is a paradox. The countries where there is greatest equality - there is nowhere perfect equality, nor can there be - but wherever there is equality of opportunity and of status, it is in the capitalist countries. Which is the country in the world where the worker calls his boss by his first name? The American worker never calls his boss Mr. so and so. He always says Tom or John. That is the United States. People in Europe are shocked at this kind of "vulgarity" or lack of good breeding because they are still class bound. So you get this strange phenomenon that you get not only the most prosperity but also the greatest measure of equality, which is supposed to belong to socialism, only in so called capitalist or what I call liberal countries.

Now, let us turn to socialism, which is the denial of liberalism. Socialism is the reverse of liberalism. The Oxford Dictionary defines it as follows:
"It is a principle that individual liberty should be completely subordinated to the interests of the community - with the deduction that can be drawn from it, namely, the State monopoly of land and all capital". That is, the human being is nothing. The collectivity or community is everything. Man must be destroyed or used for the good of the community, which is to make Liberalism stand on its head.

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The Labour Party in Britain, which is a very moderate Socialist Party and not a Communist Party, has in its programme included "the nationalisation of the instruments of production, distribution and exchange" as the objective. Now what does this mean? The instruments of production are the land and all factories. All industry and all agriculture should belong to the Government. Distribution is trade. So all trades, all shops, should belong to the Government. And exchange is banking. So all banks should belong to the Government. And what remains for anyone else is nothing! Only the flat or the home where you live or the motor car. Now, the only countries, luckily for socialism, where this has been tried are the communist countries. The British Labour Party, although it is often in office, never tries to carry out its own objective, because it knows it would be horrible. It would be destroying liberty and Britain would become another communist state. So the British Labour people, the socialists, do not practise socialism. They only practise about 15 per cent of it or less. I once asked Mr. Herbert Morrison, the well known British Labour leader who is now dead, how much of industry they could nationalise in England without losing their freedom, without the House of Commons being abolished and a Communist dictatorship ruling England. He thought a little and said: "Well, in England I would risk about 15 per cent but, if I were you, I wouldn't go so far". Britain is a very strong democratic country. They have got the tradition of freedom from the days of Magna Carta. They have got the "non-conformist conscience" which came as a result of the Protestant Revolution standing up to the Pope. Well, as you know, in India we have no non-conformist conscience. We are only too easily prepared to obey whoever is on top, whether it is the head of the family at home or the boss in an enterprise or shop or the Government of the day, whether it is British or Indian. Now, in India, we are getting well past 15 per cent Statism already.

What is the result in the Communist countries? Let us take the Soviet Union as an example. Colin Clark, who is one of the world's leading economists and who has written many books on these subjects, has shown statistically that the rise in the standard of life in the Soviet Union since the Revolution of 1919 till today has been about the slowest and the lowest in the world. There is no country where the rise in the standard of life has not been faster. That goes all the way from America to Japan and all the countries including ours.

Agriculture has been the biggest failure of all Communist countries, because the peasant is very conservative and loves his land. Even if it is four acres, he loves it just as a mother loves her baby, however small it is. Mr. Nehru once said to me in Parliament: "Why should the peasant love his land? He has only got a miserable four acres". I said to him: "Think of the mother. Does she love her child less because the baby is small and not big or thin and not fat?" The peasant in India loves his land even if it is half an acre. He will fight for it, he will die for it. He sometimes stabs his own brother over a dispute as to dividing that land which the father has left them.

So the peasants in Russia have simply refused to cooperate. Stalin killed three million peasants because they refused to hand over their land and their cattle. The peasants slaughtered their cattle and Stalin slaughtered the peasants. It still hasn't improved anything. The yield per acre of land in the Soviet Union is among the lowest in the world. With their tractors and mechanisation, they still can't get as much out of an acre as most other countries in the world.

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The highest crops in the world are in Japan and in Taiwan (The Republic of China), both very small countries where the farms are small. In Japan and Taiwan, there is a ceiling of seven acres per head. No farmer is allowed to keep more than that. Our Indian average is about four to five acres. Our ceiling is 30 acres. So they have further in dividing farms into small lots, but they produce from each acre of land more rice than any country in the world. Taiwan comes first, Japan comes second, producing several times what the Soviet Union produces from its collective farms. The only progress the Communist countries have made is in armaments and the production of steel. Steel - because they want steel for tanks and aeroplanes and guns. Militarist Communist regimes concentrate on steel so they can occupy small countries like Tibet and Czechoslovakia. That is the only index by which the Soviet Union has made phenomenal progress, building up a big steel industry which it uses mostly for creating armaments.

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Now in India also it's possible to say that after 20 years of so called Socialism the same things are happening that have happened in Russia. Indian agriculture is bankrupt. But for a good Monsoon, lots of people would be starving and even today they would be starving but for the generosity of the United States of America. All industries are stagnant. The capital market is dead. Almost all State enterprises are making huge losses. Hindustan Steel, which is financed by the tax payer's money has lost crores of capital. The average return on our capital, according to our Finance Minister when he last gave the figure for a selected range of Government enterprises, was 0.8 per cent. That is on money invested, you don't even get one Rupee back on a hundred! Now nobody else does business on this basis. They would be bankrupt and insolvent long ago. Normally, people expect 12 per cent return on capital. That they consider to be a reasonable profit. Many make more. But the Government of India gives the taxpayer in India less than 1 per cent on his capital in those industries that make a profit at all. The result is that we too have now practically come to

the end of our tether. If we go on like this, we shall not only be bankrupt, there will be chaos in India in the next few years.

Now there are ardent Socialists who wouldn't have believed this to be possible five or ten years ago but have now learnt the lesson. I will cite two of them. There is Mr. Lee Kuan Yew, the very intelligent Prime Minister of Singapore, who is a Socialist. He came to Bombay to meet Indian Socialists some years ago and he asked a question of them. He said: "It is pertinent to ask how is it that in Asia, countries like Japan, Hongkong, Formosa, Thailand and Malaysia, which are bustling free enterprise economies, have achieved success, while countries professing Socialism have failed to produce satisfactory results?" Another convert is Prof. Kenneth Galbraith, who was American Ambassador in Delhi and who was then an ardent socialist and planner in Mr. Nehru's time. Last year, he wrote a book called *The New Industrial State*. This is what he writes in this book:

"In India and Ceylon, and also in some of the new African countries, public enterprises have not as in Britain been accorded autonomy. Here the democratic socialist prerogative has in effect been fully asserted. India, in particular, as a legacy of colonial administration, has an illusion of official omniscience which extends to highly technical decisions ... The effect in these countries of this denial of autonomy has been exceeding inefficiency in operations by the public firms In India and Ceylon, nearly all public owned corporations operate at a loss. The situation is similar in other new countries ... One result is that a large number of socialists have come to feel that public corporations are by their nature, in the words of a Minister in the Wilson Government, 'remote, irresponsible bodies, immune from public scrutiny or democratic control'".

The reason why this should be so is very simple. The body politic is like our own bodies. It consists of organs developed by society over the last few thousand years since we were primitive apes or beasts. Now, as the human society develops, it throws up institutions. The Joint Stock Company has been thrown up in the last two hundred years to run business. The Government or State has been thrown up to rule, to maintain order. Our bodies are like that. We smell through our nose, we eat through our mouth, we hear through the ears, we breathe through our lungs, we digest in the stomach and so on. Now what would happen if we tried to distort our organs and asked them to do something different from what they were meant to do? Supposing we tried to breathe with our stomach and digest with our lungs or hear through the nose and smell with the ear? What would happen? It just wouldn't work. That is exactly what happens when we try to misuse an organ of society. Governments were thrown up by society and civilization to protect the country from attack, to stop one person from attacking another, to see that justice is done. In other words, Governments are there to keep law and order, do justice, protect people, protect the country from attack. That is where the basic functions of Governments stop. When Government tries to run a factory and to produce either penicillin or steel or whatever it is, it makes a flop because Governments are not made to make profits or to produce goods. Governments are not made to produce anything. Governments are meant to consume things, to keep order and give you a chance to produce. So state socialism and communism are a perversion of the laws of social growth.

Therefore they are bound to fail. The conclusion to which one is driven then is that we have got to turn to Liberalism from this barren path.

So Liberalism is making a beginning in India. But this is not the first time that Liberalism has come to India. It came in the 19th Century also. There was the old liberalism in India. Its leaders were Dadabhai Naoroji, Ranade, Golchale, Ram Mohan Roy, Surendra Nath Benerjee. I saw many of them when I was a boy or as a student, attending the lectures of Srinivasa Sastri. I remember as a boy playing round the feet of Dadabhai Naoroji at Versova where he was a neighbour of ours. I have seen Dinshaw Vachha, I saw Phirozshah Mehta, I knew Sapru and Jayakar. They have all gone and the old liberalism has gone also. When Gandhiji came on the scene as a dynamic nationalist following Tilak and Lajpatrai, he had no use for the old liberalism, because the old liberals were extremely moderate in their opposition to British rule. They were for Indian self-government. As you know Dadabhai Naoroji coined the word Swaraj - "Swaraj is my birthright and I shall have it". But the method of fighting was very temperate and very moderate. He joined Parliament as a Liberal Member. He argued for India, but he was a constitutionalist. Liberals are not people who go to the streets, wreck things, attack people, and so on. Even today they are not. So, being constitutional, they appeared to be terribly moderate. As a young man, I was impatient with my father and liberals of that type for being so slow and gentle about the evil of foreign rule.

Even today I am not against nationalism. I have been a very ardent nationalist in my time. But when we become free, we don't need nationalism any more. It is like the measles. When you grow up, you don't have children's diseases like chickenpox and measles. Nationalism is a disease of foreign rule. When somebody is sitting on your chest, you want independence very ardently. You can't breathe without freedom and that is as it should be. But when you are free, you don't have to go on talking about your nationalism. Mature, advanced countries are not very nationalistic. They don't need it. Go to Switzerland. They are a very patriotic people, but they don't talk about Switzerland being the most wonderful country in the world! They are wonderful, but they don't talk about it. So, as we grow up, there is no need to be juvenile about nationalism. Of course love the country must be there. When the country is attacked, we must rush to its rescue. We must make sacrifices for it every day. But we don't want to be chauvinists. We don't have to hate foreigners. Nationalism, while a good thing, has had its day.

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Socialism has turned out to be a flop. It has been a failure. More and more people are now turning against it and more and more will turn against it. Czechoslovakia is fighting for its right to discard it. Hungary tried in 1956 and was smashed by tanks. Indonesia has thrown out its socialist dictator Soekarno and is now trying another path.

Socialism has failed to deliver the goods. It has produced neither equality nor a better life for the masses of the people. I have suggested to you why it had to be so. The aims of socialism are good. I am still

a socialist in that sense. If you put it to me: "Do you believe in Lenin's free and equal society?" I will say 'Yes'. If freedom and equality are the objectives of socialism, I am for it. But when I find that the weapon that I have used does not create freedom or equality but creates tyranny and slavery on one side and inequality and poverty on the other, then I would be a fool if I stuck to the weapon. I am not that conservative that I cling to an out-of-date blunderbuss when the weapon has become obsolete. What I am trying to say is that the objectives of socialism are still valid, but the methods are lousy. The methods have failed. State Planning, nationalisation, collective farming. These are weapons that have been tried and failed and only a stupid man hangs on to a weapon when he knows it can't deliver the goods. We have to be true to the objective, not true to the method.

This I learnt from Mahatma Gandhi with whom I used to argue as a young socialist. He kept on saying that by doubtful methods, you can't get a good end. Ends and means are meshed, interlinked. The end does not justify the means. We have seen from experience that you cannot get the good result of a free and equal society by injustice, by regimentation, by oppression, by lies.

So the new Liberalism has come to India after the failure of socialism. It is a fusion of western Liberalism and Gandhi. When the Swatantra Party was formed and I was drafting its programme, that is how I put it an article in Life magazine - that two streams of thought had gone into the making of this effort, Western liberalism as they understand it plus the teachings of Mahatma Gandhi.

What are these teachings that we graft on to liberalism or fuse with liberalism? First, that ends and means are interlinked: that if we want a decent society our methods must be decent. We cannot create a free and equal society by expropriation, liquidation, lying, as the Communists claim they can. Secondly, as Gandhiji used to say repeatedly, "that Government is best which governs the least." Minimum Government. The essential thing is to leave the people free. Thirdly, Trusteeship, that those who have the good things of life, those who have wealth must use them for the good of the community. While we have a good time with what we have, we must not be devoid of a social conscience or a sense of social obligation. Gandhiji called it Trusteeship of the rich for the poor. He said; let every rich man use his wealth. Certainly, let him keep it. Nobody should take it away. But let him use it so that he can have a good conscience that he is doing what he can for those around who are not so fortunate. Now Vinoba Bhave and Jayaprakash have given this concrete shape as Bhoodan, the gift of surplus land, Shramdan, the gift of labour, when you build the road free without asking for payment, and Sampattidan, when you give a little of your wealth. I have been giving 10% of my net income every year for the last 15 years or so to the Sarva Seva Sangh of Vinoba and Jayaprakash. Jayaprakash persuaded me that my social obligation was to give a share of my income for providing the landless people with ploughs or bullocks or seeds on the land that they were given. Bhoodan is all very well. But if you give a man without any means a plot of land, what is he going to cultivate it with? He needs a plough, two bullocks and some seed and then of course he might do something. So to give these landless people a little sampatti or capital, they needed cash.

Liberalism believes in freedom, it believes in democracy. I was reading an article on Czechoslovakia in some magazine. It mentioned the slogan that was put up somewhere in Prague: "Democratisation must lead to democracy". So too I would say liberalisation must lead to liberalism. In a Communist State, democratisation or liberalisation only means that you give a little more elbow room to breathe, to talk, to move about. It doesn't mean freedom. Democratisation in Communism must lead to democracy, otherwise it is only a half way house.

Now democracy has its disadvantages. I am not starry eyed about democracy. I realise its limitations, its corruptions, its deficiencies. I am acutely aware of them even in my own Party. Winston Churchill was a great democrat. He was asked a question about democracy towards the end of his life. He had tasted both the fruits and the bitterness of democracy. He had been in political exile for many years before World War II. He was brought in during World War II, and then he was put back on the scrap heap when World War II was over. This is how democracy works. It is just as well. We in this country don't place our great men on the scrap heap and that is why we are going down. After giving a little thought, Churchill said: Of all the known systems of government, democracy is undoubtedly the worst - except for all the others!"

There is a great Liberal in Asia, Carlos Romulo. He used to be the President of the United Nations General Assembly for some years as the representative of the Philippines in the U.N. He was heckled by some Communist students in the University of which he was President who asked him for a declaration of policy. They asked: "Mr. President, are you going left or right?" Romulo answered: "I am going forward". That is the essence of Liberalism. Neither left nor right, but right ahead.
