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Liberalism in *Prospect in*

Contemporary India? — 0.

S V RAJU

For the casual foreign observer, other than social and political scientists, economists and the like, contemporary India is a great success story. It is a great success story because it has managed to survive as a democracy and has developed the 'fine art' of holding elections whenever called for – elections which we Indians can say with some pride, are by and large free and fair.

There is another feature of Indian democracy much appreciated by the casual foreign observer: The manner in which a multiethnic, multicultural, multiracial and multi-religious population of a billion people have managed to live in relative peace and harmony - until very recently that is.

After emerging from colonial rule in 1947 we gave ourselves a Constitution drafted by some of the keenest and tallest minds in the country, which gave many assurances to the common people of India. These assurances which almost amount to promises are contained in the chapter called the Directive Principles of State Policy. Promises which, for very good reasons, are not legally enforceable but which in a manner of speaking amount to an assurance. But the Constitution also contains numerous provisions that are calculated to provide good governance on the one hand and to pull the country out of the paralysis of 200 years of colonial rule, on the other.

When freedom came, there was great enthusiasm and expectations among the people. Between 1949 and 1956 - the period after the adoption of the Constitution and the end of the First Five Year Plan - it did look as if the people's expectations were on the road to fulfillment. And then, in 1957, came the Second Five Year Plan. The Second Plan was a radical departure from the First, drawing its inspiration from the Soviet Union, emphasizing the role of the State in economic development and the primacy of heavy industry as against consumer goods industry and giving agriculture low priority. Beginning 1957 it was made clear that the State would occupy the commanding heights of the economy and exercise total control. The ruling Congress Party made it clear that its policy was to work towards a Socialistic Pattern of Society (SPS). The SPS turned out to be a deadly brew that was to pauperize the country and destroy its moral fibre in less than forty years.

All kinds of walls were erected to protect this regime based on the SPS. These walls had no doors, only little windows to take bribes and disburse buff coloured papers in the form of licences or permits or quotas. Without these papers it was not possible for any Indian citizen to carry on any kind of business or trade. On the other hand these papers, most often purchased from *sarkari babus* at very high prices fetched higher premiums in the informal market (those days it used to be called 'the black market'). There was more trading in these buff coloured papers than in industrial activity. To prevent foreign goods from coming in (though you could get almost any foreign goods in the black market) high tariff walls were built. Among the words in vogue those days were 'self sufficiency' and 'import substitution'. Autarky was a basic element of the SPS. While industrial growth suffered two 'professions' prospered under this SPS regime: 'fixers' and 'smugglers'.

# INDIAN LIBERAL GROUP

**First National Convention**  
**Hyderabad, December 6 and 7, 2002**

Delegates List

Numerous other walls also came up all with the single intention of preventing free commerce within and without the country and which only resulted in keeping the people poor. In addition to reorganizing India on the basis of linguistic states, another division was created the division of India into zones. These zones were created expressly to control the movement of goods. These came to be known as zonal restrictions. These restrictions were to prevent the free movement of foodgrains from one state to another.<sup>1</sup> So we had the unhappy situation of plenty in one state and scarcity in the adjoining one. The movement of manufactured goods from one part of the country to another was not banned but subjected to all kinds of taxes (a form of import duty within the country if you like). But the farmer was denied even this. He was denied the movement of his grain to even the neighbouring state or district even on payment of a levy, where his produce could fetch a better price. The SPS bias against the smallest peasant proprietor was hardly surprising, because the SPS was patterned after the Soviet model and to the communists, the peasant proprietor is an enemy to be destroyed. Why? Because a farmer owning even a small patch of land loves his land and will doggedly cling to it. And so the Indian farmer's plight from 1957 till today continues to be miserable. The SPS may have gone the way the Soviet Union did, but the farmer continues to suffer its aftershocks. Our farmers continue to be the stepchild of the Socialist, Secular, Democratic Republic of India.

Other enemies of the SPS regime were the traders, the merchants, the entrepreneurs and the businessmen because all of them worked for profit and profit was a dirty word in the SPS vocabulary.

But the SPS was very indulgent towards the elected representatives. Once these MPs and MLAs found themselves in positions of power, they discovered that they possessed a combination of economic and political clout that opened up possibilities of enriching themselves and their progeny to come, for the next three generations! But they needed the support of the government bureaucracy and willing accomplices from among those in trade and industry. And so developed a cozy arrangement under the SPS umbrella: The ganging up of the corrupt politician, the corrupt bureaucrat and the corrupt businessman based on the simple dictum 'you scratch my back and I scratch yours'. In India, after 1957 the New Class<sup>2</sup> thrived, while the common people suffered. This went on until the mid-eighties when the country went bust and we begged the World Bank and the IMF for help. And the IMF and World Bank said reform or else.

The tribe of the tall and the mighty that participated in the freedom struggle and gave us the Indian Constitution were already in their forties, fifties and sixties at the dawn of Independence. They had all but disappeared (dead or incapacitated by old age) by the time of the 5<sup>th</sup> or the 6<sup>th</sup> Lok Sabha. Even though a few of them fell victim to the SPS regime and lost their missionary zeal, a majority continued to be imbued with a sense of service, considered elective office an opportunity to serve the nation.

The new crop of post independence members, when they came of age, soon caught on to the fact that membership of parliament and legislatures held the key to untold wealth and ~~and~~ there were scrambles for 'tickets'; every time there was an election - not only to the Lok Sabha but to any elective body.

There were many aspirants and a limited number of seats to legislatures and parliament. An added advantage that an elective office held was that it was not necessary to be qualified to be an MLA, MP etc. The only qualification was that the candidate should be an Indian citizen. This made it even more attractive. The law of demand and supply came into operation. The costs of contesting these elections went up astronomically. If they were in lakhs of rupees in the early sixties, they run into crores today. Also, most men with political aspirations not being able to afford the costs of electioneering were content to be merely front-men for crooked businessmen, industrialists and the mafia who funded such candidates but were content to remain backstage - but not any more. The mafia, the corrupt and the disreputable no longer consider it necessary to remain in the background. With the country seething with corruption it was quite in order for habitual offenders to be up front and pose as law makers! Is it any wonder the honest and the

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qualified have dropped out and have been replaced by the dishonest and the rapacious. Any wonder that our Houses of Legislatures including the two Houses of Parliament are of such poor quality and have, in recent years, been witness to rowdy behaviour where microphones are used not to make a verbal point but used as missiles against each other to settle a debating point? So, today, along with politicians, parliaments and legislatures too have lost their credibility in the eyes of our people. No one in his or her right mind will look to our legislatures and legislators to provide good governance. Perish the thought.

The next victim claimed by the SPS was the bureaucracy. Changes of ministers (not only governments) brought in their train, transfers of bureaucrats. Ministers wanted pliant civil servants, and civil servants, generally played safe by going along. Survival became the name of the game. Bureaucrats with minds of their own were frowned upon and were transferred to innocuous positions where they could do no 'harm'. Good governance was again the victim.

What about the judiciary? It is common knowledge that the lower judiciary have already become victims of the SPS. But the High Courts and the Supreme Court, barring the occasional hiccup remain one of the two institutions that have not fully succumbed to the SPS. Even this bastion of justice and integrity seems to have been affected if one is to believe the many reports and articles appearing in the press in recent months.

And finally, India's Armed Forces. Mercifully they continue to be apolitical and under the control of civil authority. Here, another kind of insidious development, nothing to do with the SPS seems to be rearing its head. The development being the misuse of religion for partisan purposes. Soon after the Kargil conflict, there were reports of obscurantist organisations trying to visit soldiers in hospitals distributing religious scriptures and offering *prasad* to injured jawans - for reasons not difficult to guess.

And finally just when the country is trying to shake off SPS rule, a new threat has emerged - religious fundamentalism and the spawning of hatred as a weapon to gain political power. What is worse - the SPS regime or the now emerging politics of hate?

Haven't the economic reforms introduced in 1989 made any difference? Improved matters? Indeed the permit-licence-quota raj is in retreat and the economy was quick to respond with higher rates of growth never experienced since independence. But in the last few years the reforms have got stuck in the quagmire of populism and the compulsions of political survival.

Many years ago, through the nineteen sixties, the Swatantra Party which swept like a meteor across the Indian political sky and all but disappeared<sup>3</sup> had demanded the dismantling of the permit-licence-quota raj (the apparatus perfected by the SPS) as the solution for the country's economic ills. The Party believed that the dismantling of the elaborate network of controls and replacing policies based on ideology by policies based on pragmatism would lead to what it described as 'prosperity through freedom'. As a strong votary of decentralisation, the Swatantra Party hoped that one-party dominance would end and that coalition governments could truly represent the diversity that is India. Simultaneously it demanded a change in the election law so as to make the legislatures reflect more accurately the people's will. In other words it did not view economic reforms in isolation. It had to be accompanied by reforms to the political system and the repeal of laws that retarded growth. This was from a party that believed in a market market in a free society. The party was reflecting the Liberal position.

Ironically it is the emergence of coalition governments at the Centre and in many of the states that is putting the brakes on economic reforms. But what kind of parties are these which form part of coalitions. Almost none of them have any principles worth mentioning. Most of them revolve round persons themselves dissidents from other parties who formed breakaway parties to retain power. They managed to get elected an MP here or an MLA there simply because of the vagaries of the present election system of the first horse past the post. And they name their price to keep supporting the government of the day.

Barring a brief two-year interregnum in the mid-seventies when it lost power, the Congress Party enjoyed its dominant status right upto 1989<sup>4</sup>. It is one of those ironies of history that if the

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Congress, when it enjoyed overwhelming power<sup>5</sup> could have initiated a sea change in the economy. But this opportunity was thrown away despite Rajiv Gandhi's known preferences.

Meanwhile tens of millions of our people remain below the poverty line; primary health facilities are practically absent in large areas of the country; primary education is in an equally appalling state. While the warehouses of the Food Corporation of India ~~is~~ overflowing with rotting grain, thousands if not lakhs of people are either undernourished or starving to death. Babudom flourishes. No citizen can expect any service from any government department unless he is willing to grease some babu's palm. And the litany can go on.

The only party that really believed and advocated fearlessly the need for India to abandon the SPS was the Swatantra party and ideally what is required today is a party like the Swatantra Party committed to a market economy and with the courage to advocate policies that may not be politically correct but which are nevertheless necessary if India is to emerge from a developing to a developed nation. But the Swatantra Party is no more except for a small presence battling its right to exist in the Bombay High Court.

In such a situation does Liberalism have a role to play?

Should the liberals form a new party? Ideally the answer should be in the affirmative. But this is easier said than done. Only those who have been actively involved in the management of a political party know what a terrible task (the word used is 'terrible' not 'terrific') it is. It was always very difficult and in present times well nigh impossible<sup>6</sup>.

On the other hand why look for a new liberal party. There is such a party already in existence. It is the Swatantra Bharat Party (SBP) founded by Mr. Sharad Joshi<sup>7</sup> on May 28, 1994. One has only to read its manifesto to know that it stands for Liberalism of the Classical variety. Boldly campaigning on the Liberal plank of freedom for its own sake and minimum government, the party fought two or three elections both to parliament and the Maharashtra Assembly and fared very badly. The SBP's forays were like the 'Charge of the Light Brigade' to be admired for their sincerity and courage but not their wisdom. Why did they fail? Because the party lacked an organisation and even more there was little financial support from business and industry. Almost identical to the old Swatantra Party's experience. Despite it being labelled the 'rich man's party', it too was starved of funds by business and industry.

Before we proceed further to discuss what Liberals should do in these circumstances

let's spend a few minutes on what we mean when we use the word 'Liberalism'. Who is a liberal and what is Liberalism? The answer depends on which part of the world you are. If you are in the United States, it refers to all those who see a greater role for the State in economic matters, even while seeking far less state involvement in civil rights, supporting abortion laws or gays' rights. Often, the word 'liberal' is used derisively with a trace of contempt. This was so, particularly during the Cold War years when liberals were considered to be 'lefties' or communist fellow travellers, admirers of the Soviet regime.

It is the precise opposite in Europe, including the United Kingdom. British and European liberals view the State with suspicion and would prefer to confine government to its basic role. What this basic role is differs from one liberal to another. The 'classical' liberals believe that the State should restrict itself to law and order, safeguard the country's security from external aggression and perhaps be responsible for the country's currency. But any involvement in economic affairs was ruled out. Other European liberals consider that the State's duty is not merely to keep law and order, safeguard the country's security, within and without, but also be responsible for social services like primary education, primary health care and the provision of basic needs like potable water for drinking and infrastructure like roads, railways, bridges and the like - areas where private enterprise may not wish to enter as the returns are not likely to be attractive.

It is this writer's belief that on such issues there can be no 'right' answers 'or' wrong answers. Central to the Liberal philosophy is the belief in the primacy of the individual vis a vis the State and Society. That system that enables him to make his own choices and live a life in



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November 12, 2002

Dr. Detmar Doering  
Director  
Liberalen Instituts  
Postfach 900164  
14437 Potsdam-Babelsberg  
Germany

Dear Dr. Doering,

Please let us offer you our good wishes and congratulations on your taking over as Director of the Liberal Institute.

Thank you for your email of November 27. We look forward to your cooperation in our task of promoting the Liberal movement in India. At present we are planning our work for 2003. Once they are finalised I shall be writing to you.

Thank you also for sending us a your publication of the article on poverty by Count Lambsdorff

Meanwhile, you will be glad to know that the ILG successfully concluded its First National Convention in the southern city of Hyderabad on December 6 and 7, 2003. A hundred delegates participated.

We have pleasure in enclosing a copy of the printed report of the Convention for your perusal.

Warm regards,

Sincerely,

S.V. Raju

dignity is what makes for a liberal society. This belief unites all liberals. In India's case this, in combination with the tasks listed above on health, education etc., is the kind of liberalism Indian needs. This is the way to good governance. 2

If this enunciation is accepted what should Liberals do. Forming a political party, at least for the present is not advisable as it would fail to carry credibility with a people who are fed up with political parties. At the same time this does not mean that liberals fold their hands do nothing and hope that their time will come.

We should go beyond the political system and start a movement. A majority of our people are potential liberals, because liberalism respects the individual and his right to make a choice and offers pragmatic people-based solutions to problems. There are many like-minded liberals to be found in many political parties even if the parties concerned do not profess liberal policies. There are many of liberal persuasion who do not belong to any political party. These need to be identified, supported and brought together in a broad movement. they

This is precisely what the Indian Liberal Group (ILG) founded as far back as 1964 by Minoo Masani recently decided to do. The ILG felt that what was needed was a consolidation of liberals irrespective of where they were located and a movement be launched to restore the lost credibility of our institutions of governance. This called for a sustained campaign to restore character and values. For only people with character and respect for values can restore the credibility of the legislature and the executive and the judiciary. of 2

Members of the ILG are sworn to uphold the values of Freedom, Responsibility, Tolerance, Social Justice, Equality of Opportunity. The individual has the freedom of choice subject to his freedom being restricted only where it intrudes on the freedom of another. He accepts responsibility for his actions; He does not shift what is expected of him to the state and thus passing on the problem to future generations; He is tolerant accepting the fact that no one has the monopoly of wisdom. He is tolerant towards all religious (or non-religious) beliefs other than those that militate against human dignity and freedom; To a Liberal, a society without social justice is unacceptable and believes those in need of help should be able to rely on the support of other individuals, groups and the state (through the government of the day) to undertake activities that are beyond the means of individuals at any given point of time. And, finally, he believes in the concept of equality of opportunity i.e. no groups or individuals are given preferential treatment in the pursuit of their goals. even while believing that no two people are alike; that people differ in their intellectual and physical abilities, in their likes and dislikes, in their attitude to life itself. He also accepts the fact that to correct historical wrongs (for instance those engendered by the caste system) society should lend a helping hand through voluntary organised effort where possible and through the State where required. t

Even while accepting the minimal state, the ILG reject laissez faire. In his "Plea for a Mixed Economy" in 1947<sup>8</sup> Masani cites with approval both Professor Hayek's conclusion that total planning means total slavery and British socialist Barbara Wood's assertion that the secret of success in planning lies in knowing where to stop.

In 1985 with Minoo Masani and Count Otto von Lambsdorff, an outstanding German Liberal, present, the Indian Liberal Group adopted a manifesto which, in a reference to equality had this to say:

"To try to eliminate poverty and social injustice is not to accept egalitarianism viz. The abstract right to rigid equality of conditions for all, independent of talent, work or forethought. While Liberals strongly support measures to reduce differences in wealth, to protect each citizen and to increase equality of opportunity, they decidedly oppose egalitarianism which degrades the individual, whereas the recognition of merit in conditions of social justice is stimulating."

This is the new liberalism of the ILG. We have drawn freely on Adam Smith and John Stuart Mill; on Hayek and Friedman; on Gokhale and Gandhi and fashioned a mix of free market economics laced with social welfare.



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February 5, 2003

Roland Werner  
Political Assistant to the  
President of the FDP  
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Dear Mr. Werner

You will be glad to know that the Indian Liberal Group successfully concluded its First National Convention in the southern city of Hyderabad on December 6 and 7, 2003. A hundred delegates participated.

We have pleasure in enclosing a copy of the printed report of the Convention for your perusal.

We are currently drawing up our activities for 2003. As soon as they are finalised we shall get in touch with you on the e-mail.

Warm regards,

Sincerely,

S.V.Raju

Encl. Report

Indeed Liberalism has not only a role to play in contemporary India but perhaps is the only philosophy that can meet the challenges facing the country. It is generally believed that liberals are armchair advocates who are good only in seminar rooms and conference halls. They are also admired as very good speakers and writers. The liberals must now prove through organised effort that they are doers as well. This is both a challenge and opportunity for India's liberals.