

The  
**Great  
Indian  
Dream**

restoring pride to a nation betrayed...



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Indian  
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**Malay Chaudhuri  
Arindam Chaudhuri**



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The Lotus

–Dr J.K. Mitra

A fragrance so subtle  
Understated so prominently;  
Roses appear raw and loud!  
On your way of being and becoming;  
Budding tantalizingly slow and gentle;  
Inside lay the kindest core!  
Nascent petals – dozens and scores –  
Demurely readying to dazzle the world;  
Oh God! Why couldn't you wait longer?

*Written in memory of Aurobindo Chaudhuri by his teacher at IIPM. Aurobindo died at the young age of 19, and it is in his memory that the Great Indian Dream Foundation was started.*



In memory of  
My father and my son

I know no other person as honest as my father, Dharendra  
Kishore Choudhury, was.

*My son, Aurobindo, died young when he was only 19. He was  
a lovely boy. I am grateful that he was with us, even if it was for  
a short period.*

**–Malay Chaudhuri**





In memory of my brother  
Aurobindo

Your appreciative smile and involved looks during my lectures on similar topics in IIPM always inspired me and the memory of the same still does. I have tried my best to benchmark each sentence in this book against your spirit of humanity and love. Even without being physically present you have helped me write this book. The confidence that you would have liked this piece of work made me write this book without *compromising — for academic truths should make no compromise.*

– **Arindam Chaudhuri**



*With the entire sale proceeds of Count Your Chickens before They Hatch, we started the 'Great Indian Dream Foundation'. With the entire sale proceeds of this book, our endeavour will be to further the cause of the same.*



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*when the*  
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## Preface

In this book we have not only analyzed the basic impediment in India's march to glory but have also made an attempt to identify budgetary resources to end the poverty of the masses.

The second aspect that needs mention is our attempt to show how the inequality among sections of population can be removed within a reasonable time frame. Lastly, we have shown what needs to be done to catch up with the developed world by the year 2025.

The title of the book, *The Great Indian Dream*, has been coined by Arindam. He has spoken on this topic from various platforms. This book is therefore the realization of his 'dream'. However, I have played a role in shaping the contours of this dream, to transform it into a 'vision' by presenting ideas of various 'alternatives'.

My name appears as an author along with him. Nevertheless, this is his book.

*28th March 2003*

**Malay Chaudhuri**



## Preface

I was fortunate, during my IIPM days, to meet an educated girl who was willing to marry me and live in India. At a time when most Indian girls wanted to marry non-resident Indians and move to America, and soon after invest their untiring efforts in acquiring the Green Card, thank you, Rajita, for having been ever so refreshingly different. Those were the times when the lure of the American Green Card drew guys like a magnet. MBA was seen by young men as the visa to land a dream job in America. It appeared as though all the educated young men in India were nurturing just one dream—the Great American Dream. They were the same young, educated men, on whom our great leaders were pinning their hopes, expecting that they would turn India into the golden land of their dreams. Having been born and raised in a home where the head of the family, my father, was constantly inspiring everyone around him to work towards bringing about a change in our country, I was frustrated by this American dream I noticed in everyone around me.

I was a student of Management and Economics, but I began to study Philosophy and Psychology alongside. When I began to take classes at the IIPM, I started using those classes as punching bags. Every emerging concept, frustration, idea and theory, combined with the questions stemming out of the

young and inquiring minds of my students, would spur me on to think through issues and debates.

That is when, in the year 1997, I started writing the first pages of this book. The seminars that I had been conducting and leading in the past three years, helped crystalize my thoughts into concrete ideas, and, the Great Indian Dream was born.

In the meantime, of course, I wrote *Count Your Chickens before They Hatch*. The book was based on Theory ‘i’ Management, a set of India-centric management principles which I wanted to take to every corporate boardroom in India. This wish was fulfilled when the book turned out to be a runaway success. I wanted this book to reach the common man and be the number one bestseller on Management and it did just that!

Again, I want the common man to read *The Great Indian Dream*. It is my endeavour to take Economics to where it belongs. This is a book on Economics but I am hoping it doesn’t read like one — complex, mathematised and pseudointellectual, quite unfit for the common man, around whom Economics should actually revolve.

This book presents my ideas on *Happy Capitalism*. I strongly feel that the urgent need of market capitalism is humanizing, in order to make our part of the globe a happier place. In the globalized world of today, we seem to be sacrificing the Great Indian Dream at the feet of the developed countries, much



against the global vision that Pandit Nehru's speech on the eve of independence outlined.

Pages 40 to 87 have been written by Dr Malay Chaudhuri. The 'I' in those pages refers to him. Pages 165 to 225 are the result of our common perception, although the budget alternative and the town and village industries part are primarily based on his thinking and research. Although I have dedicated this book to my brother, the entire spirit of the book has evolved from the original thinking that I have imbibed from my father. The only thing I can have the sole claim on is the part on *Happy Capitalism*. It would give me immense happiness if my father feels that this book has done justice to all his teachings.

I owe thanks to Shishir Bhattacharjee for his invaluable help in drafting and designing the book. He has been of incredible support to me as an author. Rajita, Arundhati (my sister), my best friends Ashok, Sandeep, Shikha and A. Sandeep have always helped me with their blind support. Amit Saxena, one of my CEOs at Planman actually got the project initiated for which I am grateful to him. Thanks are also due to the entire Planman-IIPM family for their commitment, love and support.

We have named our son Che Kabir so that he grows up to bring about revolutionary changes in the world which Che Guevara, the great Cuban revolutionary, stood for. But we also hope that these changes can be brought about through peaceful means which the great Indian poet Saint Kabir stood for.

MALAY CHAUDHURI

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I end with the hope that he grows up in a world that this book hopes to create, a world without poverty and torture of man by man. If he doesn't meet a world that this book dreams about, then he and millions of other Indians his age will have to be inspired by this book and fight for the Great Indian Dream.

*28 March 2003*

**Arindam Chaudhuri**

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# **CHAPTER**

# **1**

## **INDIA BETRAYED-**

Looking  
Local



***“ YOU MIGHT NOT SEE  
THINGS YET  
ON THE SURFACE,  
BUT UNDERGROUND,  
IT’S ALREADY ON FIRE. ”***

A Quote by Indonesian writer Y.B. Mangunwijaya,  
taken from Naomi Klein's 'No Logo'

## A Rich Nation Remains Poor

I ndia is a rich nation. We are culturally rich, emotionally rich and intellectually rich. When the rest of the world wore leaves, we were busy inventing steel. When the rest of the world had not yet awakened to the light of learning, we were studying Science. We invented the zero much before the others saw the dawn of civilization.

We Indians are also known for our hospitality and warmth. In my seminars and workshops abroad, I often conduct this exercise. I ask the participants how many of them like the Japanese. Hardly any hands go up. When asked how many of them like the Americans though, many hands go up (traditionally, the Americans are supposed to be the

friendly guys). Ask how many of them like Indians, quite a few hands go up. The reasons that they give for this liking are many and varied — some have had good experiences with their Indian subordinates while others have found Indians warm and hospitable. The reasons continue . . .

They find the Indians rich! Rich in all walks of life! Things Indian are *so cool* outside India. *Bhangra* and Indipop figure in the US pop charts. Business schools in the US have been named after NRI businessmen. Indians are heading global corporations and some of the top scientists in NASA are Indian too.

Given this glorious response to everything Indian, what never ceases to make me introspective is their response to Indian products. When asked how many of them like American or Japanese products, many hands go up. Indian products do not evoke the same enthusiasm though!

This exercise typically explains the Indian scenario — **we are a rich nation that has remained poor.**

Though this book will probe into each facet of this notion later, let me start by presenting an overview of India as an independent democracy in the last five decades. Much as I would like to enlist our achievements as a nation, I often grope for something worth mentioning.

Some time ago, while he was addressing some villagers of Rajasthan, I heard a senior cabinet minister say that in the Human Development Index, India ranks 124th in 173



countries of the world. Sadly, the audience had no idea what the HDI was all about, not to speak of the lack of any attempt on the part of the minister to explain it! The person who was addressing the rural audience and the miserable condition those people were in, was one of those who were in fact, solely responsible for this ranking. The speaker, however, would rather talk about the Human Development Index to illiterates than improve their condition. Yet another instance of lack of political will! Yes, it is no surprise then, that we rank 124th and keeping us company are the Sub-Saharan countries.



*What an Indian  
must never forget*

**India ranks 124th in the human development report preceded by Namibia and Morocco and followed by Swaziland and Botswana.**

Let's look at some startling statistics on India's 'poor' status. Four out of every ten Indians today live below the poverty line. Cliché? Let us look at it closely. The **Poverty Line** in India gains a shade of respectability as it is set at Rs 1875 for a family of five per month. This definition suits the hypocrisy of our Indian politicians. In reality, it takes a mere Rs 375 to be above the poverty line in India. I'd rather it was renamed **Destitution Line**. No wonder in Kamathipura, the red light district of Mumbai, some women are still bonded into prostitution today because their grandparents sold them for as little as twelve or fifty rupees decades ago!

Our share of world trade presents another bleak picture—against China’s 4.3%, India’s 0.6% looks virtually impoverished. This hits us badly when we shop in Europe or the US. Starting from tuck shop items to designer stuff, everything that stares at you is made in China!

While we smugly rejoice that ours is a country with the most qualified, educated human resource, we try to ignore the data that 30% of the world’s illiterate population hails from and resides in India. Study the shocking result of this: While we have one Indian doctor for every 2400 Indians, we have one Indian doctor serving every 1325 Americans in the United States.

Today, 40% of Mumbai is a slum and 35% of Delhi defecates in the open. Only 232 towns in India have sewerage and that too, partially (Delhi included). Five lakh people carry human excreta on their heads. Every night, 300 million people go to bed hungry, a number far exceeding that of the combined population of Canada and the US. We raised a hue and cry when 50 people died of plague because its effect was also felt by the rich sector of our economy, but no one raises even a whimper for the 4,50,000 people who die of tuberculosis every year and half a million people who suffer from diarrhoea every day. These deaths caused by curable diseases (!) are not so much deaths as lives crushed to death by our unfeeling, uncommitted leaders. These deaths should be rightly listed under homicides. A glance at a comparison of the situation

between India, Cuba and China reveals to us the reality (Table 1).

Table 1  
A Comparative Health and Nutrition Profile

<i>Name</i>	<i>% of low weight babies</i>	<i>Infant mortality per 1,000</i>	<i>Under 5 mortality per 1,000</i>	<i>Maternal mortality per 1,00,000</i>	<i>Food calorie per capita</i>	<i>Life expect</i>
Cuba	7	14	14	54	3130	79
China	6	29	42	130	2650	68
India	30	90	142	550	2230	63

Studying the agriculture scene in our country leaves you with little confidence! China produces 450 million tonnes of food grain from just 60% arable land compared to India, while India produces a mere 200 million tonnes. The Chinese have achieved this primarily by creating excellent irrigation facilities. Irrigation requires basic investment, which we don't seem to have, but, **what we do have is a two-hundred-thousand-crore-allocation to be generously given away to the Indian middle class and the organized sector with the last pay commission ruling in five years.**

We make a noise for all the wrong reasons but accept injustice to the downtrodden as an irrevocable reality. The downsizing process in the US that resulted in the unemployment of two million people caused many protests right across America. This makes me wonder, why Indians, even of the educated class, fail to see the deprivation and sufferings all around them.

Now let us examine yet another important machinery of a true democracy, namely the judiciary. The condition is appalling — while we have 10 judges to every million people in India, the US has 120. A recent survey conducted reveals that **there is a backlog of more than 30 million court cases in India and, on an average it takes 20 years to resolve a dispute.** Yes, it is yet another matter that resolved disputes don't necessarily mean justice done. Very often the criminal gets away scot-free. Isn't justice delayed justice denied?

A case in point to demonstrate how little justice means in this country: the Provincial Armed Constabulary of U.P. once stopped some buses carrying protesters on their way to Delhi to demand a separate state of Uttarkhand! According to the CBI, the gentlemen in uniforms, in fact, dragged the women out of the bus and raped seven of them. The fourteen men who tried to stop this, were shot dead. The District Magistrate, of course, offered a medieval justification to the action of the policemen: *When a man sees a woman in a deserted sugarcane field, the first thing that comes to his mind is sex.* Such are the erudite perceptions of our administrative officers! Had the victims sought justice, at the pace our court cases get resolved, it would have taken them more than a lifetime to obtain justice.

The government is involved in more than 60% of all the civil suit appeals. The conviction rate is as low as 5 to 6%. It is common knowledge that a large number of our public prosecutors are up for sale. A land dispute in

Maharashtra is supposed to have lasted for 650 years! We are in the Guinness Book of World Records for peculiar reasons like longest court cases, nails and moustaches!

The decadence in the quality of leadership shows starkly whenever a crisis occurs. A case in point was the cyclone in Orissa in the year 1998. Indian citizens just watched helplessly as the so-called leaders gave speeches, the corporate world worried about compensations from the government, and, the NGOs did precious little!

It was one of the biggest national calamities. Even television underplayed it. It was more than eager to project the Kargil conflict and the nuclear tests with a nationalistic fervour, perhaps with a hidden agenda. The government, which should have sprung into immediate action within minutes of this calamity, instead chose to set up a task force, headed by George Fernandes, *after more than fourteen days*. What with thousands dead, millions rendered homeless, epidemics spreading like wildfire and people rioting for food, the least that the prime minister could have done was to address the nation at that dark moment!

At a juncture when the mammoth task of ridding our country of all these perils should be the only priority of the government, all it is interested in is throwing the jargon of privatization and liberalization at the starving Indian masses! This jargon reminds me of the comments of Joseph Stiglitz, the Nobel prize-winning economist. He is derisive of the whole process of privatization. He refers to it as the

process of Briberisation. I would like to add to Stiglitz's coinage. All this is likely to lead to nothing but Barbarisation, at least in India. Have we ever tried to find out why the public sector company Jessop, worth about Rs 2400 crore, was sold for Rs 18 crore when it had Rs 14 crore in its bank account? Or, for that matter, why were the VSNL stakes sold to the TATAs for Rs 1500 crore when the cash assets they got in return itself were worth Rs 1100 crore? The economic situation in our country today, is one of zero-credibility and shame.

The government has roughly about 3.5 lakh crores as reserve, crying out to be invested wisely in the best interest of the people of India. But our government, of course, opts to disburse the kitty in the form of low interest housing loans or retail finance. It has also chosen to block 84 billion dollars of forex reserves, while all it needs is 15 billion dollars to deal with crisis situations. This means that about 69 billion dollars are lying in the American treasury, earning a minuscule 1.5% interest. Finally, it has 50 million tonnes of food grain lying



***What an Indian  
must never forget***

**If all the food grain lying unused in our warehouses was to be packed in gunny bags placed one after the other, it would make a path to the moon and back. Yet this country bears the cross of over 200 million starving Indians.**

unused, the cost of storing which costs the government a tidy sum of Rs 11,000 crore per annum, roughly Rs 2200 per tonne. I am sure we cannot ignore the wastage and pilferage costs.

Does it make a pretty picture to see our finance minister, sitting among the three mountains of cash reserves, forex reserves and food reserves, while his country starves! We try in vain to find answers for questions such as these: Why isn't the money used for public welfare activities? When we could get a 33% return on investment, why have we kept the forex reserves idle? Most importantly, what shames us is the absence of valuable programmes like those in Maharashtra — Work for Food through Employment Guarantee Schemes.

**When capacity utilization fell from 85 to 70% during the 1930s in America, it caused the Great Depression. What do we do but bemoan our capacity utilization of 60% . . .** Just improving this alone would give us the additional growth that we are looking for.

**Thanks to years of corporate sector financed public relations efforts, the free market policies that encourage private enterprise and consumer choice have a near sacred aura around them.** These policies undermine the dead hand of the incompetent, bureaucratic, parasitic government, which can do no good even if it means to. **As a result, policies that get implemented in the name of liberalization, free market or benefits to the corporate sector, seldom seem to require defence. These coverups**

**are used to insidiously usher in anything from lowering taxes for the corporate sector and the wealthy to disabling public education, health care, housing and employment-generation programmes.** I'm afraid, I, for one, do not fall in the category of economists who would blindly buy these arguments. I have always believed that the market is a wonderful slave but a bad master. The meddlesome hands of those in power often cripple our public sector enterprises, dooming them with under-utilisation of resources and other such shenanigans. Indian Airlines has 400 employees per plane compared to the international average of 140. Delhi Transport Corporation had 4300 buses with 22,000 employees in the year 1984, whereas, it has 4000 buses with 33,000 employees now.

The public sector is also giving away crores as fees to consultants like the McKinsey Corporation, which, in as long as I can remember, has never thought of giving a solution beyond the oft-repeated 'disinvesting in diversification plans and concentrating on core business'. If we try quick-fix solutions for every problem that India faces, the finance and industry sectors can't get any sicker than they are now. SAIL is a case in point. In the case of the SBI though, it met with strong protests when it was asked to tone down rural branches and concentrate on corporate customers. The employees of the SBI were left wondering who would take care of their rural customers if the corporate customer was the only focus. It makes good sense to diversify for long-term business stability. No



Foreign Institutional Investor ever invests in shares of only one company. The Government of Orissa paying a whopping Rs 306 crore to a consortium of international consultants, led by KPMG for the World Bank-aided Rs 1300 crore project, is yet another example of unwarranted consultancy. These examples amply demonstrate the mockery that the public sector units have been turned into.

***From the ideology of running  
the nation as a family***

Pandit Jawaharlal Nehru, India's first prime minister, wanted to build a 'noble mansion of freedom'. He expressed this lofty ideal at the Constituent Assembly on 14 August 1947. This memorable address of Jawaharlal Nehru ushered in the **Great Indian Dream**. I present here his speech to you. I request you to read it once more even if you have already read it. I want every Indian to study this speech to be able to fathom the magnitude of the Great Indian Betrayal compared to its glorious beginning.

Long years ago we made a tryst with destiny, and now the time comes when we shall redeem our pledge, not wholly or in full measure, but very substantially.

At the stroke of the midnight hour, when the world sleeps, India will awake to life and freedom. A moment comes which comes but rarely in history, when we step out from the old

to the new, then an age ends, and when the soul of a nation, long suppressed, finds utterance. It is fitting that at this solemn moment we take the pledge of dedication to India and her people and to the still larger cause of humanity.

At the dawn of history India started on her unending quest, and trackless centuries are filled with her striving and the grandeur of her successes and her failures. Through good and ill fortune alike, she has never lost sight of that quest or forgotten the ideals which gave her strength. We end today a period of ill fortune and India discovers herself again.

The achievement we celebrate today is but a step, an opening of opportunity, to the greater triumphs and achievements that await us. Are we brave enough and wise enough to grasp this opportunity and accept the challenge of the future?

Freedom and power bring responsibility. That responsibility rests upon this assembly, a sovereign body representing the sovereign people of India. Before the birth of freedom we have endured all the pains of labour and our hearts are heavy with the memory of this sorrow. Some of those pains continue even now.

Nevertheless, the past is over and it is the future that beckons to us now.

That future is not one of ease or resting but of incessant striving so that we might fulfil the pledges we have so often taken and the one we shall take today. The service of India means the service of the millions who suffer. It means the ending of poverty and ignorance and disease and inequality of opportunity. The ambition of the greatest man of our generation has been to wipe every tear from every eye. That

may be beyond us but so long as there are tears and suffering, so long our work will not be over.

And so we have to labour and to work, and work hard, to give reality to our dreams. Those dreams are for India, but they are also for the world, for all the nations and peoples are too closely knit together today for any one of them to imagine that it can live apart. Peace has been said to be indivisible, so is freedom, so is prosperity now; and so also is disaster in this one world that can no longer be split into isolated fragments.

To the people of India, whose representatives we are, we make an appeal to join us with faith and confidence in this great adventure. This is no time for petty and destructive criticism, no time for ill-will or blaming others. We have to build the noble mansion of free India where all her children may dwell.

Our hearts brim with pride and a sense of belonging to this dear country India, when we read or hear this speech — one of the greatest speeches ever made in recorded history. The great scholar that he was, Nehru understood that there couldn't be any Economics without ideology. This marked the beginning of our journey with socialism. And the Socialist ideology suited India at that point in time after what she had gone through — years of exploitation. The erstwhile USSR became our closest ally. From steel plants to pharmaceutical plants, the USSR showered us with gifts of industrial support, some free and some subsidized. India was all set to march towards the glory that it richly deserved. As the public sector blossomed, it appeared as though the state would take care

of everything from education and health to employment, like devoted parents take care of their children.

And then came the bottlenecks! Professing his undying love for children and concerned about their future, Nehru strongly turned towards protectionism, believing that it would lead us to progress and prosperity. He openly expressed his anger at those who were attempting to make our markets porous, even to the extent of declaring that every black marketer be hanged from the nearest lamp-post. The poor in India forgave graciously the initial problems that came in the way of our dream of greater prosperity, believing that the leader's fervour would eventually translate into progress. They hoped that soon, they would be within touching distance from his dream. After a while though, the promised prosperity kept getting stuck in bottlenecks and continued forever to remain an elusive dream. 'Education for all' was one such dream that never came true, though the Indian Institutes of Technology sprang up in some places and groomed world-class engineers who could have taken India to the league of developed nations. It is yet another issue that they were seen queueing up for the dream visa at the gates of the American Embassy to serve American interests in the land of plenty!

The poor in India, of course, continued to dream with all their parched farmlands, dying children, growing unemployment and sporadic unrests. Then, one day, Nehru was no more, and his birthday became Children's Day. Amidst much controversy and emotion, his daughter,

Indira Gandhi ruled the nation for some years, nationalized the banks, won wars, but, sadly, failed to live up to the hope that India woke up to on that glorious morning of 15 August 1947. Coining the slogan *Garibi Hatao*, she promised to remove poverty, but just managed to retain the so-called Hindu Rate of Growth — an average growth of 3.5% in GDP, which kept the majority of the country at par with the Sub-Saharan nations. Unlike her father, she was not very well-versed with concepts of Economics and her most well-known finance minister was an English Honours graduate. After her brutal assassination, her son, Rajiv Gandhi, the charismatic and perhaps the most charming politician that we have ever had, came to power, riding a great sympathy vote. Unfortunately, India had moved too far away from his grandfather's ideologies, and the grandson could not make the customary promises in the new spirit. The good man instead, tried to show the nation new hopes inspired by newer ideologies.

### *To the ideology of running the nation as a department store*

Four decades of romance with Socialist ideologies and many disappointments later, we now espouse the free-

**I want to be the white man's brother, not brother-in-law.**

Martin Luther King

market system as a means to a better life for our people. **This ideology came to us more by default than by design.** I see us in the

present and for quite some time to come in the foreseeable future as well, living with this belief. When the realization that our ideology hasn't kept its promises dawned on us, whatever might be the reasons, we began to drift towards liberalization, privatization and globalization with their own hampers of promises — prosperity and stability. Not that globalization, in essence, is a bad idea. It is globalization, which has given the poor people of developing countries access to knowledge, well beyond some of the richest people in developed countries. A case or two of the anti-globalization protests that we hear of, are in fact, provoked by a threat felt in some quarters by this free flow of information and knowledge to one and all.

Today, it has become easier to orchestrate public support and pressure for matters of international concern in a world where information flows freely. Globalization has opened up many possibilities — from pressurizing rich countries to write off debts of developing countries to prevailing upon poor countries to sign international landmine treaties — it has contributed in a big way. Information transfer to rally public opinion and weighing the pros and cons of world events — the good that it does is manifold. But, alas! Globalization often stages a Jekyll and Hyde act too! Much as it helped in hurting the local milk producers in Jamaica, it did manage to ensure that milk reached the poor starving children of Jamaica. Yet, the demerits of a blind and unconditional surrender to market forces of developing countries, far exceed the merits. India should have learnt to sift the grain from the chaff, and, should

have taken advantage of just the positive aspects of globalization, instead of opting to go all the way, blindly. And, by now, it is rather obvious that the benefits of globalization and the new method of dispensation have great difficulty in percolating to the rural grass roots from where a majority of our people look up hopefully for release from an unending cycle of poverty and deprivation. While the IMP and the World Bank would like us to believe that it is because of the faulty implementation of free market economics that there is a dismal picture in developing countries, experiences of some East European countries, Russia and a few other developing countries point to the contrary. They were in a great hurry to embrace the exclusive fiscal-oriented approach of unrestrained cowboy capitalism imported from the Wild West in unthinking haste, and, ended up reaping a bitter harvest. Its viciously competitive, no holds-barred, financial-bottom-line approach has made many of the less-developed lands and people fall by the wayside. **The market-oriented economy has caused an incredible number of job losses, land alienation, food riots and tensions of economic disparities leading to rising organized crime, degeneration of the public support system and environmental degradation.** These, of course, have been dismissed as the growing pains of a market economy with its deferred promises of a bright future. What it doesn't seem to pay enough attention to is the worsening reality of the present, affecting the internal stability of an increasing number of countries in an endless

chain from Brazil in South America through the Central American countries to the erstwhile Asian tiger economies of Indonesia, Malaysia and Thailand. These economies have been through the worst crises in their history to date.

Having been sidelined in the gold rush and deciding that enough was enough, even the natives of Southern Mexico have risen as Zapatista insurgents, in the North American continent. While Russia and certain parts of Central Asian Republics are fast becoming ungovernable, the First World bastions like Germany are deeply affected by unemployment. In fact, even in the US, some traditional farming families have been slowly disappearing, burdened by debt. It appears that the problems the farmers in Andhra Pradesh, Maharashtra and Punjab face have much in common with their American counterparts in North Dakota, Montana and Wyoming.



*What an Indian  
must never forget*

**India's experience in the  
great international free  
market bazaar has not been  
entirely pleasant.**

**We need to realize that economic prosperity for a nation is not about Economics alone. A nation cannot be run like a Departmental Store with the only motive of profit maximization. Economic prosperity encompasses social development, which is crucial to the soul of a nation.** Today's capitalism has to re-engineer and re-structure itself so that its social face emerges without scars.

The Thapars have been forced to sell off diversifications in glass, nylon and edible oil projects while struggling with



their very own flagship company; Mafatlal's flagship company has also reported losses; the thousand-crore National Organic Chemical Industry is up for sale while Gujarat Gas stakes have been sold to British Gas. The TATAs seem to be doing all right; however, Lakme and TOMCO have been sold out. Both R.P. Goenka and G.P. Goenka are in deep waters with 40% of their companies reporting losses. The story is endless.

The Third World transnational corporations employ only seven million people — a figure smaller than the annual fresh entrants into the Indian labour market! Under such

**If a free society cannot help  
the many who are poor,  
it cannot save the few who  
are rich.**

John F. Kennedy

a job scenario, the expectation that the open market would create new jobs is a pipe dream. On the other hand, TISCO has already laid off 20,000 workers and plans to shed more. The Government of India, under instructions from its creditors like the World Bank and the International Monetary Fund, is restructuring public sector units with an aim to reduce the number of workers and hand the units over to the MNCs. The public sector has virtually stopped all fresh recruitments. SAIL has already downsized its workforce from 2,50,000 in the mid-eighties to 1,60,000 now. According to media reports, over 2.18 lakh workers of public sector units have opted for voluntary retirement. The few newly created jobs are at the senior management levels for graduates from business schools like the IIM or the other elite engineering

institutes. Although Indian software engineers get well-paid jobs in Western countries or their subsidiaries in India, their jobs constitute a very small number of the total number of jobs required to make a difference to the appalling levels of unemployment in our country.

Yes, some companies like Wipro have made us proud in the global scenario. Although their initial honeymoon encountered setbacks with the IT melt down, their success made it possible for us to board the global knowledge bus, even though we failed to jump into the manufacturing bus. These exceptions do make us proud. However, the realization that these are just a negligible part of the macro-economic environment gives us a growing feeling that our second ideology, namely globalization, open market and privatization, has also failed the entire nation's expectations.

When we think of this new ideology, the first name that comes to our minds is the all mighty, truly rich and universally worshipped United States of America. Having said this, the American economy, its socio-economic repercussions, and their effect on mankind require close scrutiny. This is imperative because the Indian economy is going through a period of transition, a period I am tempted to refer to as the *Americanisation of Indian economy*.

**Really infant industries have no more chance in the struggle for governmental encouragement than infant pigs have with full-grown swine about a meal tub.**

Henry George, *American Journal of Economics & Sociology*, July 2002

Concepts of opening up economies, privatization or globalization are essentially American. The expectations that we have from these changes are many – an increase in consumer choice and purchasing power, decrease in the unemployment levels – the two being the most significant benchmarks used to measure the effectiveness of economic policies. Before trying to find out what effects these new economic policies are likely to have on India, let's first see what they have done to the country where these policies originated.

No. For a change we will not be talking about how the opening of an economy leads to invasions by foreign television channels, which in turn damage the precious moral fabric and tenets of our society. The true opening up of the American economy started in 1973, characterized by sharply declining tariff barriers and marked increase in trade with other countries. **1973 was a landmark year when America started bringing down its tariff barriers from an average of around 40% to the current average of around 5%. With this, it positioned itself as a country that follows totally open policies and free trade.** Even as the Americans reduced tariff barriers, employment levels in their manufacturing sector started falling. Today a mere 17% (a fall from 35%) of their labour force is employed in the industrial sector. Foreign companies, mainly Japanese, entered the American market. Facilitated by the low tariff rates, they sold their products at highly competitive rates and captured the American market. **As the Japanese government had always made it**

**a point to encourage domestic competition, they had developed strong and highly competitive products, which could compete with the American products.** Gradually, all the major American manufacturing industries, beginning from automobiles, consumer electronics, machine tools, textiles to shoes, beat a retreat. The invincible US economy had to look towards the service sector for survival from its manufacturing sector. It makes for little economic wisdom to sacrifice a country's manufacturing sector to the idea of an open market. It is the manufacturing sector, which has traditionally been instrumental in raising standards of living through higher worker productivity in any given economy. **The bottom line is: a country has to do all it can to protect its manufacturing sector.**



***What an Indian must never forget***

**Since 1913 the real income of 75% of the US workforce has been constantly decreasing, so much so, that, in 1997, it touched the same level as that prevailing in the pre-1960s.**

Table 2, which has come out of the President of America's own report, throws up a few interesting points. It is worth noting that although the share of GDP of the bottom 20% of America climbed up steadily in the years 1950 to 1973 (4.5 to 5.5%), it started declining from 1973, to stand at 4.5% today. At the same time the share of the GDP of the top 20%, which declined from the year 1950

to 1973 (42.7 to 41%), began to increase in 1973 and stands at 44% today. **In 1949 1% of Americans owned 21% of the national wealth, and in 1997, the figure rose to a phenomenal 42%. Well this is what the free market system does to an economy!**

Table 2

Real Wages in the United States, 1950–97

(Applies to more than 75% of Americans)

<i>Year</i>	<i>Real wage</i>	<i>Real wage growth (%)</i>
1950	213	–
1955	244	15
1960	262	7
1965	292	12
1970	298	2
<b>1973</b>	<b>315</b>	6
1975	293	–7
1980	275	–6
1985	271	–1
1990	260	–3
1997	260	0

Source: *The Myth of Free Trade* by Dr Ravi Batra

J. Bradford Delong in the *Economic Times* of 20 November 2002, wrote that from 1973 to 2000, the poorest 20% of American families had an annual per capita income of around \$13,000, with practically no increase in the three decades (compare \$13,240 of 1973 in today's dollar value with \$13,330 in 2000). Seventy-five per cent Americans in the middle segment had seen an increase of a mere

10% in almost three decades, whereas, the top 5% had grabbed an increase of 70% from \$1,49,150 to \$2,54,840.

Study the Indian economy in the light of this data. Mind you, we are not taking the examples of economies like those of Mexico or Indonesia but drawing comparisons with the US, the champion of the cause of Free Trade. The whole process of Americanisation in India first began with the start of privatization. It is surprising that the public sector, in spite of the enormous support and investment from the government, is failing to perform. If the private sector does well because of the high levels of professionalism it demands, why can't we ensure the same from the public sector? Can't the public sector also employ graduates from the IIMs or other such business schools to put in place some efficient management leadership and commitment? Why can't the public sector be given the required autonomy to work? The whole process of privatization seems more to be for the benefit of individuals than for the public.

It appears as though the government's policy is consciously taking a step towards **privatizing all profits and nationalizing all losses**. Or else, how does one explain that business houses like the Dalmias have been allowed to buy companies worth 300 crores for 26 crores? How was Modern Food with assets amounting to more than 2000 crores sold to HLL for a little over 100 crores? On what basis were decisions such as disinvesting 10% of ITDC for a mere 50 crores taken? Whose authority sanctioned a chosen private airline to operate on the

profitable Delhi-Mumbai route, where the Indian Airlines was making profits, and leave the loss-making route of Delhi-Dibrugarh with Indian Airlines? The Government of India sold 18% of its holdings in GAIL of which 5% was acquired by Enron Corporation and 1.3% by British Gas. Both these competitors of GAIL were thus able to buy their way into the company for a song. According to V. Sridhar, in an article in *Frontline*, the government should have sold the shares at a much higher price than the Rs 70 they were sold at. In the case of VSNL the shares were sold at Rs 750 per unit, when the prevailing market price was around Rs 1100.

More scandalous has been the handing over of oil fields discovered and developed by ONGC to private consortiums without compensating ONGC for the expenses it incurred in discovery and development. The Comptroller and Auditor-General of India (CAG) has calculated that this decision of the Petroleum Ministry has caused the ONGC a huge loss of 1244 crores. The terms on which the Government of India has handed over these oil fields are simply horrifying. It has committed to buying oil from these companies at the international price of around \$25 per barrel which is the current price, whereas ONGC's average cost of production of crude oil (including capital servicing charges) was \$5 a barrel in 1990. According to the calculations made by Arun Ghosh, a former member of the Planning Commission, oil fields, which have been given away to a consortium of Enron and Reliance, should have been at least \$440 million on an equity of \$400

million. Today, when oil prices have gone up from \$18 to \$25 a barrel, this consortium should be earning at least \$700 million annually, a fantastic return of 175% on equity. Most importantly, research points out that only 8% of India, directly or indirectly benefits from the entire process of privatization and other such open market approaches. We can't but wonder how intelligent it is to have a whole set of economic policies targeted only at the top 8% of society!

Let's look at globalization next. Many people have already raised this seemingly simple question: Do we need *bhujiyas*, yoghurt or rice manufactured by multinational corporations? Let's talk about the effects of such a move. Very similar to what happened in the US, Fortune 500 companies and other multinationals with huge turnovers (some Fortune 500 companies have turnovers that equal our total industrial production turnover) could easily wipe out our domestic industries. According to a world survey, the power of MNCs is such that out of the 100 largest economies in the world, 51 are corporations and only 49 are countries (based on a comparison of corporate sales and the country's GDP).

The sales figures of the top 200 corporations are growing at a faster rate than overall global economic activity. Between 1983-99, their combined sales grew to the equivalent of about 27.5% of the world's GDP. Their combined sales are bigger than the combined economies of all countries minus the biggest ten! Their sales are equivalent to 27.5% of world economic activities but they



employ only 0.78% of the world's workforce. In the last 15 years their profits have grown by 362.4%, while the number of people employed has increased only by 14.4%. A full 5% of their combined workforce is employed by Walmart, a company notorious for union busting and employing part time workers to avoid paying benefits.

One can imagine what might happen when such companies enter developing nations like India!! They can take in heavy losses for a few years and put in big investments in packaging and advertising to influence the people to buy their consumer goods. Once the industrial sector in India is completely destroyed, they can then take over and rule it. They don't need to bring in new investments either, for they would rather buy up an existing set-up and use it, like it happened in the case of Coca-Cola, Whirlpool, and others. Thums Up, for instance, was not only an example of a quality product but also one of creative brand building. Perhaps it was India's best ever example of an original brand name around which an identifiable brand personality had been built. The advertising campaigns were most creative. The image conjured up was of a free, exciting, adventurous spirit of a young man reflected in the caption 'Happy Days Are Here Again'. All this came to nothing when a giant like Coca-Cola entered the market. Thums Up was bought up and one of the best Indian brand names today sells under the aegis of Coca-Cola. But the market watchers have already rung a warning bell – they believe that the success of multinational companies is short-lived as the increase

in consumer goods in the market is not proportionately backed by an increase in the purchasing power of the masses. Besides, at least in India, the entry of MNCs has resulted in tremendous job losses instead of the expected increase in job opportunities, facilitated by smart exit policies like the *kind* golden handshake. *An increase in consumer choice at the cost of consumer security!!*

**Our past record of domestic competition shows that the government has always encouraged monopolistic tendencies, thus ignoring the benefits of competitive capitalism.** This has paved the way for the dumping of low quality products, thrown out by unequal competition, on unsuspecting customers. Once our manufacturing sector is wiped out, we would be left with no other option but



***What an Indian  
must never forget***

**Today's consumers have been turned into dustbins for private enterprises to discard their innumerable list of products, manufactured more with a view to creating needs rather than fulfilling consumer needs.**

to enter the service sector like the Americans have done. McDonald's is a case in point. Japan owns many New York skyscrapers, including the Empire State building. Ironically, a large portion of the famous New York skyline is in the hands of the Japanese today. Perhaps, America wants to do unto India, just what Japan has done to them.

Besides the economic implications, all these issues have serious psychological implications for the masses. **Advertisements create an imagined need in the minds of economically disadvantaged people. When a product is made out to be the means of happiness through cleverly designed glossy advertisements, those who can't afford it begin to believe that their lives are incomplete.** In effect, MNCs not only rule the market but also the minds of vulnerable people. They are steadily affecting our perceptions of what is worthy and what is not. They create mirages and get people addicted to the idea of chasing unrealistic, elusive dreams. **While pretending to create individuals capable of crafting their lives, all that the brand managers of multinationals do is to turn us into mere cogs in the wheel of a servile bureaucratic machinery, with impoverished thoughts, feelings and borrowed tastes.**

As things stand, economic progress seems to be restricted only to rich nations and the gap between the rich and the poor will widen further. We care more about the system than the people. It is obvious in the way we throw people out of their jobs to maximize profits. Reports of Indians killing themselves on receiving the pink slip in America reveal yet another dimension of the inhuman profit chase at the cost of lives! The US, however, compensates the Americans in a small way by giving an unemployment allowance, but the humiliation provokes the unemployed sometimes into anti-social activities. **The idea of a classless society in a nation filled with greed is just as illusory as**

**the idea of permanent peace amongst greedy nations.** As we encourage more consumer choice, we also create in people an unending thirst for satisfying banal needs. The sense of inadequacy that the masses of a poor country are likely to feel, knowing that there is such a wide variety of things available in the market that their economic status does not allow them to enjoy, is not conducive to their mental health.

The world has seen more violence in recent days than ever before. **Had Kuwait been an apple-producing country** instead of an oil-producing country, would Iraq have been bombed so ruthlessly? Again, had there been a conflict in the UK and Scotland something similar to Kosovo, would the UK and Scotland have been bombed to stone age instead of an erstwhile communist country like Kosovo? Every country has ethnic problems and the solutions don't lie in bombing one of them. I personally think that even in the US there is a big ethnic problem. **Research has revealed that if the white American population ranks first in the Human Development Index the black American ranks 37th!**

The arguments against 'heartless' economics are aplenty, but it is never too late to understand that any need that gives momentary pleasure for a price has to be subjugated to the larger collective needs of a society, paving the way of harmonious, natural, socio-economic growth.

When we buy a twelfth pair of Nike shoes we may derive momentary satisfaction but when we spend time learning music, the satisfaction lasts a lifetime. But when the

vulnerable human mind is constantly bombarded with new material concepts, it becomes exceedingly difficult to concentrate on anything other than satisfying material needs, pushing people to become more and more materialistic. **It is only when a husband presents a diamond ring to his wife that he loves her.** How much has a diamond ring, washing machine or a pressure cooker to do with love? Attaching price tags to finer sentiments, robs life of its richness. Such addictive consumerism and its ripple effects have begun to show in the divorce rates of the middle class. When you see a girl in a lingerie advertisement say, 'All my boy friends love it,' or a man in a deodorant ad declare that it is 'for a man who doesn't have to try hard,' you wonder if the much chaperoned Indian society has decided to break free and embrace promiscuity in a big way!

Let's look at some figures to justify all that I have just said. In America **the number of divorces per 1000 marriages now stands at a staggering 504, and 19.3% of women in the age group of 30 to 34 are unmarried.** Twenty per cent of children grow up in single-parent homes and two-thirds of black babies who are born out of wedlock live with their mothers. While white male life expectancy is at

**I have a dream that one day on the red hills of Georgia the sons of former slaves and the sons of former slave owners will be able to sit down together at the table of brotherhood. . . .**

**I have a dream that my four little children will one day live in a nation where they will not be judged by the colour of their skin but the content of their character.**

Martin Luther King (speech at Civil Rights March in Washington, 28 August 1963)

75.3 years, the black male is expected to live only till 68.7 years. While the richest 5% whites own 88% of private property in the US, more than 50% of the black population lives below the poverty line. There are 15 suicides, 100 drug crimes, 15 road accident deaths per 1,00,000 people in developed countries. The *do or die* syndrome where success is the only by-line in life has rendered more people unhappy than ever before. The suicide rate in some of the ivy-league institutions as well as premier institutions in some Western countries is shockingly high despite plenty.

We also need to realize that cross-border trade is the worst polluter among all economic activities, as it uses more than twice the amount of energy used by equivalent local production. It doesn't make much economic sense even from an ecological point of view. Importing products to improve trade with other countries when they can be manufactured locally makes little business sense. Unlimited progress in technology has also created ecological threats of nuclear war and its ensuing dangers. We need to realize that there is a limit to material growth. Growth and greed are not synonymous. Economic growth has to be well directed.

The concept of competition in a free market has also been

**History is almost always  
written by the victors and  
conquerors and gives their  
viewpoint.**

Jawaharlal Nehru

misunderstood. MNCs don't necessarily bring in healthy competition. The competition between a crippled and a healthy man

is not fair. **Countries like the UK used 150 years of protectionism, violence and state power to put themselves ahead of any competitor in the late 1800s before suddenly turning to propagate a free market system. When the US started catching up with them, they used protectionism.** British steel was kept away from the US through huge tariff barriers so that the US steel industry could grow. It is interesting to note how after becoming a developed nation, each nation turns to the doctrine of free market in order to exploit the markets of the weaker countries through blatant aggression or through



***What an Indian  
must never forget***

**India needs to realize that we need to help our industries to come up to a position first where they don't feel threatened but enjoy the satisfaction of healthy competition.**

organizations like the WTO. During the latter part of the eighteenth century, India was producing as much iron as the whole of Europe. In fact, British engineers were studying some of our more advanced steel manufacturing techniques to try and close the technology gap. Bombay was producing locomotives at competitive levels when the railway boom started. But the British doctrine of market interference – read imperialism — destroyed this industry in India much like it destroyed our textile and shipbuilding industries. Americans too, a hundred years later, saw the advantages of a level playing ground on which they could

crush the competitor, much like the British did years ago. That the Americans now propagate the merits of cross-border trade, after protecting their own industries for one hundred and fifty years, is something our policy makers fail to see.

**Globalization, which is typically associated with accepting triumphant capitalism-American style, is projected as a synonym for the word ‘progress’, which developing countries must accept if they are to grow and fight poverty. The reality is that globalization is *not working* — not just for many of the world’s poor but also for those who promoted it. It seems to be achieving very little for the stability of the global economy itself.** Joseph Stiglitz points out, in his book *Globalization and Its Discontents* that despite repeated promises of poverty eradication made in the last decade of the twentieth century, the actual number of people living in poverty across the globe has actually increased by almost a hundred million.\* This happened simultaneously, as the world income actually increased by an average of 2.5% annually.

**Only strong domestic competition can build up the ability of a nation to manufacture high quality products like the Japanese economy produces. Without the experience of competing in the domestic market, countries cannot compete in a free market system with any measure of success.** It is like participating in the Olympic events without any national level experience. As MNCs come in, they buy up smaller organizations. This

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\* *Globalization and Its Discontents* by Joseph Stiglitz, page 5.



in fact does just the opposite of what it promises to do – destroy competition instead of encouraging healthy competition. Larger organizations are not conducive to an individual’s well-being either, for in a very large organization, the worker cannot relate to the final product and feels alienated from the whole work process.

In fact, as organizations grow in size, the ownership is alienated from the whole human activity or the production process, as most of the ownership today is restricted to the ownership of papers (shares). It is the CEOs and a few senior executives who enjoy the benefits and rule. Master illusionist Michael Eisner, the 1993 winner in the annual executive compensation package Sweepstakes, was earning \$203.1 million which was equal to 68% of the total profits of his company Walt Disney!\* Unfortunately, management experts have done well, promoting Adam Smith’s concept of division of labour (like economists have with his concept of ‘the invisible hand’) but have never bothered to talk about his total contempt for its inhuman effects which turn working people into objects – **as stupid and ignorant as it is possible for a human creature to be** – something that he felt should be prevented in ‘every improved and civilized society’ by government action to overcome the **destructive force of the invisible hand**. This clearly goes to show that even if the free market were to be considered successful, it would require many changes, which we rarely talk about.

Finally a few words on how bothered the West is about our needs. The global village that America talks about is

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\* *When Corporations Rule the World* by David C. Korten, page 111.

not about a village, verdant and peaceful, where people live happily. It is about a village, full of exploitative hierarchies where America wants to be the new *Global Zamindar*. **At a meet in Rio de Janeiro, developing countries wanted developed countries to part with a mere 0.2% of their cross-border trade as a contribution towards eradicating poverty from developing countries. The former refused! While basic education for all in the world would cost \$6 billion annually, expenses on cosmetics in the US amount to a staggering \$8 billion. Water and sanitation for all costs \$9 billion, while ice cream worth \$11 billion is sold in Europe annually. Reproductive health for all women costs \$12 billion; expenses on perfumes in Europe and the US add up to \$12 billion. Whereas basic health and nutrition for all requires \$13 billion, expenses on pet foods in Europe and the US amount to \$17 billion. Cigarettes and alcohol account for \$50 billion and \$105 billion in Europe, respectively. To cap it all, may I add that narcotic drugs in circulation across the world are worth \$400 billion and military expenditure is worth \$780 billion annually!**

Bertolt Brecht once remarked: **‘Those who have eaten their fill speak to the hungry of the wonderful times to**

**Freedom without opportunity  
is a devil’s gift, and the  
refusal to provide such  
opportunities is criminal.**

Noam Chomsky, *Market  
Democracy in a Neoliberal Order:  
Doctrines and Reality*

**come.’** The significance of this statement explicitly emerges from the data presented in the previous paragraph. More than half a century after the passage of the universal declaration of

human rights in 1948, where the right to food was acknowledged as a basic human right, nothing seems to have been achieved. Forget poverty, even hunger has not been alleviated despite slogans such as ‘eliminate hunger now, poverty later’. At the World Food Summit in June 2002, as always, hunger was discussed; scholarly debate on how to resolve this problem followed, and the delegates dined in the opulent capital of Italy. The World Food Summit itself has become a meaningless ritual, where millions are spent to host and entertain those enamoured by the sound of their own voices although nothing meaningful ever emerges. Five years ago, the delegates met, pledges were made to cut the number of hungry to 400 million by 2015. (One would have expected a focus on total elimination!) But now statistics reveal that 580 million people will still be hungry across the globe. People working for the eradication of poverty are more concerned about the statistical tools used for collecting the data and disproving those collected by institutions other than themselves rather than eradicating poverty.

I often wonder what it is that makes us completely besotted with everything American and the American visa – the Great Indian Dream for most young Indians! Even if I were to accept the reality that an individual is more concerned about his personal economics than the country’s, what defies my understanding is how people in charge of a nation could ape a country with 132 times more drug crimes, 16 times more rapes and 12 times more murder crimes compared to a country like Japan. I must admit, even if they have failed in other areas, Americans seem to

have marketed themselves really well! After enjoying a cosy 150 years of protectionism for themselves, both Britain and America now demand a level playing field with developing economies like India. This is a standing example of economic double standards!

The bottom line is — rich India is still poor despite our newfound fancy and faith in Americanisation!

## **India under the Lens**

India is facing innumerable problems today. All of them are crying out to be addressed and redressed. I would like to examine the four most important aspects — according to me.

- a. *Land of the dying destitute: Non-availability of food and medicine for the masses when the shops, warehouses and factories are overstocked.*
- b. *Mass illiteracy and the mafia raj: Illiterate masses kept illiterate so that illiterates can rule.*
- c. *A withering and repressive State: India in the grip of repression with a dysfunctional judiciary and a leadership disengaged from the crucial focus of implementing protective, welfare schemes for the poor.*
- d. *Criminals free and the innocent trapped: Being a silent witness to the shameful conditions in which the convicted are kept in India questions the fundamental values of the evolved Indian. We are tempted to believe that those who are in jail deserve to swap places with those who are out.*

- e. *Disinvestment or disengagement: Policies of disinvestments leading to disengagement of the state from pivotal issues while abdicating its responsibility towards the masses.*

### ***Land of the dying destitute***

All of us are familiar with the three letters of the alphabet – BPL. They stand for the three cruelest words – *Below the Poverty Line*. The middle or the upper class rarely spares a thought to what life means to the people living below BPL. When the media reported that the number of those below this ill-fated line had been reduced to around 35%, government reports insisted that the line was only 29% compared to 60% in 1956-57. It was around this time that the planned development of the Indian economy began to roll – the beginning of the Second Five Year Plan. The fact is that the number is decreasing slowly, very slowly indeed. The people who waste away, abandoned below the poverty line, are those who don't belong in our urban, middle-class neighbourhood, but appear on the television screen with sunken eyes, furrowed brows and chapped, dry lips. When foreign documentaries portray their faces to appeal for charity, we feel ashamed, however momentarily, because these people are our brethren. Some of us also feel awkward lest our wealthy, foreign friends should see through the facade and understand that we are from the same country as these people.

Think of this – 50 million tonnes of food grain is rotting in the warehouses of the Food Corporation of India. This

would be enough to feed all the 350 million below BPL, at 7.5 kg per head per month for the next two and a half years. This would keep them properly fed, assuming they manage another 7.5 kg from other sources. Yet when the food minister made a proposal to give out 30 kg per



***What an Indian  
must never forget***

**Every year, we callously drive more than 4 million Indians to slow death before they reach the age of forty (about 25% of all deaths in a year).**

family of five per month, the finance minister objected and the states refused to distribute saying they did not have the funds for transport. Shame on the finance minister, shame on the chief ministers and shame on all of us who accepted the situation without protest! Surprisingly, there is no dearth of funds when new flyovers are to be built or underground railways are to be constructed!

**Those below the poverty line die because they do not have enough to eat and have no access to essential medical treatment. Another 6 million of our population dies every year as it has no access to essential drugs.\* Together they account for more than 50% of all deaths in a year.**

Even when alive, these people live in sub-human conditions and go through unutterable indignities because

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\* 65% of all Indians have no access to essential medicines. The numbers mentioned here have been calculated on the basis of information available in the *Human Development Report 2001* on pages 150 and 160.

of the accident of their birth in a low caste. Of the 350 million people living below the poverty line, nearly half of them, a hundred and sixty-six million, die before the age of 40 due to malnutrition and lack of medical attention. The rest of us are blessed to live up to the age of 70, on an average. This is less than the lifespan of the people in Sierra Leone, the poorest place on earth. Even the Ethiopians' life expectancy is around 44 years, despite the fact that Ethiopia is forever famine-ridden. Should we be proud of what we have achieved in the last 55 years?

We are not even afraid that these people may one day rise in revolt and cease to accept in silence their deprivation and life of acute destitution leading to deaths without protest.

Fortunately for us, they live scattered on a landmass of 32 lakh square kilometres with no hope of ever coming together; they are not vocal; they are not organized and they can't articulate their grievances. **We have succeeded in keeping them in this condition, almost like cattle which cannot protest even when fodder is stolen. In the case of our illiterate masses, their very own politicians steal their fodder!**

The alarm bells are ringing loud and clear. Reality is staring at us in our faces. It is time we stopped bragging about the minuscule benefits stemming from the information technology sector and rose together to acknowledge that we have failed the true principles of democracy. It is time to admit that we have created a land of the dying destitute. And no progressive nation can have any dreams of a prosperous future, with or without globalization, demonstrating such insensitivity towards its own citizens.

## *Mass illiteracy and the mafia raj*

Besides health, education is the single most important and valuable asset that a nation can give its people, although more and more educated people seem to be charting a path for themselves, often excluding the country's welfare for personal benefit these days. Education happens to be the least expensive support that a government can provide for its citizens while the cost for not providing it can be extremely dear to a government and its future. The first thing that an educated man would do is to stop voting for uncommitted, uneducated goons hiding behind the garb of statesmen. **Keeping the masses illiterate serves the interest of the mafia raj that has entirely permeated Indian society today. The votes of uneducated people can be manipulated with the help of pop slogans, alcohol or muscle power.** There is a growing disinterest in the election process among the educated population of India. Considering the number of illiterate citizens that our country can boast of, the vote of the educated class doesn't seem to be swaying the election results towards an intelligent choice anyway. It appears as though the educated have decided to shape their destiny outside the state system and leave a free, second India to the illiterate masses to choose their own leaders. Despite the efforts of the government to motivate people to vote through advertisements, making them believe that each vote matters, the educated public seems to be

**Freedom and slavery are both  
nothing but mental states.**

Mahatma Gandhi



convinced that its vote will do little to make a difference to the ultimate choice of the masses. There is a noticeable sense of embarrassment among the educated lot about the indelible ink mark on their fingers as a proof for having voted to power one or the other of the corrupt and incompetent politicians. **It is often a choice between the devil and the deep sea.**

We run a non-governmental organization called Aurobindo Smriti Sishu Udyan in the Manab Seba Kendras in the villages of Midnapore (East) District in West Bengal and the Balasore District in Orissa. There were, at one time, 450 Manab Seba Kendras, roughly 350 of them in West Bengal alone. I can, therefore, claim that we have had field experience and we know the utter dearth of primary education in these two states at the grass-root level. Besides this, we have established daily newspaper stands in these villages, supervised by the Seba Karmis of Manab Seba Kendras. We have observed that, on an average, three to five dailies are delivered at a village. Teachers, medical practitioners or corner-shop owners subscribe to these but they hardly share their copies with others. We calculated on the basis of official statistics that the readership of such newspaper stands should be around a hundred or hundred and fifty per village which has roughly 200 families or a 1000 people. Out of this population, around 600 are between the ages of 15 and 60. Assuming that at least 33% of these 600 adults have functional literacy, around 200 people will be able to read the newspaper. We strongly feel that two-thirds of these people should be won over to read the paper. In many of these villages our newspaper

stand has been there for more than five years. Yet the average readership rarely exceeds forty. People in West Bengal are politically conscious, and they do not hesitate to participate in discussions on vital issues. Yet the readership is incredibly small despite our best efforts to increase it by erecting newspaper stands at convenient and central places such as near the temple, tube well or water sources. The obvious reason for such a small readership is that not many can read newspapers with ease. Even those who have learnt to read at the primary schools do not comprehend with ease, being out of touch with reading for years. Our experience and field surveys have convinced us that around 30% of the villagers are functionally literate.\* The functional literacy levels must be very similar among the slum dwellers in cities. Since 40% of the urban population lives in slums, the number of slum dwellers who are functionally literate is around 30 million at the most. From the rest of the 180 million city dwellers, who constitute the lower middle class and above, even if 75% of them can read, the number of such readers does not exceed 135 million. Therefore, we have in all 340 million people who are functionally literate. **The functional literacy rate in India does not, therefore, exceed 37.5%.**

This has also been corroborated by various surveys undertaken by reputed agencies which have conducted enquiries into the status of primary education in West Bengal and other states. In 1995, the Human Resource Development Ministry took up a huge District Primary

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\* Functionally literate people are capable of reading simple instructions on how to operate a machine.

Education Project at a budget of about Rs 21,000 crore to improve the state of primary education in the country.

***What an Indian  
must never forget***

**Out of 700 million people  
who live in the villages,  
only about 210 million are  
functionally literate.**

Foreign agencies like the International Monetary Fund and the World Bank got involved in this project. The Ministry had to form a research team of educationists under the National Council of Education, Research and Training. The team investigated the status of primary education in 50 districts of India. They discovered that nearly 70% of the pupils' standard was far below the minimum standard of education expected of them. Hardly any system had been put in place for evaluating the work done by the primary school teachers and the levels of achievement of the learners. Inspections from government authorities were a mockery. Most of the money allotted for primary education, exceeding nearly 95%, was spent on the salary and perquisites of the teachers. Almost nothing was left for school maintenance or the purchase of teaching aids. It was no big surprise then that even those who attended school remain functionally illiterate for the rest of their lives.

Ours is essentially a feudal society. Rich people do not feel that they should work for a living. Those who have fixed salaries in government organizations, feel like *jagirdars*. Salary is looked upon as a privilege they have earned by virtue of the fact that they have these jobs,

thanks to contacts in the right places. If work is expected of them, please let it be known that it has to be paid for!

The entire system of education has its problems. Village schoolmasters most often get their jobs by bribing someone in power. Then they while away the school hours making sure their students don't understand anything so that they can make more money by tutoring them outside school. Besides this, in Bengal, one often hears of teachers paying five hundred or a thousand rupees to a jobless person who takes the teacher's place at school, since most of these teachers are involved in 'party work' as return favours to someone who got them these jobs. Salaries of primary school teachers have been enhanced twenty-three times in the past twenty-four years of the Left Front Rule in West Bengal but the quality of education has regressed beyond redemption.

The Government of Maharashtra has shown us an excellent option to circumvent this issue. To overcome the deficit in budget, this government has fixed the upper limit of dearness allowance to government servants. They have promised to make deferred payments of all dues, exceeding the upper limit, along with pension. A team of eminent economists, comprising Avijit Bandopadhyaya of the Massachusetts Institute of Technology, Pranab Bardhan of the University of California, Berkley, Kaushik Basu of Cornell University, Mrinal Dutta Chaudhuri of Delhi School of Economics, Maitrish Ghatak of the University of Chicago, Ashok Sanjay Guha of Jawaharlal Nehru University, Mukul Majumdar of Cornell University, Dilip

Mukhopadhyaya of Boston University and Devraj Roy of New York University, has advised the West Bengal Government to try this as a way out.

**Successive Pay Commission recommendations and blind implementation of the same by populist politicians have led to a situation where pay packets of different categories of employees of the Central Government, State Government and the Public Sector Units, is in illogical proportion to the national income or the per capita.** Since the pay and perquisites of these categories as well as those of the organized workers in the private sector are bizarrely disproportionate to their work output\* and in relation to the life of destitution of one-third of the Indian population, the Pay Commission recommendations for those already in employment is highly regrettable. Fresh recruits should have no objection to the proposal given in the previous paragraph since a vast number of educated people are unemployed anyway and they will be happy if they are paid even 50% of the prevailing pay packet, with a promised compensation at a later date, the latest by the time of their retirement. This suggestion, if implemented, will work brilliantly, provided national income grows rapidly backed by prudent investment policies and national income and distribution policies. Such reforms should be strengthened by downsizing government organizations wherever necessary and recruiting people strictly according to technically justified norms.

\* Workers in Maruti Udyog called a strike to increase their pay from Rs 22,000 per month to Rs 44,000 per month. The strike was withdrawn when a settlement was reached at Rs 36,000 per month.

We understand from our field experience that a young man who has passed the school finals and is unemployed in a village for years, will be happy even if he is paid a mere Rs 1500 to help as an assistant tutor in a primary school, when he sees no prospect of employment in the near future. This plan will enable the schools to hire the services of one teacher for every forty pupils as against the present scenario of one teacher for every eighty pupils. There are no funds available in many of the village schools to hire sufficiently qualified primary school teachers. This step will help enormously in improving the quality of teaching in the village primary schools. This will also help in optimum utilization of available resources in keeping with the urgent national needs and budgetary constraints. We can definitely pay these people adequate compensation at a later date, latest by the time they retire, in addition to salary at par with the present employees. A genuine commitment to people in the lower economic strata to increase their income rapidly with effective implementation of such reforms will result in narrowing the difference in incomes between the highest paid category and those that are paid low salaries. There are ever so many ways to redeem this country from the clutches of illiteracy, but there is a way only if there is a will, isn't it?

### ***The withering repressive state***

The judiciary is yet another bane of our country. Getting justice from our judiciary is an incredible ordeal. The state, of course, thrives on it because a repressive state has no

respect for democracy or justice. Such a judiciary helps the unjust to exercise complete control over the lives of vulnerable citizens.

**Hiding behind an ineffective judiciary, the state resorts to extra legal methods like *encounter killings* to maintain law and order.** Once the state begins to use the law and

**The beast with many heads  
butts me away.**

William Shakespeare (*Coriolanus*)

order machinery for extra legal methods, drawing its sanction from the practicality of the situation, it is impossible to maintain the fine distinction between what is permissible and what is not. In this process innocent people are convicted. Sometimes they vanish into thin air as victims of custodial deaths. When bribery is not punished and it percolates through the entire system, it becomes second nature for people to resort to bribing for speedy completion of tasks in government circles, although they themselves may not be so morally deficient as to accept bribes.

At the bidding of their political masters, bureaucrats order raids on business houses if they refuse to comply with the extortionists' demands. Once a person comes under investigation in our country, his entire life comes to a grinding halt, as the procedural delays in the path of justice are insurmountable. According to law, investigation does not include using any form of physical violence. But as everyone knows Indian investigating agencies are brutal and inhuman. The owner of one of the largest chains of newspapers was debased so badly, violating all boundaries

of human rights, that he died shortly thereafter – ostensibly due to a heart attack!

The Tehelka case is perhaps the best example in recent times. Any man in his right senses would believe that Tarun Tejpal is one of the bravest citizens of India and the entire Tehelka episode was true and reflective of the state of affairs of our government. But the repressive state will never allow brave and idealistic people to be free and speak their minds. Mind you, Tarun is not an ordinary citizen. He is an extremely popular journalist and a media person. Troubling him is much more of a difficult task than harassing and repressing inconsequential citizens of this country. But the withering and repressive state does not worry about anything when it comes to showing its might in order to hide its crime. It took Tehelka head on and showed the rest of the world what a farce the world's so-called largest democracy is! There was proof on tape, seen by the entire civilized community, but in the absence of an effective judiciary and a vocal group for championing the cause of civil and human rights, the state brushed any valuable evidence there was under the carpet and went on shamelessly to suppress Tarun with false counter statements. Even now the Tehelka group continues to be harassed and has been ruined financially due to the incessant and unjustified raids and

**I know you have come to kill me. Shoot, coward, you are only going to kill a man.**

Che Guevara's—last words before he was shot dead by the CIA



summons raining on it. Every newspaper has condemned the behaviour of the government, but how many people in India read the editorials? The government obviously knows that it is not likely to reach our masses and so allows the pretence of democracy to carry on as it is.

**Harassment of all those who dare to raise a voice against the political shenanigans carries on as hardcore criminals in the garb of statesmen use either their power or thugs to repress and disable the administrative machinery.** Money is no problem. All political parties are pyramid-like structures supported by extortionists and party workers at the base of the pyramid. Complaining to the police takes you nowhere. Complainants are, instead, harassed further. Extortionists, if sometimes arrested for the sake of record, come out on bail and boast of the number they have raped or killed. Honest members of the police force are helpless because courts often grant bail to criminals and trials go on for years. Time rolls by but justice is either delayed or denied. **Criminals unofficially rule sometimes as lords of the streets, sometimes officially as legislators and ministers.** This vivid picture of our judicial system explains the reason why ours is a repressive state.

It is not just the politicians in the centre who are repressive. The states are no exception – take the ruling party in Kerala, for instance. A minister there was involved in a *hawala* scandal but the investigating reporter, who revealed it, was charged with forgery, conspiracy and defamation.

The repressive state began its journey, rigging elections. Politicians took the help of local musclemen and criminals

to intimidate voters either not to go to the booths or to vote for a particular candidate. This way, the criminals were successful in getting their candidates elected. In return, politicians protected them from the police in case they were *wanted*. Criminals soon understood the game and became ambitious themselves. They wanted to get elected themselves and started gathering around regional leaders. An understanding was not difficult to reach. Criminals began to be elected with the blessings of regional bigwigs.



*What an Indian  
must never forget*

**Today there are about 40  
MPs and 700 legislators\*  
with a record of crime.  
Many more are history  
sheeters.**

The Supreme Court has expressed deep concern about violators of law being entrusted with the framing of law. The Vohra Commission reported the deep nexus between criminals and politicians. Responding to the applications of Dr Trilochan Mishra of the Indian Institute of Management, Ahmedabad, and others, the Supreme Court stated that the Election Commission could frame the rules in the absence of any legal framework on elections. Confirming this, it sent directives to the Election Commission. Following the Supreme Court's directive on 2 May 2002, **the Election Commission issued a notice on 28 June 2002 that candidates for parliament or the**

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\* One estimate indicates that 25% of our legislators have criminal records.

**assembly elections would have to declare all details of any past and present criminal cases contested, even if acquitted; declare all wealth and assets; declare their educational qualifications, so that voters were aware of the credentials of the candidates.**

In the context of the Vohra Commission's report on the nexus between criminals and politicians, the country was actually waiting for something like this to happen much earlier.

But the politicians are a class apart. They were more concerned that the Supreme Court shouldn't interfere in the sphere reserved for parliament. They were in total agreement on the point that the situation must be controlled in conformity with the reality existing within each political party. In this case, not surprisingly, there was total agreement among all the political parties. The Union Law Ministry drafted a bill in a hurry to pass it at the beginning of the Monsoon Session starting 15 July 2002.

The bill's statement of objectives declared the government's resolve to check the criminalization of politics and its commitment to devise measures to achieve this.

**A government above the law  
is a menace to be defeated.**

However, the draft, as has been reported by the press, nullifies the compulsion of declaring in detail the criminal records with the flimsy excuse that politicians could attract criminal charges while pursuing their legitimate political activities.

Now, only elected candidates need to submit the details of their assets to the Speaker or the Chairman of the House. Not to the voters! So the very purpose of this requirement has been nullified and the voters' right to know before they vote has been completely overlooked. Educational qualifications need not be revealed, because presumably for illiterate voters it hardly matters if their elected representative is also an illiterate. It is not as if every education minister has completed schooling! Why should schooling be so important when chief ministers of some states haven't ever been to school but are clever enough to earn fifty lakhs supposedly selling cow dung to account for their disproportionate assets!

All sense of proportion seems to be missing. The draft bill on this subject has now been so prepared that no candidate for election can be disqualified unless he is charged with more than one murder, rape or some such serious crime in two different courts.

The response of the politicians to the Election Commission's attempt to ensure that law breakers do not become law makers is a typical example of the insensitive and ridiculous ways of the politicians. **The state today is in the hands of a bunch of incompetent politicians.** They don't care for democratic norms and values. To meet their personal agenda they resort to brutal, intolerant and repressive methods to silence protesting voices.

Newspaper reports say that according to data available with the Election Commission, there are about 40 MPs and

almost 700 MLAs in the state legislatures with a criminal record. I feel this number is grossly underestimated. If any law-abiding citizen looks upon rigging in elections a crime and punishable by law, he would naturally wonder why many politicians in power are not in jail. They have no business to sit in parliament. It is reported that a former Home Minister was elected with the help of 60 musclemen who arrived on 20 motorcycles – 3 per motorcycle, revolvers bulging under their shirts. At a recent election in West Bengal, out of 62,000 booths, rigging in 34,000 booths could be proved beyond a shred of doubt since in these booths the main candidate of the rival party obtained 0 to 300 votes out of around 800 votes cast on an average. Our social work in the villages of West Bengal gives us easy access to people at the grass-root level. Whenever we conduct sample surveys, we find that the anti-CPM vote in rural West Bengal is 70%. Yet the CPM in West Bengal has been winning elections for the last 25 years – a world record of sorts, despite the worst possible misrule,\* often equalling, if not surpassing Bihar.

We have undertaken a research project to find out which parliamentary constituencies have no history of rigging and where it is possible to contest without muscle power and black money, not exceeding the financial limit of expenditure prescribed by

**90% of the politicians give  
the other 10% a bad name.**

Henry Kissinger

\* The CPM Govt has committed contempt of court on 44,000 occasions in the first 22 years of the Left Front Rule.

the Election Commission. (A famous politician once remarked that he had begun his parliamentary life by committing perjury. Each contestant has to swear an oath wherein he states that he has not crossed the limit that the Election Commission has fixed as the legitimate upper limit for campaigning.) Even if we manage to find 10% constituencies where elections were fair, it will be an occasion to celebrate.

You may find people who have not accepted bribes, but you will rarely find someone who has not bribed a government employee to get some work done. The most common method of extracting a bribe is to delay the disposal of files with some excuse or the other. In the United States 0.2% of the people have encountered bribery, whereas in Mumbai 22.9% of the people have had such an experience. Many people have voted without experiencing any rigging but rigging has taken place in most constituencies. It is harmful enough even if rigging is carried out in selected pockets only — needless to say that the scale on which it takes place in West Bengal is a scar on democracy. MPs know that they have overshot the limit prescribed by the Election Commission; they also know that they have won by rigging even if in selected pockets. They may pretend to be unaware of what their agents do but pretence cannot cover up for guilt. Who doesn't know that votes are for sale in rural India? It is easy to influence the illiterate masses using emotional weapons like caste and other divisive forces. Most often voters are driven to the booths to vote for a party and

they have very little understanding of the implication of their votes for the next five years to come. If a party suspects that a certain segment is against them, they go to the extent of using threats to stop them from going to vote. Such is the state of one of democracy's greatest benchmarks! One would have thought rigging was a rural feature but it is done even in places like Salt Lake in Kolkata, where educated people live. Such victory is then celebrated unabashedly by taking out a procession!

Some of our sophisticated MPs too are proud of their power to rig elections. They openly boast about it. Despite their professed love for democracy almost all political parties rig elections in India.

The fundamental problem is that no political party elects its leaders democratically. The chosen one is the one with the money bags. Industrialists and businessmen cough up a good amount to stay in the good books of the contestant. The extortionists pay a part to the leader in the higher echelons and keep the rest for themselves. So each political party is a pyramid with extortionists at the base. Any complaint to the law enforcement authorities will only invite derisive laughter. You will be advised to be practical and act sensibly!

Leaders of political parties find it advantageous to collect money through extortion rather than accept the contribution from the government. Any contribution from the government has to be accounted for and the money has to be democratically divided among the contestants.

Extortion money can be kept in an individual's possession and shared among the loyal sycophants of the leader who has provided the loot. A leader is one if he has a few MPs loyal to him. This game plan helps the leader to bargain for a position of power and pelf. The money coming through this process is then divided among the followers. This can explain why without any political, organizational experience or leadership qualities, the sons of yesteryear politicians, after a stint abroad, are welcomed as leaders. They even inherit the black money. Of course it helps that the masses are illiterate and they vote for the heir of the dynasty. This has become such a normal and accepted process that even journalists of repute shower praise on the inheritor of the dynasty, irrespective of his merit and competence or political experience. A recent research finding indicates that around 10,000 political families provide most of the members of the Legislative Assemblies and Parliament in India.

***Indian jails ? A veritable hell:  
criminals outside, innocents inside***

The Human Development Report 2000, (pages 247 and 248), indicates that excluding bribery and crimes like rigging in elections, the total recorded crime in the US in 1994 was 5367 per 1,00,000 people, whereas in India it was 600. Had our crime investigation and judiciary been as efficient as that in the United States, the number of convictions would be around 6 lakh and not around



95,000\* as is the case today, as per our research. This means that if we have around 95,000 criminals in jails, we have about 5,00,000 criminals outside jail.

We have not taken into account crimes of bribery. Victims of bribery in India are 22.9% of the total population, whereas the figure is only 0.2% in the United States. In India very few have been put behind bars for accepting bribes. So if all the bribery cases are caught and followed up, the number of convicted prisoners in jails would exceed a few million. We have also not yet taken into account the criminals who rig elections. Though rigging is unheard of in many civilized democratic countries, it takes place on a massive scale in India.



***What an Indian  
must never forget***

**We may say that if we  
have around 1,00,000  
convicted prisoners in  
jail, we have a few  
million criminals  
outside the jail.**

Armed with the finding that most inmates in Indian jails are innocent undertrials rather than actual violators of law, the condition prevailing in our jails is even more shocking.

Kumar Badal, a Tehelka.com journalist was imprisoned for being in league with poachers, a charge that he denies

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\* Out of 2,80,000 prisoners, nearly 80% are undertrial prisoners. Therefore, the number of convicted prisoners is around 56,000. To this number, we may add another 18% of undertrials, who are likely to be convicted going by the existing conviction rate in U.P. Therefore, the number of criminals inside our jails is roughly 95,000.

categorically. In the *Hindustan Times* of 29 January 2003, he wrote: **‘What I have learnt from my stay in jail is that the real culprits are hardly ever imprisoned in India and even if they are, they are released after a very short period.** Even the police officials confide in me that they get a “quota” from their seniors, who in turn get a “quota” from the top brass to crack a certain number of cases per month to project the police force as an effective law enforcing agency. This “quota system” results in many innocents getting picked up in the bargain who keep languishing in jail without anyone to fight their cases. And once they get picked up, they get a criminal tag attached to their names forever. Even after release,’ the least suspicion turns them in at the whim of the policemen.

G.G. Hasan was one such innocent person who, when he was charged for trying to lift a scooter, did not even know how to ride one! Since then he has been picked up several times. At the time Mr Badal met him in jail, he had become a drug addict and a petty thief. Mr Badal was stunned to see him back in prison within a week after release. Mr Hasan informed him that he had been picked up within a week on a false charge of lifting an auto-rickshaw when he appeared in the court for a previous case.

This time he looked quite miserable because he had hardly been able to spend a week with his children after a separation caused by an eighteen-month jail stint. I am sure the trauma affected his health and he was admitted in the jail hospital with a complaint of serious chest pain.

The doctor referred him to the district hospital. But he was not sent to the district hospital as the jail authorities suspected that he was faking the ailment. G.G. Hasan died, for no fault of his, the very same evening! Yet another poor Indian family had lost its breadwinner.

Tihar jail in Delhi is one of the best run jails in the country. Despite that they are facing an insurmountable problem due to constraints of space. The jail was meant to accommodate 2500 inmates but there are about 8500 inmates, 90% of which are undertrials.

**‘There are always two classes of prisoners in jails — the *haves* and the *have-nots*,’** observed Jagdish Prasad Nathani, an ex-superintendent of jails. **‘Some of the *haves* in Tihar were powerful criminals, and they still wield influence outside.** They generated a fear of money and muscle and they managed to intimidate even the jail staff. Fear and greed for easy money made the staff turn a blind eye to the goings on.’

Anne, a student of Delhi University from Nigeria, who had the unfortunate experience of a stint in Tihar wrote, ‘When I came here I wanted to die. The conditions were so bad. I thought some of the prisoners were mad and we were all thrown in together. We were also regularly beaten.’

Sunil Gupta, who worked for over twelve years in Tihar as the Deputy Superintendent of the jail said, ‘The atmosphere there breeds criminality. Those who are convicted for petty crimes and happen to spend a little time in Tihar get indoctrinated by the more hardened ones.

They go out as members of gangs with rank and file numbers. **Yet the Supreme Court of India would like to proclaim that the goal of imprisonment is not only punitive, but restorative — to make an offender a non-offender.’**

The worst organizational blunder in a jail is housing hardened criminals along with small-time convicts and undertrials who have not yet been proven guilty. This restorative institution called the jail then turns into a breeding ground for hard-core criminals. To substantiate what I have just said, I would like you to take a look at this data: The ratio of convicts vis-a-vis undertrials in a prison in Uttar Pradesh was 2:1 in 1947 and became 1:7 in 1997.

A civilization is often judged by how it treats its prisoners, especially women prisoners. The condition of women prisoners in Indian jails, even in Tihar, is more like hell on earth. I am drawing reference from *I Dare*, a biography of Dr Kiran Bedi.

Tihar, even today, houses women convicts, undertrials, prostitutes and hardened criminals together for want of room . . . . Young undertrials, expecting to be there for only a few days, weeks or months become their prime targets. The latter are quickly subjugated and made to perform tasks like sweeping and washing clothes and, through persistent pressure, converted to lesbianism.

For the prison staff such women become grist for their libidinous mill. The apathy of the outside world is turned to cruelty here. The more mental torment suffered by the women,

the more pliable they become in the jail staff's hands. Physical punishments are awarded not as corrective measures but more to satisfy sadistic desires that find an unobstructed vent in the confines of the prison walls. And rape becomes a veritable right . . . .

The levels of corruption to which the jail staff members had reduced themselves and the degradation to which the inmates were driven have been elucidated by the words of an ex-superintendent of the jail.

'The mental hospital at Sahadra (a locality in Delhi) had opened a branch inside Tihar to cater to the needs of the inmates. Most of the patients were women. **In the evenings some unfortunate women inmates from this branch hospital were forced to come and stand at the outer gates of the prison and customers brought in from the roadside who would pay the jail staff for the privilege of fondling these women through the bars of the main gate.\*** Just after the emergency Sanjay Gandhi was lodged in jail and his wife Menaka would often come to visit him there. It was she who discovered the obscenity and published it in *Surya*, a magazine she then ran.'

Is your blood boiling in rage? Perhaps yes. Do you think you can change the system? Certainly not if you are alone; you might be able to do something, if you collect people like K.J. Alfonso, Kiran Bedi and other such passionately committed role models in an action group to bring about a meaningful change and restore our faith in humanity.

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\* The author has underlined this part.

## ***Disinvestment or abdication of macro responsibility?***

When we desperately need a minister for investment to accelerate the growth process and create employment, all we get is a minister for disinvestment. Vague, nightmarish theories are floated. Data comprising false levels of achievements, concocted to impress the gullible through these theories, are circulated by the obliging media owned by industrial tycoons. The entire country is marching towards a state of total failure — corrupt governance, ineffective judiciary and a sick public sector — a clear road map to disaster. Communal riots are reported everywhere. People die of starvation — but bureaucrats refuse to admit that and prefer to call it undernourishment. Human Development Reports speak of 17% of the population dying before people reach the age of 40.

Yet to remind you again, we have 50 million tonnes of food in stock, more than 80 billion dollars in foreign exchange reserves. Our banks are flush with funds but do not find customers to lend money to. Neither the budget of 2003-04, nor the so called tenth Five-Year Plan offered

**Communism equals Soviet  
power plus the electrification  
of the whole country.**

Lenin

anything substantial to accelerate industrial growth, reduce unemployment, offer a comprehensive safety net to people who are crushed by the market. The market. The state seems to have abdicated its responsibility to the people and is glum

with satisfaction with a scam-ridden private sector lacking in entrepreneurial talents to fully exploit India's potential, technological strength and market opportunities. Ironically, there is plenty to invest.

Wipro industries group is loaded with cash to the tune of almost Rs 1500 crore and it does not know where to invest it. Where private entrepreneurship is lacking in so many ways and infested with scams, the entry of the state into the market is not likely to push them out. **But the crux of the matter is that the state alone has the ability to play the dual role of a supplier and a generator of demand, facilitating a coordinated supply and demand chain. The Chinese economy is a case in point.**

We have had all the Patils and Krishnamurthys coming out of our management institutes and jetting their way to enrich the already rich American economy. We can dare to dream of meeting some of them in India still, if only we provide them with opportunities that can complement their willingness to work, intelligence and sincerity. Try this and they will lead our economy to plenty and prosperity. The only thing we will have to ensure is that the state and the politicians are stripped of any blackmailing power and there is no overstaffing, no disproportionate pay packets and no indiscipline. Does it look like we have to amend the constitution to achieve this utopia? I'd push it if I were you.

**It is not that I don't believe in privatization, which essentially means selling off state-owned businesses to**

**private companies. But the entire process should help the company to become more efficient and beneficial for the final consumers in terms of lower prices and better products, because it is years of taxpayers' money which has gone into the making of these state-owned enterprises. Private companies are eager to buy up state-owned enterprises because they see that the markets are competitive. This goes to prove the argument that policies that encourage domestic competition nurture a progressive economy.**

Over the past fifty-six years, we have carried out unbridled capitalistic developments, hoodwinking the citizens under cover of slogans — highlighting the benefits of a socialistic pattern of society sometimes or the *Garibi Hatao* schemes with the help of the public sector (a better description would be *political sector*) at other times. The agenda of the political sector served mainly two purposes:

1. The first purpose seems to have been the transferring all the potential profits of the public sector to the private sector. Now that the private sector is strong, it helps the political sector disinvest and hand the profits on a silver platter to the private sector.
2. The second objective of the political sector has been to promote friends of the members of the ruling party through unabashed patronage and collusion. Incidentally, the political sector was also utilized to create illusions of a Welfare state in a small segment, keeping millions in a deprived state for more than half a century, denying them opportunities offered



by technology. This created working aristocracy and pseudo trade unionism — a stark example is the case of extending support to the demand of Maruti workers for a raise in their salary from Rs 22,000 to Rs 44,000. Sections of the population who had no scope to belong to a union had to forsake the right to live in dignity and embrace destitution forever.

In the process, we have also created a bloated bureaucracy which is corrupt to the core. Have you ever had the opportunity to witness the celebrations in families where their sons or daughters are selected for the Revenue Service instead of the Administrative Service? The mood prevailing there would explain *how* the Revenue Service can make you richer in a different way!

Criminal-minded politicians in collusion with the corrupt bureaucracy have ruined four-fifths of India — rural India and the urban slums have a population of nearly 800 million, a population which almost matches that of the Sub-Saharan Africa if Namibia, Botswana and Zimbabwe are excluded (these countries have relatively high incomes). The remaining one-fifth of India, with almost 200 million people who can afford to live in a clean environment, also live in disease and dirt, although they have the fringe benefits of modern living, like television and other gadgetry. Surrounded by slum people who are apparently affluent but affected by disease, they gradually become insensitive and indifferent to the misery all around. We have estimated, on the basis of data available in the Human Development Report 2002, that the average income of

80% of the population at the bottom rung of India was around P.P.P. US \$1550 in year 2000, whereas the per capita income in Sub-Saharan Africa was around PPP US \$1700. The percentage of children below the age of 5 who were underweight was 47% in India and 30% in Sub-Saharan Africa (Human Development Report 2001, page 165). In terms of wages a farm labourer was considered employed if he was paid Rs 50 per day, that too for 100 to 150 days a year. In some states of India, the poverty line was defined as Rs 1500 per month for a family of five. The expenditure per family member should not have exceeded Rs 274 and 35 paise a month. On the basis of this criterion the government issued below-poverty line cards for subsidized facilities to those who qualified for this.

Most public sector units in India make losses. Should it be so? Let us analyze the reasons for this. Public sector units came into existence on a big scale for the first time in the USSR. Subsequently, the private sector was nationalized in the East European countries. All those countries experienced problems with management; as the domestic consumers did not have many choices, and the manufacturing units did not bother too much about the product quality. But once they realized that the exported goods had to be of international quality to compete successfully, quality control was strictly enforced. Yet sometimes the products were so enormously inferior in quality that even the domestic market refused to buy them. This led to losses in the public sector. Despite these odds

the public sector units in the East European countries made huge profits, leading to a very high rate of investment in the public sector in these countries.

**If public sector units are given autonomy in day-to-day decision making and allowed to employ competent managers with management degrees from reputed management institutes, there is hardly any reason why they should fail.** In fact many of our public sector units are excellently managed and they rake in good profits. Units which made losses were actually helpless in the hands of those in power. They suffered because of various reasons such as over-staffing, being dumped with inferior quality raw materials, interference in pricing, instigated labour union strikes, unreasonable demands for high wages. On the whole public sector units were rendered sick systematically so that they could be sold at throwaway prices to individual buyers from the private sector. This, in a nutshell, has been the story of disinvestment in India. The disinvestment minister might be gloating, imagining that he is enriching the coffers of the finance ministry so that fiscal deficit can be reduced. What an unfathomable display of poor financial wisdom to sell assets worth lacs of crores to get in return around Rs 12,000 crores! If this is what they wanted they could have done it by printing more currency notes. This might have stopped with a damage of less than just 1% inflation. **We have on an average lived with 7% inflation. Sometimes it has gone as high as 17%. What is so sacrosanct about certain limits of fiscal deficit that we can't overshoot?** Countries like

China have had high inflation (27%) as well as a high growth rate simultaneously. India, for reasons best known to our leaders, prefers low inflation rates and a low growth rate. Someone who has excelled in journalism but has no particular specialization in growth economics may not understand all the implications of disinvestment. Maybe he has been compelled to do what the bosses have ordered, to fulfill a personal agenda. Not that the bosses are wiser. They are also equally at odds with economics besides being mentally enslaved to Western masters. It is not as if there is a magic wand with which a private sector unit can make profits, which is not known or available to a public sector unit. If a private sector unit is allowed to shed unwanted manpower after buying up, so should the public sector be! If private sector units understand marketing because their top management is drawn from business schools, why don't we appoint highly qualified people in the public sector too? If need be, change the rules of the game, amend the constitution, but don't try to fool everyone by suggesting that public sector units cannot make profits.

The ruling class doesn't feel the need to pretend anymore. It is becoming more blatant about its conviction of toeing the line with the mandarins of the World Bank and the International Monetary Fund. Intellectual bankruptcy may sometimes be genuine but may not always be the cause for callous decisions. These may be conscious decisions made at the bidding of the ultimate master, working in the unbridled interest of nourishing American capital. Our experts after all, trained in their schools, worked there as

subordinates, sometimes with glorified titles. Most importantly, they know which side of their bread is buttered.



***What an Indian  
must never forget***

**Disengagement of the  
government is then a  
deliberate decision to  
abdicate its responsibility  
to the people.**

The tragedy is that India is almost at the bottom of the list of nations, barring a few Sub-Saharan countries in terms of GDP per capita, which is nearly an accurate index of human development.

The most crucial task facing us is the need to restrain our organized middle class. It is high time we made its members more human and educated them on the hazards of excessive consumerism and greed for more and more material possessions. In the name of providing more choices and options in consumer goods, the middle class is made to stretch its budget beyond its means, supported by a false sense of security and purchasing power provided by tools such as credit cards and the like. In this entire drama what we have overlooked is the reality of the Indian context.

Indeed, if we restrain ourselves a little today, we will live as well as the citizens of the ASEAN and the other developed countries sooner or later. We will also help our countrymen to live reasonably well and not live well at the cost of the poor. We should escape now or never from

going down in history as the most miserable, selfish and unpatriotic of all races. However, the current scenario reflects a fatal attraction of the Indian urban upper middle class to all that a consumeristic society can offer, turning public sector units redundant and loss making. This gives the government an excuse to disengage from public responsibility, however illogical it may sound to caring and thinking minds.

## **The Betrayers**

Who betrayed India? Who is the real Judas that nailed the Great Indian Dream on the cross? Close your eyes and take your pick — anyone of these would be right — the neo-political class, the dysfunctional judiciary, the helpless and often irresponsible media and the devious intelligentsia at the portals of some of the greatest academic institutions of our country, together have transformed India into a land where demons rule, from what it used to be — the world's largest democracy!

### ***Our insensitive, shameless, communal politicians***

I know it is a redundant exercise to describe India and its politicians to Indians. Sure enough, Indians have a taste of what India is! 'If Indian cities are dirty by international standards, so be it,' many of them might say! Many Indians don't even recognize the filth. It doesn't worry them, for they haven't seen any better. You don't miss what you don't

know. Those Indians who moan and groan are the ones who compare New Delhi with New York or Indore with Italy. While I understand their shock and awe, I don't subscribe to their view that a country colonized for two hundred odd years cannot but be dirty, underdeveloped and poor. Countries like Thailand, Malaysia, Singapore, Seoul or China, who were as poor as India 30 years ago, have modernized their capitals to match the American and European metros! India has not still developed the infrastructure needed for a clean city. We keep hoping that Indian cities will one day be as good as the developed cities of the West, but it entirely depends upon the insensitive politicians to wake up and get their act together.

**He is a barbarian, and  
thinks that the customs of  
his tribe and island are the  
laws of nature.**

George Bernard Shaw  
(*Caesar and Cleopatra*)

Many of our politicians have visited these developed nations. Some of them must have been to Bangkok, Kuala Lumpur or Singapore, although they prefer to visit London, Paris or New York to study the way those parliamentary systems work. Do you think they are ashamed? I doubt it because most of them are insensitive. They have forcibly kept their people illiterate. Around 56% of Indians can sign their names, but how many of them can really read and understand what they are reading? Our estimate is this: a mere 34% can. That is, one in every three Indians can read with understanding. How many of them can really read, understand and act on the demand

of those assimilated ideas? Even fewer. How many are active and want a change? Few. I am sure just a few. How many really work for a change? I don't want to hunt for an answer.

What is worse is that the people who are supposed to work for a change — the politicians — are the ones who do the least. They, for obvious reasons, rule the pack of betrayers. They are insensitive to the pain and suffering they see around. They don't care about the way time is running out and years are rolling by without any change in the life of an average Indian. They are insensitive to the way people are dying of hunger while millions of tonnes of grain is eaten by rats in government storehouses. They are insensitive to people dying of diseases which are easily curable. They have no vision, no aim to take the country forward. They have no benchmarks for themselves or the country. No Bangkok or Kuala Lumpur can ever make them feel ashamed. They are shameless. At least a large majority of them are.

Going by their criminal records and the behaviour they display in public, there is no doubt that they have left humanity far behind on their way to doom.

To top it all they are communal. Our nation is known for its tolerance toward s religious, ethnic and linguistic minorities and their peaceful cohabitation, even if



it is in the midst of abject poverty. And we see violence only when the political class sparks it off for pathetic gains. Be it the Ayodhya or the Godhra massacre, it is the

**He knows nothing; and he thinks he knows everything. That points clearly to a political career.**

George Bernard Shaw  
(Major Barbara)

politicians and political parties which have been behind them, beyond a shade of doubt. With the police and state administration as accomplices, communal fascists are orchestrating the massacres of one community with the help of another in exchange for a share in the loot once elections are won on the hot bed of communal riots. And the elections, of course, are easily won with divisive slogans. Democracy is their new war cry, a tool to wage a war on the downtrodden, illiterate masses of trusting Indians and keeping them always so to achieve the political class's hidden agenda.

### ***Dysfunctional judiciary and corrupt law enforcers***

It is the return of the thugs and the Pindaris. These wolves have taken possession of the land in the garb of sheep. Politicians and criminals, very often of the same category, should be inside jails. They are not. They are outside and they commit atrocities of the worst kind. Poor victims of criminals, who do not have the ability to arrange for bail, are languishing in jails. More than 80% prisoners who have been put in jails are undertrial prisoners. Many of

them have already been in jail for years. They have already spent more time in jail than the maximum punishment that could be imposed on them if they had been convicted legally for their alleged crimes. Past records show that whenever judgements were delivered, more than 82%\* of the prisoners were set free because they were innocent. Their only crime was that they were poor. They were victims of the rich and the strong. Jails in India are overcrowded with innocent people who await and cry for justice eternally.

Are the judges ashamed of the situation? Hardly. Only one judge in a High Court has resigned so far, not because he could not deliver justice but because he thought his salary was low! The gentleman later went on to become the law minister! Did he do anything to make the system of justice functional? Not that we know of. Recently the Supreme Court asked the Government of India to increase the number of judges by five times. The Law Commission assessed in 1987 that the number of judges should be increased by five times.\*\* The Supreme Court also recommended an increase in the salary and perks of judges by twice as much. Couldn't the increase in salary and perks wait a little so that the number of judges could be increased at least by ten times to clear the backlog of cases? Why

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\* By accepting court verdicts in U.P. as a representative sample for the whole of India.

\*\* USA has ten times the judges per million population compared to India. Canada has seven times the number. Figures are from the 120<sup>th</sup> Report of Law Commission of India on 'Manpower Planning in Judiciary: A Blueprint', July 1987.

is it that Chief Justices of the Supreme Court come and go and no one brings about a real change in the way the Indian judiciary functions? This is in spite of the fact that most of them quote the much used 'justice delayed is justice denied' line to impress people and then pledge to remove the judicial bottlenecks hindering the speedy deliverance of justice. Why don't they ask for the much needed adequate finance to overhaul the system?\*

One reason may be that many political leaders are either criminals themselves or are closely associated with criminals.

Law and order cannot be implemented if courts are slow and dysfunctional. If order can be brought about only through killing in encounters, then we Indians will have to live with our souls scarred and leaden with the brutality of bullets, bloodshed, injustice and hypocrisy.



***What an Indian  
must never forget***

**Maintenance of Law and Order is a primary function of the state. If laws are not implemented, order is not upheld. For all practical purposes the state ceases to exist.**

What welfare measure can be implemented for those living below the poverty line when there is total anarchy? The

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\* Government spends around Rs 55 per undertrial prisoner per day. There are more than 2.8 lakhs undertrial prisoners, who are there because they cannot arrange for bail having no money. If 2 lakhs of them could be set free, nearly Rs 400 crore can be saved. This will go a long way to engage short-service commission judges for lower courts from the pool of young lawyers with a year's experience.

state is helplessly watching the communal riots in resignation and the judiciary is in a state of utter dysfunction. The nation that we refer to as India is today ridden with dried rivers, disappearing forests, hollow stomachs and a filthy environment where touts and criminals impersonate as *netas*! God save India!

The primary reason behind this total failure of democracy in this country is the snail-paced judiciary. **The situation is so bad that those who have the money to engage lawyers who can interpret our outdated laws have no fear of punishment!** Sushil Kumar, who is charged with the murder of his wife in a *tandoor* (an oven to bake Indian bread called *tandoori roti*) is still going about life scot-free. The case has been pending for ever so long. If this situation has to change, we have no option but to strengthen the law and order machinery by increasing the number of policemen and judges, more in proportion with the number of cases pending as well as by increasing their efficiency levels by enforcing stringent checks. I hear someone coming up with the same old question: Where is the money? Sorry Sir — there is plenty, like I have said over and over again. Spend where you must and do not allow the already rich private sector to buy up our profit-making public sector.

If we do not impose emergency measures to alter the existing judicial system, corruption will continue to eat into any semblance of progress that India makes in the right direction. **The reason behind our moral bankruptcy is our lack of faith in our judicial system.** We prefer to

bribe our way through to get a job done, rather than drag the bribe seeker to the court. It is common knowledge that justice in India is an elusive dream and the guilty will in all probability go unpunished. **Seeking justice in India is like offering yourself on a silver platter to the grasping tentacles of harassment.** If citizens are sure of justice, then seeking justice through the court of law becomes a part of the average Indian's moral framework. Even if a criminal is not actually convicted, the very fact that some people have the gumption to take law-breakers to court will evoke some fear in the minds of the not-so-blatant criminals.

Time is running out. Unless we get our act together and ensure a fast-acting, just judicial system, sooner or later the criminals outside the jails will outnumber the inmates.

### ***Guardians of status quo: Media and the academia***

Democracy is the pivotal centre around which any society that wishes to be called civilized and progressive revolves. **If democracy is threatened, the media and academia, the two pillars of democracy, must rise with all their might to restore it.** Unfortunately, democracy in India is a complete illusion as it takes a lot to awaken the average Indian citizen from his slumber. Till he is personally affected, he is blissfully complacent about the plight of his fellow beings, however heart-piercing it might be. He dares to act only when his daughter has been baked in a *tandoor*, or played a role in the Tehelka drama himself.

**The Indian realizes that democracy is synonymous with the term ‘whore’ in India, abused in return for money. Oh, yes, we do have the freedom of speech, all right, but the freedom to exercise it, is auctioned to the highest bidder.** The media today caters to the Coca-Cola consumers . . . .These are the people who wear trendy clothes, frequent McDonald’s, sip the addictive Coca-Cola and discuss Page Three celebrities. Crimes are sensationalized and reported but it ends just there, barring a few exceptions where Page Three models are killed, when it does pretend to follow up, without, of course, any meaningful ramifications. **Advertisers and editors serving the interests of the political bigwigs decide what the editorial should be.** At the peak of the Internet mania, I wrote an article on how the whole hype was based on illogical expectations and how the bust was round the corner. Before the *Hindustan Times* finally carried it, many leading newspapers refused since some of their biggest advertisers happened to be IT companies. Managers who are trained to understand consumer behaviour and sensationalize news accordingly have slowly and steadily replaced journalists. Newspapers are becoming show windows which are decorated with attractively dressed mannequins. One reason that is responsible for the behaviour of the media is the repressive state itself. If a television channel shows something that the dictator does not like, then the telephone lines and the electricity are cut. I guess the print and the visual media must have decided that they might as well quietly make their pot of money if they can’t make a difference anyway.

But then isn't it the duty of the media to point out when the state acts irresponsibly and ensure that democracy is in place? And if the media can't be an agent of change, isn't it betraying the nation for money? We all look up to the media with hope and respect. We expect that apart from reporting will also broaden our horizons by publishing matters of critical importance through well-researched, unbiased reporting and educative articles. We look forward to reports highlighting issues that affect the welfare of the citizens in a manner that helps us form more balanced views.

When the match-fixing scandal rocked the cricket scene in India, I held a group discussion for admission to IIPM's BBA course on the topic: *Indian cricketers should be punished heavily for letting down millions of passionate fans.* A young candidate said, 'In a nation where corruption is touching a billion lives on a daily basis, where the majority of us are involved in some corrupt practice or the other, why should we expect just those eleven cricketers to be honest? And why should it be front-page news for weeks when it is of no consequence to the lives of the majority in our country? Why doesn't the media talk about how the corrupt politicians are letting down a billion people every moment instead of igniting our passions about a few cricketers?' A very valid argument, indeed! We can add more to this: Why does India's pathetic rank in the human development index get reported at the right-hand bottom in a two-inch article on the eighteenth page? How come no newspaper bothers to report on the front page

the story of five million Indians dying of diseases that are curable?

The answer is simple — the media stinks and is manned by people who do not deserve the huge social responsibility that they carry. Except for an occasional honest journalist, the rest of them have a price tag on their pens and conscience.

When the media fails you, you turn to academia. In fact, personally, we represent a very interesting combination of both in a way. We write articles that some good media friends dare to publish, share views on news channels and at the same time teach, organize seminars and write books. So perhaps not many can understand the Indian frustrations and failures better than we do. We in the academia are more bothered about keeping a sacred aura around ourselves. **So, if I am the Dean of IIPM, I may care more about ways to keep the elite education that I offer to a limited few so that they get higher packages** (the market demand for good MBAs is much more than the supply) than to offer it to the masses. If those who are manning the nodal points of the Indian bureaucracy are equipped with good managerial skills, I see no reason why India cannot progress. **If I have some good ideas about the Indian economy or economics in general, I'd rather base myself in Oxford, network with New York and Sweden, win a Nobel prize and then see how it can make me the Dean at an ivy league institute in Boston.** Do I care about a change? Do I care how my thoughts can pull my country out of misery? Do I think of ways of communicating my thoughts to the masses?



When the academia joins hands with groups holding vested interests and is afraid to speak out the truth and go public about it, only crooks will rule this nation.

In a country where things look good and people live well, often media and academia can afford to be a little complacent,



*What an Indian  
must never forget*

**The media and the  
academia in particular  
[if not the rest of the  
nation] need to keep  
testing the presence of  
democracy by  
continuously challenging  
its limits.**

but when democracy is in crisis, the way it is in India, the media and the academia will have to wake up and take charge.

I hear a reader asking me what I have done on my part. Before I talk about it, perhaps it is important to say that we all have our limitations. I wish I were as brave as Tarun Tejpal but maybe I am not. Probably I strive to strike a balance between existence and bravery. But I sure try my best to keep testing my democratic rights. This book is one such effort. Six years ago when I first started my work on this book, it was supposed to be titled *The Last Days of American Supremacy*. Then three years ago, when Bill Clinton came to India, I started my series of free seminars for anybody who wished to attend. We released front-page

advertisements in the leading newspapers of Delhi. We could do it because we could afford to. However, look at the irony! Here we had booked the space in advance, we were ready to pay for it and yet, there it was — both the *Times of India* and the *Hindustan Times* refused to feature my advertisement on the front page because it read ‘The Last Days of American Supremacy — The Great Indian Dream’. The sub-heading read, ‘How to catch up with the American living standards by year 2025.’ The reason why they refused was that they would rather welcome the American President in a big way on the front page than educate Indians!

Our dollar-crazy body of Indian industrialists had already released a full-page insertion welcoming Clinton’s daughter, while here I was trying to be a spoil sport! How could I! After about twenty telephone calls and an entire sermon on democracy and on how even Clinton respects it, a few quick editorial and advertisement department meetings followed. Hush-hush telephone conferences between the two newspapers induced some courage in them and the advertising departments promised each other that they would both carry the infamous (!) ads (so that neither of them incurred the wrath of the government alone). The seminars, of course, ran to jam-packed auditoriums and managed a lot of praise from the daring section of the media. And, No, I didn’t pay for it.

Yet again I tried to put democracy to a steel test when George Bush announced his intention to attack Iraq,

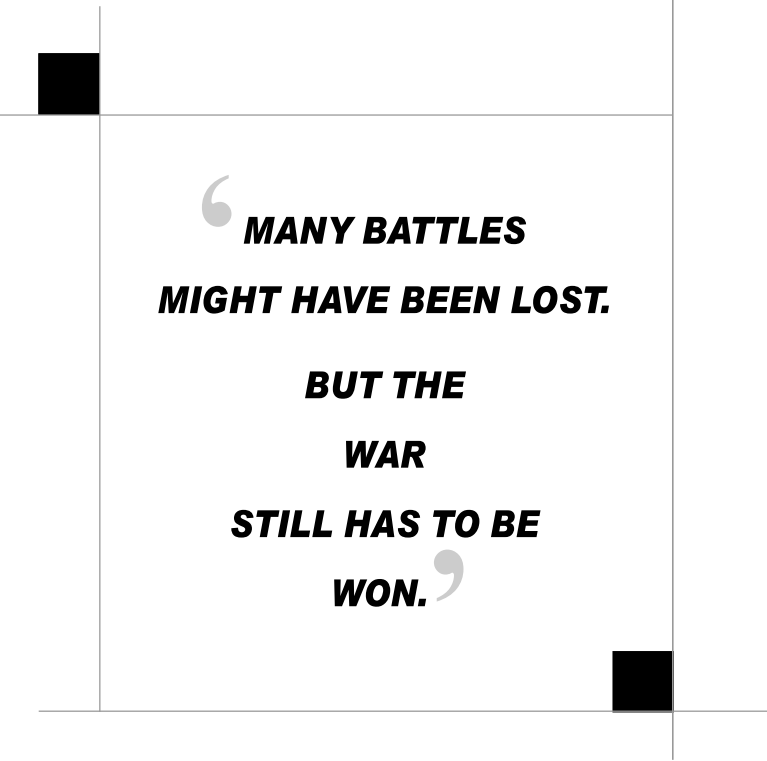
promising to home deliver democracy to Iraqis on the graveyards of their near and dear ones. This time it was through a seminar titled ‘Gandhism vs Smoke ‘em out Cowboy Capitalism — War Against Peace’. Perhaps, this is my way of taking on the wolf in the garb of a sheep by a leash!

**CHAPTER**

**2**

**HAPPY CAPITALISM-**

Thinking  
Global



***‘MANY BATTLES  
MIGHT HAVE BEEN LOST.  
BUT THE  
WAR  
STILL HAS TO BE  
WON.’***

## **The Quest for a Better World: From Dictatorial Communism to Dictatorial Capitalism**

**O**ver the past decade or more we have been told time and again to think global. This is my provocation. At the beginning of the first chapter, I spoke briefly on the impact that ‘opening markets’ had on the American economy. I would like to take a closer look at this once again. Understanding how the world economy has evolved over the past few decades is crucial to the understanding of what I am setting out to present. You might have noticed already that I am making an attempt to get out of theoretical economics and talk

about practical economics. Economics belongs to the masses because it is essentially about their past, present and future. Unfortunately economists over the years have mathematised economics to such an extent that it has become unnecessarily complicated and become far removed from the common man, so much so, that he is scared of the word ‘economics’ today. This book is an attempt at taking economics to where it belongs — to the common man — and in a language that he can understand. So in the pages to come, we will think ‘global’ in a local language in order to give it a ‘glocal’ feel.

Before proceeding further I would like to make an assumption on which very few people would have any objection. The assumption is simple: all definitions of economics would come to nothing if the economy ended up making its people unhappy. Therefore, economics is the study of human happiness in a society. So let it be a study of the best allocation of the limited resources for alternative uses or a study of wealth. And for the readers of this book, it is in addition, a study of human happiness. In the next few pages I will try to establish the reason behind this assumption, and show how it can end up making a big difference in the way we look at the functioning of various economies around the globe. In this part I will start with the most important economic change in the last century — the communist revolution leading to dictatorial communism, and stop at the most

important shift in our society today — the shift from democratic capitalism to what we have seen in the George Bush-Tony Blair era — dictatorial capitalism.

### ***The democratic revolution to end all exploitation***

When the great thinker and economist Karl Marx called for a proletarian revolution to end all exploitation in this world and demanded the dictatorship of the proletariat (the common man and the workers), he surely wanted to lay the foundation for the greatest human democratic society. Any society which involves the participation of the masses and cares for their aspirations ought to be democratic. The ultimate goal of democracy is to do away with the exploitation of man by man in a given society. Fired by this noble ideology, the last century saw great leaders like Lenin and Mao Tse Tung take roughly about half of this world with them into a journey which was supposed to be a democratic revolution to end all exploitation. They were great leaders with great commitment to humanity and their efforts resulted in about 50% of the landmass on earth being taken over by communism, as a system of economic

**The philosophers have only interpreted the world in various ways; the point is to change it.**

Karl Marx



development, in their quest for a better world. **Unfortunately, whatever progress the ideology achieved (about which I will deliberate later), all the greatness of the movement in the balance sheet of history will end up in the negative because of the manner in which these economies snubbed the basic democratic right of human existence.** Oppressed people could not take it any more and rebelled in millions to overthrow the dictatorial communist regime. Any society which curbs the freedom of expression of its members is bound to face an uprising.

That the dictatorial communist regimes would finally be overthrown was but a question of time. China is changing

**The proletarians have nothing to lose but their chains. They have a world to win. Working men of all countries unite.**

Karl Marx and Friedrich Engels  
*(The Communist Manifesto)*

rapidly and again it will be a matter of time before it gradually becomes a democracy or sees a revival of social unrest. However, since 1991 (the year when the mighty USSR collapsed), something more shocking has been taking place. Dictatorship, instead of being on its way out, is showing a worse and ugly revival in capitalist economies, which pride themselves on being great democracies. From 1945 to 1991 peace prevailed across the world, not because capitalist countries have been peace-loving historically but because of cold war. Ideologically the socialist countries were peace-loving but they believed in investing heavily

in military and defence technology development in order to keep peace. In this situation of mutually assured destruction (MAD), the greedy capitalist nations had no option but to show restraint. But after 1991 the contemporary world witnessed a new face of capitalism. In the last twelve years we have seen more than twenty times the number of wars the world saw in the forty-five years that preceded the fall of the USSR. Violence breeds violence. So on 11 September 2001, the land of plenty was hit badly.

***The dictatorial return of the  
smoke 'em out cowboy***

The collapse of the twin towers in America almost succeeded in creating a world warlike situation. On the pretext of wiping out terrorism from Afghanistan (which is more popularly known as 'Pipelinistan' now), America bombed it down to the stone age! Of course Osama could not be caught. However, once the Texan oil lines were in place and the regime was headed by an ex-consultant for an American oil company, the country was well on its way back to anarchy and internal disharmony. Apart from providing ego satisfaction for an empty head, it served little else. The empty warhead (many believe that there is one in the oval room of the White House!) then turned his sights on Iraq. The World War-like situation came back. At a time when democracy and concern for human

rights should have been the pivotal points of any civilization, we submitted to the influences of barbaric and uncivilized ideas thrown at us by the spoilt brats of the rich — the likes of America’s most spoilt brat — George Bush and his ‘yes’ men.

The man who didn’t want a war (Saddam) was termed a threat to the world, while the man who displayed his

**As I would not be a slave, so  
I would not be master.  
This expresses my idea of  
democracy.**

Abraham Lincoln

cowboy brashness and raised war cries at the top of his voice was projected as the one who wanted peace! In fact surveys in America and Britain

revealed that the British and increasingly the Americans too, considered George Bush a bigger threat to world peace than Saddam could ever be. But who cared? During the entire anti-Osama campaign, it was obvious that along with the twin towers of New York, the twin pillars of American democracy — the freedom of speech and a free market — both came crashing down. While the NASDAQ crashed, the government demonstrated its respect for freedom of speech by openly manipulating the print and electronic media! In fact, the capitalist-owned media blatantly printed press releases of the Pentagon as news items, dictatorially censoring any opinion which had a protesting tone. The *Pravda* of the American government! So much for freedom of speech and the illusion of democracy!

Under the garb of democracy, the dictatorship of the new age cowboy leader and his gang of capitalist allies have continuously threatened world peace. It is indeed unfortunate that the 11 September act of terrorism took many lives, created warlike destruction (at a couple of spots) and ended up becoming a dream attack of spectacular proportions from the terrorist's point of view. However, we need to remember that if a country finances a world-class terrorist outfit for years and attributes world events like the fall of the USSR to the outfit, the punch will be devastating when that very outfit decides to hit back! If you create a world-class terrorist he will create historical mayhem! Osama had closely interacted with the FBI and CIA and had a comprehensive view of the weak links in the American system. He planned and executed the attacks with the precision that he had imbibed in his training in the US.

**One death is a tragedy, one million a statistic.**

Joseph Stalin, Soviet Dictator

Having said that, one fact is clear — it was an act of terrorism that hit America on 11 September 2001. Many such terrorist acts have occurred in our country, such as the Mumbai blasts. But could we have given those acts of internal terrorism supported by external countries with roots across the Pacific the name of war? Could we have appeared on CNN, NBC, FOX or the America-inclined

BBC and proclaimed with a cowboy accent that ‘this is an act of war committed on India’? It’s fascinating how easily a government can ascribe new dimensions to similar acts and get away with it when it owns and controls the media! Outside five star hotels I have seen drunken rich kids, with an obvious lack of right education and culture, shouting at each other thus: ‘No one hits me and gets away easily.’ I hope this false bravado reminds readers of the uncultured outburst of Colin Powell two days after the 11 September attack.

In the slums of Delhi, I have heard easily provoked men shouting, ‘I will get you out from whichever hole you are hiding in and kill you!’ I am sure readers can recall words like ‘We will smoke them out’, which were heard from the president of the world’s second largest democracy. I had presumed that civilization had reached America but I realized that the material-dominated, cowboy culture of the Wild West had a long way to go before the light of civilization shone on it. I had thought that the President of America was supposed to make responsible and politically correct statements such as, ‘Terrorists have hit America and America will leave no stone unturned to flush them out and bring them to justice’, and not ‘It’s an act of war committed on America and America will retaliate.’

It seems America’s concerns for human rights are aroused only when dealing with oil-producing countries like

Kuwait or competitive producers capturing their internal markets like China, and not with tea-producing countries like Sri Lanka and economically backward countries like Pakistan. Or else how does one explain expressions of retaliation from a country which pretends to show concern for human rights? How can a government in today's world that boasts the United Nations and civilization and justice and concern for human rights get away by making an irresponsible and unethical statement like, 'We will make no distinction between terrorists and countries that harbour terrorism'. It seems that we are all too eager to accept that some acts of terrorism are worse than other similar and often larger acts of terrorism . . . .

A new world order seems to be emerging — where some innocent lives are more innocent than others (belonging to poorer countries). Some countries have a greater right to violate UN orders than others and some countries have a greater right to make nuclear weapons for their protection than others (in the name of world peace they also have a greater right to bomb others), specially if they are not a part of the developed capitalist world. **This new world order is that of Dictatorial Capitalism. Just when we started celebrating the near end of dictatorial communism, a new and by all perceptions, worse problem confronted**

**All animals are equal but  
some animals are more equal  
than others.**

George Orwell (*Animal Farm*)

**humanity.** Despite the largest ever rally in the history of Great Britain to protest against the war on Iraq and many

**If we assume that mankind has a right to survive . . . The choice is either non-violence or non-existence.**

Martin Luther King

such democratic human expressions against violence silencing a world body like the United Nations, capitalist countries raised a war cry, dealing a final blow

to anything even remotely connected with democracy. The corporate media had us believe that there was public support for the war, but the cowboy regime in America saw to it that democracy was trampled over till it could bleed no more. **It was amazing how, though the Iraq-US war killed some five lakh people, the American President shouted vengeance live on TV, saying that he would use ten times the number of bombs that he had used in the last war besides a nuclear bomb if necessary.** The five-thousand odd people killed on 11 September (many more thousands of people have died in India in the last twenty years of similar terrorist attacks, albeit in smaller numbers) almost made the new generation feel that nothing worse

**Non-violence is the first article of my faith. It is also the last article of my creed.**

Mahatma Gandhi

had ever hit mankind because of the shameless way the corporate media went on reporting the incident, with a frenzy

unknown in human history! It almost made us forget that

the same America had wiped out more than a million people in a split second, bombing Hiroshima and Nagasaki just a few decades earlier. If what is happening now is considered democratic with respect for human life and human rights, perhaps we need to include dictatorship as a synonym for democracy in Webster's next edition! It is high time the head of the United Nations told Mr Bush that a dictatorial cowboy like him, with no respect for either a democratic United Nations or millions of people worldwide, is absolutely unfit to be the president of the world's most powerful country. He should also know that no country harbours terrorism. In fact he could land in trouble on the same charge as well. A country has honest, innocent citizens as well as people who foster terrorism like the mafia. No country harbours terrorism. It's a few misguided human beings who believe in terrorism. So Mr Bush should understand that the statement he made could have a disastrous outcome. It could be responsible for thousands of innocent lives being taken once again.

Educated and cultured Americans should make Mr Bush understand that war never ends terrorism because every innocent victim's son is tomorrow's potential terrorist. We Indians know that America was not blessed with a Gandhi, but it would be a good idea for both Mr Bush and Mr Powell to learn a few lessons from the life of the messiah of the blacks — Martin Luther King. If Americans want to end terrorism, so do millions in Palestine, Israel, India, Sri Lanka, Afghanistan, Pakistan and Russia. No



democratic leader can overlook the existence of the United Nations and marginalize its significance. The UN ground

**O! It is excellent to have a  
giant's strength, but it is  
tyrannous to use it like a  
giant!**

William Shakespeare  
(*Measure for Measure*)

forces can always be summoned to countries where terrorism exists and tackle it. I know it is tough for the US to participate in a ground war since UN forces would include Americans too, and, looking back at the ruthless devastation that Americans opted for in the case of Yugoslavia and Afghanistan, employing air attacks instead of ground attacks, we know that the American people would refuse to take back body bags. But if America wants peace and wishes to wipe out negative forces, to whose creation it has contributed amply, it would have to be prepared to lose a few American lives too in a world-class attack against terrorism, conducted in a lawful and civilized manner. After all, those who join the army do so voluntarily and are supposed to be ready to give up their lives for a greater cause. Democracy has to necessarily give peace a chance rather than make peace lovers and people who talk about non-violence look obsolete! **Throwing out dictators trying to corrupt democracies across the world would have been a much better idea than throwing Saddam out of Iraq.** The media ought to focus more on non-violent movements against wars rather than the war against terrorism, as that's the only way we can preserve democracy.

Many thousands of Iraqi souls have already been liberated from their bodies due to US-imposed sanctions. The bombing of Iraq's farmlands with depleted uranium has contaminated its food supply and groundwater, causing further havoc. The corporate media, of course, does not find these things worth reporting! **If the media in India is not dynamic, the media in America is conniving.** For years it has been trying to hide America's double standards. In his book, *Deterring Democracy*, Noam Chomsky also hints at this. Be it the silence on the US-supported blatant aggression of East Timor by Indonesia or the Moroccan aggression in Sahara, the media has blindly supported Israeli aggression in the Middle East and has rarely tried to talk about Israel's possession of nuclear weapons, lest US aid to Israel becomes illegal under the amendments to the Foreign Aid Act. Similar has been the stance of the American media around America's shameful aggression of Panama, which incidentally inaugurated the 'post Cold War era'. An editorial in Canada's leading journal condemned 'the shallow, boorish US media' with its chilling indifference to the fate of innocent Panamanians. A columnist commented on 'the mood of jingoism' fostered by the media, peculiar jingoism so evident to foreigners but almost invisible to most Americans. Foreign consensus in opposition to this use of force was given short shrift in the US media. Similarly, the Nicaraguan government, which refused to obey diktats, was blacklisted by the US media throughout the 1980s. Intellectuals described the

Nicaraguan government as a particularly dangerous one that cared for its people! During the 1990 elections, the White House announced that only a victory by the US candidate in the Nicaraguan elections would bring an end to the illegal US economic sanctions and restoration of aid. In brief, Nicaraguan voters were informed that they had a free choice — to vote for the American candidate or die.\*

Like Osama, Iraq was a long-standing ally of the US. But Iraqi influence over the world's cheapest and most

**Imperialism is the monopoly  
stage of capitalism.**

Lenin

abundant source of energy is seen today by the US as a huge threat. When Saddam said that he would scrap chemical and mass destruction weapons if Israel was also prepared to do so in 1990, the US officials didn't like the unfortunate similarity between Israel and Iraq. They do not, however, mind links when it suits them. How can we forget the Al Qaida link in the Iraqi episode? In fact, the US has often rewarded aggression to whomsoever it deemed fit. Israel was rewarded for invading Egypt and so was Iraq for its war against Iran in better times. When it does not hurt American interests, of course, the US forgets about human rights and pursues 'quiet diplomacy' as it did with South Africa while South Africa looted and terrorized Namibia

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\* *Deterring Democracy* by Noam Chomsky, page 141.

and used it as a base for its murderous attacks against its neighbours. The double standards of America are best revealed by the fact that it considers the murderous gangster-states of El Salvador and Guatemala run by the US-backed military to be democratic. Apart from occasional admissions by people like Joachin Maitre of Boston University who observed that the US has installed democracies of the style of Hitler's Germany in EL Salvador and Guatemala, nobody really raises a whimper!

The Asian and the Middle Eastern variety of terrorism have finally shown their horrible faces in the land of plenty. In a world of lopsided development and increasing gaps between the haves and the have nots, isn't it an expected outcome? The idea of peace will always remain illusory among greedy nations and nations which do not give equal rights and human dignity to their people. **Isn't it most logical that the people who are marginalized in the gold rush would one day feel like becoming suicide bombers? In any case they are not living a life of dignity. If there is any lesson to learn, let us learn it now. Let us unite and fight against discrimination of man against man and exploitation of man by man and let's give peace and civilized co-existence its rightful place.** Also, let us erase ugly words like 'community', 'religion', 'country' or 'region' from the civilized world. Let us call an act of terrorism an act of terrorism and not an act of war. Media is a powerful tool and let us not misuse it because we happen to own it. Recently, I happened to

hear rumours about CNN using the same pictures that were shown during the Gulf War as Palestinians celebrating the death of innocent people. If this is true, then it's a big shame!

It is understandable human psychology that if a country makes it a practice to show off and win more enemies than friends, there will also be human beings who will celebrate wrong acts. In fact, of late, I have been feeling that more people are directly or indirectly happy at the 11 September attack. Another intriguing feature threatening US supremacy is that countries like North Korea are openly challenging American diktats. The front page of an Indian financial daily on 11 September carried a headline which went like this: 'Now they will see our point of view'. Many other media reports followed on similar lines. I have reason to believe that these are the ways in which educated society expresses its affirmation of the attacks. It is high time the world looked for answers in the Indian ideology of non-violence as an answer to the greed-driven acts of terrorism carried out sometimes by individual outfits and at other times by individual nations. Millions of people are coming together to raise a united call against war today, but the Texan oil mafia backed by the Texan cowboy will not listen to the sane world's plea. War in the new era of dictatorial capitalism is a way to revive struggling developed economies. When I wrote this, the war against Iraq hadn't yet started but the Americans had already invited tenders from leading

companies to rebuild Iraq. The thousands of Iraqi souls that the Americans liberated did not come in the way of their futuristic plans. It is capitalist greed that is spreading violence in the world. Terrorism is but a result of the unrestrained efforts of the developed world to globalize the free market system of no ethics in governance. In the free market, principles are sacrificed at the altar of profit and every dream chases material gains. **Everyone is free to think that selfishness is a virtue. In the free market system individual gains come before society and, therefore, society sanctions your right to be violent for personal gains. In this new era of uncontrolled and blind faith in the free market system, terrorist outfits are the free marketers of war and terrorism is the privatization of war. America, of course, is globalizing it!** This is extremely dangerous for the future of mankind. Ingrained in capitalism are the permanent roots of imperialism and unless and until we bring about a complete restructuring of the way capitalist economies function, I am afraid human rights will continue to be trampled upon and crushed mercilessly. It's time we stopped placing our blind faith in the free market system as a means to a better life because a system driven by profits and greed can never bring about peace. It is time we looked to the Gandhian ideology of non-violence for a solution to this mad carnage. If only Gandhism could be globalized!

## **The Wild West Believes in the Survival of the Fittest**

It is the rule of survival in the jungle. It was the rule of survival in Ringo's Wild West. And try telling them about

**Now this is the law of the  
jungle-as old and as true as  
the sky; And the wolf that  
shall keep it may prosper, but  
the wolf that shall break it  
must die.**

Rudyard Kipling  
*(The Law of the Jungle)*

protecting your domestic interests or the rights of your farmers, pat will come the reply — it is the survival of the fittest in the market system and that is the only way to ensure quality, competition and IMF loans. In fact, it is also the

best way to keep the empty warhead from branding your country as the axis of terrorism. Survival of the fittest is the key to the capitalist model of a free market. That happiness and principles of democracy remain an illusion in a globally successful capitalist nation has not yet been grasped by many, blinded as they are by the glitter of material gains.

***Market capitalism never  
satisfied anybody***

Economics is a study of human happiness in societies. In Management and Economics thousands of models and

theories are presented every year in an attempt to describe consumer behaviour, profit maximization, winning over the consumer's mind, the competitive advantage of nations or cost leadership. However, very few models have ever tried to describe intangible human happiness and suggested ways to make a man truly happy. In fact, a **happy and satisfied man is the capitalist's worst nightmare. If the much evident cowboy imperialism called capitalism is on one side of the coin, profits over happiness in society is on the other.** Adam Smith said that if people were left free in a market system, each individual, being selfish, would try to maximize his own profits resulting in the whole of society maximizing its total profits. And, of course, if you are worried about an equilibrium in society or any other issues like inequity, lack of health or education, then there is the 'invisible hand of the market' to take care of it all. If there is a demand for education someone will provide it; if there is a demand for health someone will offer health solutions in a market system. If you are worried about level playing fields, then of course, there is the 'trickle down' theory, which says that left alone in a free market, prosperity is bound to trickle down from the rich to the poor. So in India, for example, like a fool, if you were to ask who would take care of the health of the poor — the answer would be the invisible hand of the market. If you were to worry about how to decrease the huge gap between the rich and the poor,



then the answer would be the trickle down effect. (Don't ever make the mistake of asking about the gap between the *haves* and the *have-nots*, because then you will only get mocking glances, branding you a silly Marxist.) Not that there is any concrete evidence or empirical data to suggest the same. Not that the invisible hand of the market, on its own, has helped any nation to grow beyond the 2% rate of growth per annum in the long run (like in the case of the US). As Paul Krugman puts it succinctly in a paper on 'Economics of Development', the reasons are very simple. Knowledge about economic development remains very limited. For example, more than two-thirds of the rise in the per capita income of the United States remains unexplained. Similarly, Asian success stories have not followed paths that conform to free market capitalism. In fact, Krugman recommends humility in policy formation and cautions about sweeping generalizations.

Most importantly there is no evidence to suggest that the market economy is conducive to human happiness. Let's examine it closely. Market capitalism is at its successful best when each individual acts selfishly and tries to maximize his profits. Before going further let me illustrate that selfishness can be of various types. Note that there are many theories to explain human happiness, yet the theory that comes closest to understanding human needs is Maslow's Hierarchy of Needs.

One of the first attempts to profile individual needs was made by **Abraham Maslow**, in his theory on the Hierarchy

of Human Needs. According to him, an individual progresses through **five need levels** — **physiological, relating to his need for food, sex and other basic requirements; safety, relating to his need for shelter, security, etc.; social, the need for friends, family, etc.; esteem, relating to his need for recognition and respect and finally his self-actualization needs, reflecting his need for greater achievements.** This hierarchy still forms the basic structure for understanding individual needs.

Here I would like to borrow an example from my book *Count Your Chickens before They Hatch* to explain the Hierarchy of Needs.

Have you ever wondered how a two-year-old, at his birthday party, has his eyes fixed on the birthday cake? And given the first opportunity, he jumps on the cake and smudges it all over his face. The same boy, at the age of eight, takes a big piece of cake and goes slyly to one corner of the house and eats it up. If by chance his sister comes asking for a bite, he spits on the piece of cake and says that it has become dirty and she cannot have it! At the age of fifteen, though, he carefully cuts out a big piece and goes towards his sister but gives it to her best friend standing next to her. Needless to say that that friend is a girl! As an adult, perhaps as the president of a large corporation, he spends time ordering a big five-storey-cake which is wheeled in on a trolley. He cuts the cake but hardly seems interested in eating it or giving it to his

secretary standing next to him. Finally, as an old man he does not even remember his birthday. His children and grandchildren remember, celebrate, cut a cake and give him the biggest piece. He, however, spots a little girl in the party and gives a piece to her, sees her mess up her dress while trying to eat the cake, and enjoys the scene.

The same cake but five different motives — each a selfish act in its own right because each one of them satisfies a different need of the same human being at different stages of his life. Economically speaking the first two needs can be called materialistic needs while the rest are non-materialistic. The first two needs essentially end up helping you, often at the cost of others. These two needs have to do with tangible or material needs. Food, shelter, security or a bank balance are all material needs. Love, self-esteem and self-actualization, on the other hand, are non-materialistic needs, albeit selfish. Love and self-esteem are fulfilled only with your contribution. You get love only when you give love. You command respect only when you show others respect. Sure enough, in these cases, when you fulfil a need for yourself, you also fulfil another person's needs. Self-actualization on the other hand provides a different level of happiness and satisfaction. Materially speaking, while achieving self-actualization you often help others at your own cost. Mother Teresa, one of the best examples of selfless human endeavours, would actually come through as a selfish human being according to this theory, as one who for her own need of self-actualization

ended up helping society, most often without worrying about her own material needs. This, in essence, brings out the view that people could be pursuing two types of selfishness. It can either be material selfishness or non-material selfishness. Non-material selfishness is most often beneficial for society and mankind. It gives rise to greed for love, attention, learning to play the piano, writing books or appreciating poetry. Pursuits such as these render the world a better place to live in. Even negative words like 'selfishness', 'greed', or 'jealousy' assume positive colours when it comes to higher order needs. If you are jealous of someone else's musical talent, the only way to overcome the feeling is to perhaps go and learn from that very person and excel. The only way to be better than Mother Teresa is perhaps to do more good for society. On the other hand, greed, jealousy for material possessions and the like are the lower order material needs, which in the process of being satisfied, can often harm others. Think of the Raymond ad. By its implications, every man who can't afford a Raymond suit is an incomplete man. Capitalistic society places a human being's self-worth on how much he has. Blacks in America, who can't afford Nike shoes, are often caught stealing them, because the \$500 million Nike ad campaign has been so designed to make a man feel inadequate if he does not possess a pair. If society fails to fulfil the lower order needs of its citizens, the run for chasing those needs could lead citizens towards moral decadence, especially if the gap between the haves and the have-nots is very high.

It is obvious that the selfishness Adam Smith and our free market champions talk about all has to do with

**And I tell you that virtue  
does not come from money,  
but from virtue comes money  
and all other good things to  
man, both to the individual  
and to the state.**

Socrates

materialistic selfishness. In a free market what you essentially are, is a sum total of what you consume plus what you have. So if you want to be a respected member of this society or rather a successfully contributing member of this society, you should have more and consume more. The endless strife for more material is what market capitalism essentially encourages. No wonder that the punch line of one of the most successful brands in India, Pepsi, aptly sums up the essence of a capitalistic society's endless thirst for the satisfaction of material gains as *Yeh dil maange more* which means 'My heart longs for more.'

Bill, a student of our institute, began to have lunch in our canteen frequently like most of our other students. Some

**More! More! is the cry of a  
mistaken soul.**

William Blake

of his friends used to frequent McDonald's for lunch. In his urge to have 'more', he joined them only to find out that the 'more' happening people were actually lunching at TGIF. Caught by the 'more' bug, soon he moved on with those on their way to Holiday Inn. Very similarly, in his quest for 'more',

he moved residence from an LIG to MIG to HIG (lower/middle/higher income group) apartment, and then on to an apartmansion, to a condominium, a bungalow, a farmhouse and finally, to a Miami beach resort. He kept wanting 'more', since he still wasn't happy. Happiness is a relative term and anybody who had 'more' seemed to be happier than him! In his chase for 'more', one day he became Bill Gates, the richest man in this universe. Just when he thought he would settle down at his happiest best, satisfied with his rags-to-riches story, he realized that there were hundreds of 'richest' men before him who had a 'riches-to-rags' story and that society would not look back at him or foot his children's education or medical bills in case he didn't have the money for them. He also realized that there was no way to maintain a stable position in the market economy. You can either go ahead or be gobbled up by someone else. The only way to remain where you are is to run faster than the ones behind you. Till he became Bill Gates, he had someone to catch up with . . . But after becoming Bill Gates he had to keep running for 'more' without any aim or any Joneses to catch up with! It was an aimless and blind chase after the unknown and happiness seemed to be hiding somewhere behind the clouds, ever elusive!

The leading B-Schools of the world don't have a simple marking system for their students. They have something called the CGPA (comparative grade point average). I did my Masters in Economics from Madras University, which

claimed that it had stringent standards of excellence. I was told it wasn't 33% or 40% or 45% but it was 50%

**At the end of the rat race,  
one is still a rat.**

Socrates

that was required to pass. I knew the benchmark and worked hard. Unfortunately, the world of market capitalism doesn't like that . . . It likes you to be prepared to run aimlessly in the search for 'more' because only then will you know how to cope with a Bill Dates. So according to CGPA, if you want to pass, you need to be in the top 90 percentile of the students. Work harder and harder and harder and you get 95 to 100% only to be told that you are a failure. Why? Because 90% of your classmates got more than 95 in the same subject and you were in the, bottom 10 percentile. Leading B-schools thus sow the seeds of measuring success in relation to others at the very core of their students' thinking processes. **The idea that is driven in is that happiness or success is never an end in itself. You might love your parents, wife and children immensely; you might be giving your best at work with**

**The trouble with the profit system has always been that it was highly unprofitable to most people.**

E.B. White (*One Man's Meat*)

**all your passion; you might be living up to all your self-imposed standards of excellence, yet there is no reason to feel happy or successful because your neighbour has 'more'. So you need to catch up! Concepts**

**of compassion and sharing take a back seat since sharing your notes with your friend might take him also into the top 90%, making you run that extra mile!**

The market capitalists, of course, understand your mindset and do their best to keep you running.

At this point it is worth focussing on a very valuable theory of Economics — a law, often underrated, but a missile in itself to combat the warheads of capitalistic dreams. **It is called the law of diminishing marginal utility. In one of his poems, Rabindranath Tagore said, ‘The more you have of something, the less you want to have more of it.’** This explains the law of diminishing marginal utility beautifully. So the more you have the IIPM canteen food, the less you want to have more of it! And the more you want to have food from McDonald’s! Similarly, the more you have of McDonald’s, the less you want to have more of it, and this goes on. The market, of course, works hard and overtime to see to it that the law of diminishing marginal utility works faster than ever before in an attempt to make you the ideal consumer who is always in search of ‘more’. In fact, the entire advertising business is the business of increasing the pace of law of diminishing marginal utility. This law of diminishing marginal utility keeps you from being satisfied for long and thus keeps you an ideal consumer. As I have already said a satisfied consumer is the market’s as well as the adman’s worst nightmare. **If the Great Depression**



**did not hit as strongly as it did the first time, it has the advertising industry to thank for in many ways. The advertising industry is the backbone of market capitalism.**

While the capitalist produces, the advertiser induces the consumer to buy, ethically or unethically. It uses women, children, negative emotions, anything to sell false dreams. Everything is justified as long as the market keeps running.

It can create the most beautiful ad for a Honda City car with stylish round headlights and make you feel that buying it means being happy. The moment your purchase is made and you want to settle down feeling happy about it, a new ad will come up to question whether a city car is safe enough on the highway. So you go to the Honda highway to get more happiness and yet another ad comes up. It makes you look like a fool taking your children out for a picnic in a car. The solution— A Honda SUV — the sports utility vehicle. (Incidentally huge SUVs are the latest craze amongst the Americans.) They are oil inefficient, using up to double and more oil per kilometre— a reason why America needs more oil even if it is at the cost of a war). Happy drinking beer and oil in your new SUV alongside your third wife, you see an ad of a romantic evening out with a blind date. It appeals enormously to your butterfly senses. She could be your fourth wife. And obviously this blind date is not in the stupid SUV — she is in the Honda convertible. You buy that aware that now your house looks more like an automobile showroom but you are happy and feel that

you have everything you ever wanted. That's when the new ad for Honda City comes up — the new Honda City with rectangular headlights. And the more you see your old Honda City the less you want to see it. This law of diminishing marginal utility at its fastest best — all thanks to the advertising industry!!

**You want to meet a satisfied and happy human being in the capitalistic market? Well, some other time please.**

***Illusion of democracy: Individual masters of life or slaves to the system?***

Do you still think what you choose or what you do is a free choice? Unfortunately the answer is possibly a big 'No'. The market invests millions of dollars to shape your thought process and influence your choices. Endless investment in campaigns for the free market has left very few people questioning its usefulness; million-dollar investments in the campaign against Osama has made you forget

**War is peace. Freedom is slavery. Ignorance is strength.**

George Orwell  
(Nineteen Eighty-Four)

Hiroshima and Nagasaki; the clever selling of war through corporate television has made people think that non-violence is outdated and old-fashioned; the 500 million-dollar investment in Nike ads every year gives you a complex if you are wearing any other sports shoes. Just as citizens are reduced to mere observers in democracies around the world, but for the moment when they get to

cast then votes to elect their leader (that the polls are rigged is another matter!), the consumer is reduced to a mere dustbin in which the producer keeps dumping his products. During the 1996 elections in America, polls clearly indicated a 'historic dullness' amongst the citizens of the democratic haven. Polls showed that public interest in elections had declined to a record low despite record-breaking spending. Voters in America as well (India doesn't seem the only exception) disliked both the candidates and expected little from either of them. Cuban leader Fidel Castro was found relaxing on the beach on the day of the last elections in America. When asked by reporters how he looked so relaxed on such an important day, he quipped that he was doing what the majority of the Americans were doing! **The role of democracies around the world seems to comprise an effort towards protecting the opulent minority from the not-so-opulent majority.** According to a lead story in the *Wall Street Journal*, Bill Clinton's administration was an instant hit, because on most issues his administration was on the same side of the coin as that of corporate America. Polls in America show that more than 80% of the public thinks that the government is run for the benefit of the few and their special interests, and not the majority. Over 80% believe that the economic system is inherently unfair. More than 95% feel that corporations should sometimes sacrifice some profit for the sake of making things better for their workers

and communities.\* Elections are often won with less than half the votes being cast and a mandate of about 20% of the electorate being in the winner's favour. The illusion of democracy lives on.

**In America a sixth of its total GDP is spent on marketing and advertising. Most of it is tax exempt so that people pay for the privilege of being subjected to manipulation of their attitudes and behaviour.** Even four-year-olds check out with each other what brand names they patronize — they go up to other kids, twist and turn up their collars to check out brand names. For toddlers and children below the age of five, the fashion house GAP finds that its colourful and well-designed clothes don't sell as much as a dull grey-coloured Tshirt with GAP written boldly on the chest does. After all what's the use of buying a branded product if nobody gets to know about the brand name even if it is for your three-year-old impressionable child! **So much for the illusion of being individual masters of life!**

It's not that the problem of hunger is a problem only in India, Africa and other developing countries. Upto two million children in UK are suffering from poor health and stunted growth because of malnutrition, as a result of poverty on a scale never seen since the 1930s, even as Blair fights a war against Iraq. Free market and free trade in themselves remain a myth, though globally they are

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\* *Profit Over People* by Noam Chomsky, page 56.

increasingly used as tools to exploit the markets of underdeveloped countries, while within the US and other western countries, a conniving, selfish protectionism continues. Today **globalisation is fast becoming a clever instrument to push trade deals and accords in favour of**

**There is a common tendency to ignore the poor or to develop some rationalization for the good fortune of the fortunate.**

John Kenneth Galbraith

**the US and its allies down the throats of weaker nations in order to make it easier for the wealthy and big corporations to dominate nations around the world, most importantly without having any obligations to the people of these nations.** The former chief economist at the World Bank, Stiglitz, has admitted that the West has seriously mismanaged the process of privatization, liberalization and stabilization. By following the advice of organisations like the World Bank, many Third World countries and former communist nations are actually in a worse state today than they were earlier. The United Nations and the World Trade Organization are violated conveniently. After losing out disastrously in a WTO motion for removing sanctions against Cuba, Washington declared that the WTO had no competence to proceed on an issue of American national security and that its existence was at stake in the strangulation of the Cuban economy. Further, a WTO ruling against the US in absentia would be of no significance as nothing the WTO says or does can change

American laws. This is an interesting contrast to the great merit of the WTO telecommunications agreement, which the Americans saw as a new tool of foreign policy with which to force other countries to change their laws and practices in accordance with American demands. The inhuman manner in which America relentlessly goes on imposing sanctions against Cuba in the name of national security even today, goes to show the imperialistic instincts of market capitalism. A Mexican diplomat once said, 'If we publicly declare Cuba as a threat to our security, 40 million Mexicans will die laughing', while turning down American requests for Mexican support against Cuba.

In his book *Profit Over People*, Noam Chomsky points out that the majority of Americans themselves haven't benefitted from market capitalism. As I pointed out in the first chapter, for most of the American population incomes have stagnated or declined for the last fifteen years along with working conditions and job security.

**Swindon: What will  
history say?  
Burgoyne: History, Sir, will tell  
lies as usual.**  
George Bernard Shaw  
(*The Devil's Discipline*)

**Inequality has reached levels unknown for seventy years and the US has the highest level of child poverty amongst all industrial nations, closely followed by UK.** Of course, this is in the midst of stupendous and dazzling profits overflowing in the coffers of corporate America. While America keeps

telling the rest of the world to stop subsidizing its internal industries, Chomsky points out that the enormous Pentagon expenditure, devoted to keeping Middle East oil prices within a range that the US and its energy companies consider appropriate, amounts to a subsidy of 30% of the market price of oil. Similarly, in the name of military spending for security concerns, it has subsidized its aircraft industry — a consequence of which we see in the civilian aircraft being the country’s leading export, and the travel and tourism industry, again aircraft based, a source of its major profits. As President Truman’s Air Force secretary put the matter simply: ‘We should not use the word “subsidy”, the word we should use is “security”.’ What an extraordinary exhibition of double standards while pushing the illusion of happiness and prosperity in the free market system! It is incredible that none of us understand that we are all becoming slaves to the system governed by a handful of rich and powerful men!

**A decent provision for the poor is the true test of civilization.**

Samuel Johnson, Boswell’s  
Life of Johnson

A hierarchy of coercive private institutions control thoughts in most democratic societies. **If Saddam and Hitler used force to bring people into their fold and punished those who refused, America uses brainwashing techniques or punishment with sanctions.** Citizens hardly play any meaningful role in managing public affairs, which is one of the most important criteria

of democracy. Amidst contradictions, shams and hackneyed jargon, free market-based market capitalism continues to dominate economies worldwide.

Globally, developing countries are being dominated by the US through bodies like the IMF, the World Bank and the WTO. While the US argues for expansionary fiscal and monetary policies, when it faces a downturn, just the opposite is insisted upon for developing countries. Faulty recommendations of the IMF made countries in East Asia face enormous crises. The IMF-pushed liberalization policies on East Asia, leading to the capital account liberalization, ended up as the single most important factor leading to the huge crisis. **IMF's deputy managing director, Stanley Fischer, wrote in the *Financial Times* that the IMF wanted these economies to have a balanced budget!** Ever since the Great Depression, not even half-baked economists have ever suggested a balanced budget to a country going into a recession! While the Americans have a national debate on a half per cent point increase in interest rates, the IMF forced these economies to go for 25% points and beyond! About 75% of businesses in Indonesia faced a crisis, while about 50% of bank loans became non-performing in Thailand. In 1997, Japan offered \$100 billion to help create an Asian Monetary Fund (AMF) to stimulate these economies but the US and the IMF were quick to squelch the idea. The reason is obvious: while the IMP strongly advocated competition



in markets, it did not want competition in its own domain! The AMP would have done just that. Just as the IMP did not care about the concerns of the poor — they did not

**Those who take the meat from  
the table teach contentment.  
Those for whom the taxes are  
destined demand sacrifice.  
Those who eat their fill speak  
to the hungry of the  
wonderful times to come.  
Those who lead the country  
into the abyss call ruling too  
difficult for ordinary folk.**

Benoit Brecht

have the paltry sums to provide food subsidies for those thrown out of work as a result of IMP programmes while they had billions to bail out banks — the WTO was there to place trade over all else, including the environment. All countries were asked to open up. When Russia tried to export aluminium and uranium to America, it found the door shut, while for America things were different. For Americans exclusively, trade is good but imports bad! The World Bank's main mission was to eradicate poverty, not so much by providing humanitarian assistance at the time of crises, as by enabling countries to grow and stand on their own. While it has been able to do many things, it has failed to do what it was set up for. It rarely acts without fine-tuning its loans with IMP diktats on developing countries. Yet the spirit of market capitalism lives on and we are forced to believe that we are individual masters of our lives in the globalized world.

Global warming caused by the indiscriminate use of fossil fuels leads to concentration of greenhouse gases (CO<sub>2</sub>) and it continues to affect those living in underdeveloped economies as well, but the blame is usually pinned on developing economies for lack of environmental concerns.

Americans today live off the money that they will be earning in future, thanks to the credit card syndrome and the attractive instalment schemes offered to the gullible consumer, overcome by this

need to have more. A generation of credit card defaulters is growing up in countries like India as well. An endless number of young boys are falling prey to this trap and start their career as shameless thieves, who proudly announce

their intention of defaulting. The others start their careers on loans. These people had better be warned! Credit card companies have now begun to hire musclemen to recover the assets taken on instalments. The entire system is repelling. The average American today has a negative saving, thanks to this compelling urge to finish the earth's resources as soon as possible. There are economic problems too. The entire system of credit works till that point where all the citizens of a nation finish spending their future income today. The economy is surviving by selling things

**The means by which we live  
have outdistanced the ends  
for which we live.  
Our scientific power has  
outrun our spiritual power.  
We have guided missiles and  
misguided men.**

Martin Luther King  
*(Strength to Love)*

on their future income. Imagine a society where the credit economy becomes so aggressive that all its citizens have exhausted their next 15 years' earnings buying products, homes or cars today. The credit-run economy will start stagnating soon with replacement credit only for those who complete their instalments. The American drama unfolds interesting scenes. The working class, about 80% of the economy, has nothing to do after work. There are four things that sell. Only four industries are seen advertised in newspapers and television in a decent way — fast food, clothes, cars and insurance. Fast food is making average Americans unattractive and obese. Department stores with their round-the-year sales are trying to help them look attractive and hide obesity. Car companies are giving them some action to look forward to in life and insurance companies are selling the fear of death (often due to obesity and lifestyle-related reasons) and making money. Incidentally, even these businesses were started nearly three and a half decades ago. With the exception of the IT boom, entrepreneurship seems out of reach for a common man because of the high costs involved in setting up new businesses. One look at average department stores on Fifth Avenue in New York is good enough to reveal that they are working on variable costs with the cost of infrastructure being impossible to recover. You don't need to be an economist or management expert to guess this. That is one reason why new businesses are not coming up. Infrastructure costs are becoming unrecoverable and

only those with a given infrastructure are able to survive. Since they are not selling, the market mechanism also doesn't work! People in small towns everywhere in Europe and America complain that large national retailers and shopping malls have killed their small businesses and their communities. In the name of free enterprise, monopolies are established and competition (even quality) compromised. When I started my career there were ten top global consulting firms that my friends were vying for. Three years ago there were six of them due to global mergers and acquisitions and now there are just three of them. Yes, they 'have bought up the rest' – the 'more' bug at its best. For global capitalism to survive and serve humanity, amongst other things, I do believe that monopolies have to be broken and mergers between corporations beyond a particular turnover disallowed. In his book *The Myth of Free Trade*, Dr Ravi Batra has talked about splitting corporations like IBM or General Motors into smaller and more competitive units along the lines of the 1982 AT&T divestiture and not allowing any firm to hold more than 10% of the domestic market share. Till then . . .

Market capitalism is helping a few rich to get richer, creating protectionism whenever required only for the

**Every communist must grasp the truth: 'Political power grows out of the barrel of a gun'.**

Mao Tse Tung

benefit of the world's elite. The recent attempts of trying to pass a bill in New Jersey, preventing American companies from setting up call centres in India, is a case in point! Bringing Versace and Armani suits to department stores in New Delhi while the rest of India languishes in poverty is not the social justice we longed for. Selling Louis Vuitton and Tommy Hilfiger for the urban rich is not symbolic of development in India! Years ago, Mao Tse Tung said that power flows from the barrel of the gun. We would have loved this world to be a better place. The truth, however, is that in the post Cold War era, America continues to impose its ideology and diktats on the rest of the world — still flowing primarily from the barrel of the gun.

## **Happy capitalism**

### ***The most urgent humane agenda***

Having critically analyzed the problems of market and global capitalism, it is not as if I do not understand some of the merits of these systems and their cohesion with human nature. Ideologies can often fire your passion enough to override natural human tendencies for a while. When you are being ruthlessly exploited and live in endless

poverty, you do tend to feel closely related to your brethren and revolutions invariably follow: With growing prosperity and enough food to eat, this passion starts dwindling to a point where all you want to get is more recognition for your contribution. Competition and one-upmanship begins to rule your lives. It is certainly in human nature to welcome prosperity and better standards of living and yearn for luxuries in life — and why not? When people around you live almost as well as you do these natural human tendencies can be allowed to flourish. **But in these days of globalization, prosperity too should be globalized. Till then a large majority of the *have-nots* and a few amongst the *haves* like us will continue to have utter contempt for the present system of market capitalism.**

For true socialism to succeed, the state has to play a significant decision-making role which may be perceived as interfering and distributive by citizens. This often entails using a lot of value judgement to consider what is good for society from an ideal point of view. Citizens may not welcome this as it is at the cost of their freedom. Moreover, there is no reason to think that what the state does (very often it boils down to what the leader thinks should be done) will always be correct. It is only when citizens participate and interact with the state, and the state takes this seriously for decision-making on a regular basis through debates and polls, that true democracy can be established and what the state does can be taken as correct. This is why you may notice that only countries where a

majority of people live in inhuman poverty have usually opted for a socialist system by choice (revolutions). At such times people looked up to someone (state or a leader) to take decisions on their behalf in order to pull them out of their miserable situation. They welcomed state interference since they felt that prosperity was beyond their individual means. When the people in the same countries survived their massive indignities and their standard of living improved, they wanted to get rid of state intervention from their daily lives. However, power corrupts. The same leaders who brought about revolutionary changes in these countries, had got used to the habit of ruling by imposing their views and thus neglected natural human tendencies. Then there was also the problem of those leaders failing to draw the line between ideology and dogma in their passion to impose what they thought was correct. **A man begins to cherish nothing more than his independence from the moment he learns to survive with basic human dignity.** The socialist states failed provide this despite their ideological correctness. **Market capitalists, on the other hand, try to leave everything on the markets including the problem of inequality, unemployment, pollution, health or education.** These are all issues in which the state has to necessarily play an important role, which even in free market economies, the majority will have no objections to accepting. **Further, in a globalized world, states, especially the developed ones, have to look into these aspects as world citizens beyond the narrow vision of**

**their own prosperity.** We need to first and foremost globalize the idea that development is about transforming societies into better democracies, improving the lives of the poor and enabling everyone to have a chance at success as well as access to health care and education. **If the common notion of capitalism represents freedom and democracy, and socialism represents equity and happiness, then what we need today is HAPPY CAPITALISM** – capitalism minus its inhuman tendencies of putting profit and trade above human dignity and people; capitalism minus its efforts at reducing its citizens into submissive slaves to the hierarchy of the rich and powerful while maintaining an illusion of democracy; and socialism minus its interfering nose in every aspect of daily life and the inhuman attempts at snubbing the freedom of speech. While the market should remain to cater to the people who have the purchasing power, the state needs to take care of those being marginalized in the gold rush and look into matters of national and global interests like environment, pollution, AIDS and peace.

### *Survival of the weakest and the trickle up theory: Redefining some rules*

I begin my journey towards happy capitalism by picking up the basic concept around which free enterprise revolves. For long economists have been blindly following Darwin's theory of 'Survival of the Fittest' as the maxim for supporting the existence of the capitalist economy. The



problem is, however, they forget that the whole purpose behind the functioning of an economy is to move towards

**The old eye for an eye  
philosophy would leave  
everyone blind.**

Martin Luther King

a more civilized form of existence. Civilization has seen man moving out of the jungle and reaching where he is today. Sadly, however, he has not yet been able to discard the rules of the jungle.

From the very beginning capitalism has been based on the principle of individualism and survival of the fittest. Adam Smith's theory that man is rational and will maximize profits in a free market supports this principle. The core function of a man in a capitalist market essentially revolves around competing with others and maximizing individual profit. Critics, of course, would like to point out that the returns that an individual gains in a capitalist market are not solely dependent on his efforts alone but also reflective of the wealth he has accumulated in the past. Based on the same argument some economists in India don't want MNCs to enter India as the survival of Indian companies is not only dependent on the quality of the products they produce but also on how strong the competitor is. The manner in which large companies from developed nations enter developing countries and destroy their domestic industries proves the point that the capitalist economy is based on the concept of survival of the fittest. In a jungle, the fittest refers to the strongest or the one who can best adjust to the existing environment; in an

economy, *fittest* would refer to the richest. Therefore we see that the market economy has always helped the rich grow richer at the cost of others, although whenever one tries to question this, we are told that we should not worry because left free, market prosperity always trickles down! This trickle down theory is another unquestioned capitalist jargon which is thrown at developing countries from time to time. This, sure enough, furthers the cause of the developed nations despite the absence of any empirical evidence to prove the same.

Men are born equal. If given the same opportunities of health, education and environment, their capacity to contribute would become nearly equal. It is the society that we have created where these opportunities are not equally distributed, thereby leading to a difference between man and man. Today when some of us have reached such high standards of living, the time is right to bring in some humanitarian aspects into our society. Quoting Marx here will get

**Those who have given themselves the most concern about the happiness of people have made their neighbours very miserable.**

Anatole France

my point across: **Socialism is taking from each according to his ability and giving to each according to his contribution.** This, he said, would remove exploitation of man by man. **What is more interesting and human is his definition of communism, which he says is that ideal**

**system, which takes from each according to his ability and gives to each according to his need.** (It may be noted that Marx never talked about tormenting these societies through ruthless dictatorship as was practised later.) What this means is that even though I might be contributing five lakh rupees worth of services every month to my society, but if for my happy and civilized existence, I need only one lakh rupees a month, then that is what I should get. A mentally challenged person living in the same society may not contribute anything but he will need a certain amount, perhaps as much as I do, to take care of his survival, treatment and medicine. In that case a communist society aims to provide him with the same amount as I get although he contributes nothing. Interestingly, socialistic ideology has never been put this way. I think that it is just the opposite of survival of the fittest: **It is survival of the weakest.**

Capitalist civilized societies across the world need to realize the merits of this human aspect of economics and consider and include this in any decision-making process, because civilization is all about discarding jungle rules and making humans more human. Or else we would be more like human beings who look like animals let loose in a civilized society, as predatory as wild animals.

**I firmly believe, without any doubts and reasons to argue, that every human being is a born communist.** Does this

shock you? Perhaps this is as shocking as my admitting that many aspects of capitalism are close to human nature. The basic ideology of communism, as I have just explained, is also very close to human instincts. I'll tell you why I think so.

Don't we all (when I say all, I include all civilized human beings with normal and natural human emotions) believe in the maxim of *from each according to his ability and to each according to his need* within our family? Don't we all believe in survival of the weakest? Isn't it true that we try to provide the maximum comfort to a family member who is paralysed or handicapped? If such a family has a budget for just one air conditioner, isn't it most likely that the patient will be provided with that extra bit of comfort? We would not deny the patient anything because he can't contribute to the family kitty. A newborn baby is the weakest but don't we do our best to see to it that the baby is comfortable, at times even at the cost of our own comforts? If the baby is unwell, do we hesitate to spend all that we can on his/her medicine? **This is survival of the weakest. This is to each according to his need. It might be another issue that the state can't get so emotional (though it has no business to be emotionally bankrupt) but what we can't challenge is the fact that we are all born as communists at heart!**

I don't want to question the contribution of capitalism in making this world a better place to live in. All I want to

ask is this: After years of growth and development which has seen capitalism at its materialistic peak enjoy the comforts that at one point of time would have sounded unrealistic, why doesn't this system focus on the crucial aspect of the ever widening gap between man and man, the rich and the poor? Today when every rich family in the West has five cars, can't they put their greed on hold, till the others at least come up to a situation where they don't die of hunger, before deciding to buy their sixth car? As individuals, it might be a tough choice but in civilized societies, for the governments, it shouldn't be.

When an economy reaches a stage where the fittest can live well even if their standard of living doesn't grow rapidly, it is the duty of that economy to channelize its resources on the weakest for its survival. In our respective families we all practise communism — to each according to his need but when it comes to the nation we question its validity. This doesn't mean I am insisting that all economies turn socialistic; what I am suggesting is that we consider extending this most human and natural concept of a family situation to the so-called global family as well! According to Peter Drucker, the Americans today are already spending the highest number of hours on social work every week. Let them lead the march towards imbibing the concept of 'survival of the weakest' in civilized societies. The only problem that the rich would face because of this holy march would be that their pace of growth would get just a little slower but this would accelerate the growth of the

poor and the weaker. This contribution from the richer sections of the society is something that the world would be proud of tomorrow.

The stronger nations of the world should start supporting the weaker nations of the world genuinely and not for a bargain. I am sure by supporting the cause of the weak they will finally see the benefits trickle up into their own balance sheets! The world would become a better place to live in. Hankering after 'more' has left rich society in a constant state of chasing a mirage! Perhaps in the new world order things can be different. Perhaps tomorrow's five-star hotels will be less starry but at least we won't see those miserable slums around them.

Isn't it ironical that the whole of Latin America and Africa put together don't have a single permanent member in the Security Council? India with a population of almost one billion is nowhere near a permanent membership either! Looking at this irrational situation Fidel Castro observed, 'The obsolete veto system and the abuse of the Security Council by the powerful nations are exalting a new colonialism within the UN. The UN was formed at the end of a monstrous war that had claimed some ten million lives. More than twice the number of people killed during the Second World War today die of hunger and curable diseases while the United Nations brags about bringing peace to the world. The rich countries enjoy a life expectancy of around 80 years while in the poor

countries it is a mere 45 years.’ This is what the survival of the fittest has achieved! Don’t the people born in poor countries have the right to live beyond the age of 45? These billions of lives are stubbed by the rich countries for the sake of a few additional comforts in their already luxurious lives. How long shall we wait for the carnage to stop?

Let me give one last assurance to all the great industrialists and the capitalists of the world . . . Well, even India shouldn’t worry and take this as the death knell to capitalism. All I am saying is: Benefits of the principle of

**My father always told me  
that all businessmen were  
sons of bitches, I never  
believed it till now.**

John F. Kennedy on the price increase  
proposed by US Steel

the survival of the fittest will trickle up. There is enough evidence to support this belief. Without the benefits of a trickle up, one would not be able to explain the twenty-five

times more flow of foreign direct investment into China — a dictatorial country which constantly violates human rights and was not even a member of the WTO till a few months ago. The World Bank recently admitted that in recorded history no other country has been able to bring as many people above the poverty line as China has done in the last twenty years. Figures stand at a staggering 170 million! Our estimate is that it is far more than that and is growing every day. The Chinese are even opening up northern China for tourists, indicating that they have

started removing poverty from that part as well. **China's efforts on survival of the weakest has resulted in a TRICKLE UP, giving the much needed purchasing power to a majority of Chinese people, which in turn has attracted large-scale foreign exchange.** It is a rule of market capitalism to invest in countries with higher purchasing power because that's where profits lie. The benefits of giving purchasing power to the poor in China are trickling up and taking the country ahead at a rate which is making the Western world extremely scared about the future domination of China. Even the great dictator, Bush, is at odds since China is no Iraq. It can give as good as it gets!

Belief in trickle up is a thumb rule for developing economies like India. The success of Indian businesses, locally and globally, doesn't actually depend upon the kind of business strategies they have or the jargon that they have acquired. Their multinational consulting firms are their exciting marketing and sales promotional schemes. In the long run, the success of the companies will depend upon the size of the market that the economy has been able to give them and the purchasing power the people in the country have. With *Survival of the Weakest* as the maxim, the people at the bottom rung of the economy would get more purchasing power along with better health and education facilities. This would not only make a huge difference in the quality of human capital in the country but would also satisfy the most important criterion for the growth of the Indian industry by becoming a part of



the consuming market. The market will no longer comprise a hundred million people but one billion people because it is the purchasing power and only purchasing power of the market that determines the long-term growth of any economy, industry or company. No marketing strategy can achieve a similar market expansion. This is pure economics and no miracle. We cannot possibly underestimate the importance of policies that strengthen the weaker sections to take care of the larger interests of the industries.

Let us resolve that we will redefine the basic rules of the capitalist economy and ensure the survival of the weakest for our own good. **An economy that wants to survive and not be swept off its feet by the giant corporations should place its faith on the survival of the weakest and the theory of Trickle Up as the saving grace for the next millennium.**

***The law of increasing marginal utility:  
Redefining satisfaction***

Well, do you remember all I said about the lower order material needs of Maslow's Heirarchy? Let me remind you again that market capitalism works very hard at keeping you tied down to the lower order needs by altering the speed of the law of diminishing marginal utility through manipulative advertising. I am going to take off from here.

The needs theory of Maslow is called the Hierarchy of Needs, mainly because each need is placed in accordance with the happiness and satisfaction derived from it. Thus, in fact Maslow himself calls the two bottom most needs of physiological and security as lower order needs and the rest, social, self esteem and self-actualization as the higher order needs. The lower order needs are common to human beings and all animals. Thus, I call them the animalistic needs of human beings. It is the satisfaction of the higher order needs and the ability to satisfy them better that make human beings different from animals. The way we eat food or crave security is quite similar to animals. It is our ability to express love for our fellow beings by showing compassion, consideration and sensitivity that distinguishes us from animals. We are also blessed with better skills to satisfy our self-actualization needs.

In an ideal society, where the members of a community are happy, it is easy to perceive that the human beings who make up the community have the scope for satisfying their higher order needs. It is the satisfaction of the higher order needs that brings long-lasting happiness to man. On the contrary, if human beings are to spend a major part of their lives in slogging for acquiring the mere basic necessities of life like food, health and education, when do they even think about higher order needs? They can do so only when the state takes the responsibility of providing employment, health, education and equity. In the way that market capitalism is being practised now,

none of the lower order needs of the weaker sections is fulfilled. This is precisely why, Bill Dates, throughout his life is busy satisfying his lower order animalistic needs. The more he wants aggression in this market economy, the more time he is forced to spend satisfying his animalistic needs. At the age of eighty, he looks like a human being, talks like a human being but has never really spent **quantity** time (read as enough time, the opposite of quality time) to satisfy his human instincts — he doesn't even realize when he became like an animal. With all due respect to the animal lovers of this world (there are thousands of fashionable people for animal societies in this world today but rarely does one hear about 'people for people' societies) the responses of Bill Dates at the age of eighty is actually as inconsequential as the bark of a street dog or the grunt of a pig in a neighbourhood drain. He is a dry-eyed money-making machine at best. He hardly has anything to gain from humanity because he never ever experienced humanity.

Isn't it gross injustice to mankind if human beings are forced to live in societies which leave them to wallow in their miseries and stay tied down to fend for their lower order needs all their lives? Bill Dates, in his constant chase for material gains, has no time for his children. Ask him why he has no time for his children and he has a market savvy answer, '**I spend QUALITY time with my children** – about five and a half minutes a day and I don't believe in interfering in their independence by imposing

myself. After all they have to be independent human beings!’ He is extremely well travelled but ask him if he has ever managed to visit the Louvre in Paris to marvel at the amazing Renaissance paintings — he moans about the lack of time and admires his boardroom painting by Pablo Hussain (a modern artist who incidentally always walks around wearing just one shoe in a desperate attempt to be different). Hussain’s paintings are branded and invariably have a horse in them as a mark of identity. So, when he is asked to paint Mother Teresa, there is the blue line of her sari in one part of the painting and a horsetail on the other. Of course, he has the perfect explanation — Mother used to do her work like a horse! Creativity? Another time, baby. Some societies judge an artist by his talent and not his income. Pablo needs money and branding helps his cause.

Are you confused? Wondering what I am trying to say? The other day I went to an art exhibition. A huge canvas in black with a yellowish orange spot in the middle caught my eye. On the side of it was another painting with confusing looking strange objects made over each other in hundreds of colours. Both paintings were priced at fifty thousand rupees each. At the bottom of the first painting, the caption read ‘*A ray of hope in darkness*’, while the other caption read ‘*The confused state of Indian economy*’. Three gentlemen in their royal suits with cocktails in their hands stood marvelling at the paintings. The next day, Page Three of a leading newspaper carried an entire

story on this awesome artist whose paintings resembled pages from the scrapbook of my two-and-a-half-year old son's first lessons in painting. **The point is that in a society where people are respected by what they have and rarely by the content of their character, everything is lost.** Character is the sum total of your interests, talent, skills, abilities and the way you use all of them. In an attempt to make money, people don't hesitate to sell even the soul of a piece of art. At the core of all these evils is the urge to make more and more money.

Maslow's hierarchy of needs is actually a hierarchy of happiness. Satisfaction of the higher order non-material needs help you **TO BE** while the material, lower order needs keep you in the state of **HAVING**. Thus, in market capitalism we are always forced to be in the state of having and rarely in the state of being. If I go to Geneva for a holiday I come back with twenty reels of photographs because I want to *permanently* possess the happiness that I experienced. Instead of trying to be in the state of happiness, enjoying the beauty of nature and trying to be one with it at the time I am there, I try to bring it back with me and possess the beauty forever. What actually happens is something different though. Moments of happiness keep occurring in life — first girlfriend, first kiss, first trip to Switzerland, first marriage, first child, first award — they all keep flashing. And the albums keep growing in numbers. As for happiness . . . well . . . when someone comes to visit you soon after your marriage,

you are still enthusiastic (foolish enough) to bring the ten odd albums and force them to go through all of them assuming that your friends have nothing else to do. After a few weeks even you are scared of bringing out those boulders of memory from the stack. If somebody asks you to describe the state of mind you were in, in those beautiful moments, you are unable to recall them because instead of being in the state of happiness, you were busy trying to capture the happiness for posterity. Now you neither remember the happiness nor want to have a look at those captured moments. Man's refusal to *be* in the state of happiness is, therefore, resulting in short-lived happiness (broken marriages, etc.).

In this branded world, everything has to be possessed. If you possess revolutionary instincts, even those can be used for making higher profits, thanks to the revolutionary soda company's consumable drink called 'Che', named after the great Latin American revolutionary who was the symbol of non-capitalistic pursuits.

Similar things seem to be happening with education too! Being educated is not important. Having education is. Thus when I am 45 years of age, having passed out of school some twenty-eight years ago, the first question I am asked (by a new acquaintance) is which school did I pass out from. If I say Delhi Public School (a branded private school in Delhi), I am looked upon as someone who has had a good education (even though I might have

been a failure throughout my school life). If I say I passed out from Government School Number 15, then high society doesn't know how to pursue the conversation further. 'You must have been a brilliant student', is the response you get. Thus, young children at their most formative and impressionable years grow up with either a superiority complex about their education (in case they are from a 'branded' school) or an inferiority complex about their education in case they are not from one. Psychology tells us that for a balanced and healthy mind both these complexes are harmful. But then who said that society cares about a balanced human being? Even something like knowledge (of medicines as well as computers) is kept under patent laws for irrationally long periods of time, often up to 150 years. The reason is that someone is attempting to make profits from something that can help society grow and live in good health, even if it is at the cost of people dying because they cannot afford those expensive medicines. **It is worth mentioning that in Sub-Saharan African countries, AIDS has brought down life expectancy from 65 years to 31 years in Botswana, 52 years to 26 years in Zimbabwe, 62 years to 43 years in South Africa and 55 years to 38 years in Kenya.** (*Source: Human Development Report 2002, page 27.*) Yet the patent regime on AIDS medicines continues. No wonder today we have the **ANTI-COPYRIGHT MOVEMENT CALLED THE 'COPYLEFT'**.

Still confused?

One day I was wondering why my father refused to part with his old Ambassador car while I love changing cars every two years. My friends told me that this is called the generation gap. I thought the reason for what I do was pretty apparent — the law of diminishing marginal utility at work at its best. On thinking deeply I remembered my father's inhibitions about discarding my grandfather's old transistor and his first ever watch. Anything old with memories was tough for my father to part with. This got me thinking and I realized that he was operating in a different world, a world governed by the **LAW OF INCREASING MARGINAL UTILITY**. Being educated (he believes that education is the best safety net for everyone and the best gift a government can ever give its people) and holding a decent job, he rarely spends his time in satisfying the lower order needs. Majority of his time is spent reading books, poems, appreciating paintings, spending time with his mother, wife and children, and often listening to music or watching *The Sound of Music*, *My Fair Lady* or *Sholay* (a popular Indian movie of his generation) for the nth time. He is the market and the ad man's worst nightmare. You guessed it right. He is a satisfied man. The guy who spoils the consumerist's party! He spends time satisfying his human needs in a human manner. The interesting quality of satisfying human needs is that it lets you experience the law of increasing marginal



utility unlike the law of diminishing marginal utility where the more you have of something, the less you want to have more of it. **This law says the more you have of something the more you want to have more of it.** Take, for instance, Mother Teresa — the more smiles she saw on a poor man's face, the more she wanted to see more of them and in the process, ended up spending her entire life for the cause of the poor in a land far away from her home. And look at Rabindranath Tagore — the more poetry he wrote the more he wanted to write more of it. Beethoven — the more music he composed and the more he played the piano, the more he wanted to play more of it. Ask anyone who manages to satisfy his higher order needs of love — the more he sees of his father the more he wants to see more of him. The more time my father spends with his mother, the more he wants to spend more time with her and wishes that she lives forever. The more any loving parent looks at his child, the more he wants to see more of her. That's the beauty of spending time in satisfying non-materialistic higher order needs.

You must be wondering what this has got to do with retaining the old watch. When you spend the majority of time in satisfying needs, which provide increasing marginal utility, you start superimposing the same on materialistic lower order needs. Thus used to a certain kind of life, my father superimposes the same on products. Therefore, the more he sees his old wrist watch, the more he wants to see more of it. The more he sees his old Ambassador car,

the more he wants to see more of it. For him it's the same as how people in the midst of fast-paced market capitalism superimpose the law of diminishing marginal utility on everything, including human needs. It is common in the Western world where dry-eyed people (people who find it embarrassing to cry and give vent to human emotions in the company of others) thrive and believe that happiness can be derived from products and not from meaningful relationships and other human needs. So the more an average American sees his parents, the less he wants to see more of them. He prefers to dump them in an old age home. Therefore, a President of America, Bill Dingdong, might say that the more he sees his wife, the less he wants to see more of her, and the more he wants to see his secretary Monica. No wonder the divorce rate is high in America. In fact, the more that Americans see their children, the less they want to see more of them. So when the child reaches the age of eighteen, it is celebration time for parents. The children are expected to fend for themselves after that (and bring home the Christmas cake on 25 December each year from then on).

The problem with market capitalism is that it promotes products as substitutes for emotion. If you want to express your love for your wife, you have got to gift her an eighteen-carat diamond ring. If you want to demonstrate to your child your love for him, you have to give him loads of gifts. After all, when you don't spend **quantity time** with your child how else can you show your love?

The result of this quality time is, of course, extremely shocking. My friends' children in America have a room full of toy cars, helicopters, computer games, stuffed toys, guns, and what not. Do they love their parents? Not really. For they interpret love as getting more and more. By the age of fourteen, they have saturated their hunger for toys. Now they want the real thing — a real car. American laws are very strict. Parents can be convicted for giving their children cars before the right age. This is the first time when the child wants something but he doesn't get it. Parents have no other way of showing love since the child is accustomed to getting playthings as an expression of love. So by the age of fourteen most children are convinced that their parents don't love them, so there is no reason for them to love their parents either. In the beginner's book of psychology called *Abnormal Psychology*, there are research reports which show that amongst the reasons behind juvenile crime in the US, what features prominently is car theft. Happiness is getting things by hook or by crook. When parents don't give, children steal! So much for giving and giving and 'more' giving — an almost certain way of sowing the seeds of a thief in your child! Of course, on the rise now is the irritation amongst the free market schoolchildren at not getting real guns in the market . . . . So they somehow manage to steal their dads' guns and go to school with them, often killing tens of other innocent students in growing incidents of shoot-outs carried out by school students.

When I was in the eighth standard, I drafted my first love letter ten times and tore it up each time. Finally, after consulting five books on love quotations and a few of Shakespeare's classics and ten more torn letters later, I managed to arrive at the final draft, which I thought I would dare to give *her*. When I was in the tenth standard there was a shop in my neighbourhood selling a few greeting cards. I went there, picked up a card and attached it to a letter, which was the fruit of my hard work. By the time I was in the twelfth standard, a company called Archies had been opened and I had a choice of more than twenty cards which expressed love better than I could ever have done. Often I would take more than one card and a letter to my girlfriend. By the time I graduated I saw such shops full of young boys and girls picking up dozens of cards at one go. The letter concept went missing. The new generation was giving five to six cards at one go in one envelope in their hope to get and experience love. If you wanted to write a letter in order to try and express your innermost feelings, there were card companies who came and told you, 'Stupid . . . we employ hundreds of people in our factories to produce emotions for you . . . why do you waste time trying to do the same? Come over to our shop and buy emotions (cards).'

When a human being ceases to draw out expressions of love from his heart and is able to replace emotions with gifts bought with money, love loses its meaning; relationships lose their value. Human beings become vending machines — press a button and out comes a card

for every occasion with the right words — of course, borrowed! Flowers delivered by a five-star hotel florist on the anniversary because the husband is stuck in a board meeting or a diamond ring home ordered by a husband who is miles away on the wife's birthday, and home delivered by a jeweller, are all accepted domino effects of market capitalism.

We need to realize that happiness is not an object that comes free with consumer goods. In fact, unrestrained satisfaction of all needs is neither conducive to human welfare nor for mother earth. Resources are drying up faster than they are being replaced in our urge to have 'more' today. The unconcerned and selfish human race is planning to leave nothing for the future generation. The idea that is sold mercilessly is to consume 'more' even if it is beyond your means. Around forty years ago, people in the West used to laugh for about thirty minutes in a day. Today they don't laugh. They just chuckle, that too for just six minutes a day, according to a survey done by a Swedish foundation on 'laughter'. No wonder they have become dry-eyed. Many Americans are aware of the rut that they are getting into. According to another research, about 23% of the top level people in corporate America who changed their jobs in the year 2001, deliberately opted for a downshift in their lifestyle in order to get more time for things that they loved to do, like spending more time with family, playing the piano, playing golf — all these provide increasing marginal utility.

Japanese society today is going through a phase of stagnation. Not that this goes on to prove that the egalitarian Japanese economic system had any inherent defects. Japan has a traditionally non-materialistic culture, influenced by Buddhism. By the late 1980s, the Japanese had almost everything that money could buy, in great quality. Unlike the Americans, the Japanese don't keep changing their television sets and washing machines because some new superfluous design or colour combination has been introduced. Nor are they swayed by gimmicks like the bio-organic rays coming out of the television screen! All the countries of the capitalist world which were pushed aside by Japan are excited to see the Japanese domestic market failure. They do not understand that this kind of a situation arises when people refuse to become dustbins in which producers can keep dumping their products. They understand that there is a limit to growth. Instead of finding ways to stimulate internal demands and operating in low capacity utilization situations, Japanese companies should use this opportunity to take their goods at rock bottom prices to underdeveloped nations of Africa and Asia to show their urge to be of help to the poor in these countries through global maturity and vision. **To become globalized we need to think of the entire world**

**I am Cuban, Argentine,  
Bolivian, Peruvian,  
Ecuadorial ....**

Che Guevara—on being  
asked his nationality

**as our own family.** For how long can the global economy live happily with 1.2 billion of its people living on less than a dollar a day and 2.8 billion living on less than \$2 a day (which accounts for more than 45% of the world's population). If people start spending more time on satisfying the higher order needs, then the same money that is spent uselessly on buying products could help change the future of the world.

If happy capitalism is about a happy and satisfied human being, then the system should deal with the advertising machinery in the modern-day market capitalism differently. While creativity and the positive aspects of advertising should be retained, consumers should be educated about overzealous sellers eager to con an unwitting consumer.

David Ogilvy, founder of O&M Advertising agency, in his book *Confessions of an Advertising Man* says, 'As a private person, I have a passion for landscapes, and I have never seen one improved by a billboard. Where every prospect pleases, man is at his vilest when he erects a billboard. When I retire from Madison Avenue, I am going to start a secret society of masked vigilantes who will travel around the world on silent motor bicycles, chopping down posters at the dark of the moon. How many juries will convict us when we are caught in these acts of beneficent citizenship?' The world of advertising changes our values and perception about things worth admiring and emulating in life. We are made to believe that a person who owns a Mercedes car is to be admired,

irrespective of the quality of human being he is. Women are sold the pathetic idea that freedom and feminism mean having a cigarette in hand or drinking alcohol. Advertising stereotypes women as sex objects and uses their appeal mindlessly, without any respect or dignity. Health problems are exploited to sell solutions and products which are not always beneficial. While Nike may not be accessible to all in poor countries or poor people in rich countries, the Nike ads are. Discontent and greed for such products, which almost always symbolize a happy life, creep into the lives of these people who cannot afford them. Children are manipulated to believe that they should always have one better than their peers.

**Every corner of the public psyche is canvassed by some of the most talented citizens to see if the desire for some merchandise product can be cultivated.**

John Kenneth Galbraith

To have a new and different world we also need new and different policies. We need to think about policies of **taxes on advertisements** to promote restraint in the consumption level. People must be encouraged to focus on activities that will increase marginal utility. There should be stringent laws to monitor advertisements to check that they do not target children or border on obscenity, exploit superstition or absurdity. A typical American today spends more than a thousand hours in his lifetime watching some 1,50,000 advertisements! If this is what the future holds in store for



us we need to understand that advertising will become a key guiding factor in deciding human behaviour in a society.

Mankind will benefit immensely and markets will sustain for long with a steady pace of growth, if the unending chase for more is *given* up by greedy market-driven capitalism and opts to support a more human, need-based, happier capitalistic society.

*Where the mind is without fear and the head is held high;  
Where knowledge is free;  
Where the world has not been broken up into fragments  
by narrow domestic walls;  
Where words come out from the depth of truth;  
Where tireless striving stretches its arms  
towards perfection;  
Where the clear stream of reason has not lost its way  
into the dreary desert sand of dead habit;  
Where the mind is led forward by thee into ever-widening  
thought and action –  
Into that heaven of freedom, my Father,  
let my country awake.*

Rabindranath Tagore in *Gitanjali*

**CHAPTER**

**3**

The Great  
Indian Dream

***“MAY YOUR MORNING BE  
A BEAUTIFUL ONE,  
MAY THE SUN SHINE ON  
YOUR SOLDIER'S ARMOUR  
FOR IN THE AFTERNOON  
I WILL DEFEAT YOU”***

## **Restoring pride: Alternatives for a journey towards dignity**

**I**n this chapter we have tried to point out the most important changes that are necessary if we have to keep pace with the developed economies of the world. We do not think that our national economy will grow without these changes. Technological inventions will promote certain changes and will help improve the standard of living. Reforms may accelerate the changes and will humanize the system. Perhaps the standard of living will improve, but along with it, the dehumanizing process will get strengthened. All the evils

of the Western World will also be here. Why invite evil?

**My country, right or wrong; if  
right, to be kept right; and if  
wrong, to be set right!**

Let us learn from history.  
Let us avoid mistakes that  
the others have made.  
Let us create a new  
civilization.

**The aim is to create an India with a difference where every individual gets equal rights to live happily, to bring happy capitalism to India as a way of life.** Many communist countries also wanted a similar ideology but they failed to achieve it due to two main reasons: the first reason was that they had no idea how to calculate each individual's contribution or rather how to justify what each individual was worth; the second reason was the dictatorial way in which they operated. The human aspects of their philosophy therefore got drowned in the quest for individual power in the name of dictatorship of the proletariat.

### ***Philosophical and economic basis for the India of our dreams***

The most distressing aspect of market capitalism is that it fails to look into the huge inequality that exists between the highest and the lowest wage-earners. Some time ago, the founder of Infosys, Mr Narayana Murthy, spoke about and emphasized the urgent need to look into this. He

said that the salaries of the CEOs could not possibly be infinitely more than his workers. After all, a CEO would be nowhere without his workers. Murthy himself has tried to empower his workers as much as possible within the market system, but how much reform can

one person bring about? If one organization decides that it is not going to pay its CEO anything more than triple the salary of its sweeper and implements its decision, it will end up losing its CEO as the rest of the market will be out to grab him with the right temptations.

Even Marx hasn't managed to explain what the ideal difference in wages between the highest and the lowest paid employees should be. Though he talked about equality, he did not talk about an economic rationale behind the difference in incomes. **In his book *Production of Skills by Means of Skills*, Malay Chaudhuri has worked out a rationale on why this difference cannot be more than 1:3.** The readers can find a summary of his theory in the appendix of this book. When a society has a wage difference of 1:3 between its lowest paid worker and the highest paid worker, we refer to it as a society which has overcome the problem of inequity. This is a society where

**But I want to announce to you in a low voice virile with hopes . . . Rest in peace, old Maria, Rest in peace, old fighter, your grandchildren will all live to see the dawn.**

Che Guevara in a poem 'Old Maria, You are Going to Die', where the dying woman Maria personified all the wasted and poor lives of the underdeveloped world.

all men are economically equal. All religions, in some measure, propagate the same. Thus, a society with the least economic inequality would also qualify as one which is closest to God's own society.

In erstwhile USSR this ratio was around 1:10 and in China it was 1:5. These figures bring to light that the propagandists of socialism or communism had not yet achieved total socialism themselves.

But this ratio does not mean that these nations were not striving towards a hundred per cent equality. They might have viewed these figures as ideal. What is interesting is that these numbers are light years ahead of the ratio prevalent in most capitalistic countries where they vary from palatable figures of 1:10 to absolutely disgraceful statistics of 1: infinity.

Table 3  
Inequality Index in Selected Affluent Countries, 1990

<i>Country</i>	<i>CEO pay (No. of times average worker pay)</i>
Canada	9.6
France	8.9
Germany	6.5
Great Britain	12.4
Italy	7.6
Japan	11.6
United States	17.5

*Source: The Myth of Free Trade, Dr Ravi Batra (New York: Macmillan Publishing Co., 1993)*



In this respect Sweden, Japan and Germany definitely qualify to be termed more socialistic with their ratios settling between 1:3 and 1:10 (if we overlook the earnings of a few imperialists and the associated Mafia groups in these countries).

The US, predictably, does not fall in this sociable bracket. In a capitalistic country there are many other factors to be considered. Society is characterized by a hierarchy of built-in exploitation of the weaker groups by the stronger groups.

Amongst the socialist countries, Albania was an exception and had a 1:2 ratio of wage difference, so it could be said that the Albanians had achieved economic socialism at least. But complete socialism eluded them because it was the dictatorship of the politburo in the name of dictatorship of the proletariat which virtually led to dictatorship of the General Secretary at the cost of democracy. It is unfortunate that the so-called socialists were so dogmatic in their approach. They have been known to declare that Marx never mentioned that a communist could not enjoy the luxury of five-star hotels. What they chose to forget about Marxist equality is that, in a society of equals, a socialist cannot enjoy the grandeur of a luxury hotel while his comrades languish in conditions worse than a two-star accommodation. That is not *Happy Socialism*.

**A true state with happy capitalism, in essence has to be democratic as well as equitable. The**

**problem, of course, lies in how to achieve equality of incomes.**

Here we have to accept the prevailing state of affairs as our experiences in the past suggest that downward adjustment of income and consumption can be a very difficult process. But what we could do to foster the growth of equality is to bring about a change in **increments** according to the different income levels. For example, in a country like India, people in the income group of Rs 30,000 per annum could get an increase at the rate of 6% per annum, that is, Rs 1,20,000 after 25 years. Whereas, those falling in the income group of Rs 3000 per annum could, in the same 25 years, achieve Rs 60,000 with an annual increase of 13%. In the process of achieving this equilibrium, as a backup measure, the state should, in the event of emergencies such as famine or flood, provide food and fulfil their basic needs, even if it is only subsidized. **An ironic and heart-rending Indian statistic reveals that in the Kalahandi area of Orissa, the locals are better fed during a famine than otherwise.** The state should ensure that at all times there is a constitutionally guaranteed system in place to meet every citizen's basic minimum requirement throughout the year, even in the face of endemic unemployment. Nobel laureate Amartya Sen has popularized this theory of entitlement.\*

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\* In his doctoral thesis, Dr Malay Chaudhuri emphasizes that people should at all times be guaranteed a certain standard of living through unemployment benefits as a solution for the unemployment problem.

For the implementation of what we propose in this book, it is necessary to understand that if left free to follow its own capitalistic orbit, the market would not be able to accomplish the same. We suggest the use of government intervention and planning along with market mechanism. Despite the failure of the dictatorial states of erstwhile USSR and East Germany, for example, the tremendous growth achieved by them through planning cannot be denied. *Planning India*, an earlier publication of Prof. Arindam Chaudhuri, highlights that it is not planning but the faulty implementation of planning which has failed India. In 1991 when the USSR collapsed, the CIA and Gorbachev both had data which pointed out that the USSR had a per capita income comparable to 40% of the US, whose per capita figures touched \$20,000 at that time. That means the USSR's per capita income statistic of \$8000 could be termed phenomenal, especially in comparison with a country like India which then had a per capita income of \$250 and \$1000 in terms of purchasing power parity! And if we were to take into consideration the fact that the USSR had only 45 years of uninterrupted growth (since the entire growth that it had between the years 1920 and 1945 was offset by the two devastating wars), the USSR's per capita growth becomes even more impressive. Many people may not be able to relate to the examples of the erstwhile USSR today, but we are sure they would have no problem understanding the Chinese example. If we were to go through the streets

of Geneva, Amsterdam or New York, we would observe just one thing in common — the goods displayed are all Chinese. From ‘high cost, high quality’ products to ‘low cost, high quality’ products, the Chinese have literally captured the market. From designer items in GAP to Versace, everything is ‘Made in China’. ‘Made in China’ currently is a bigger syndrome than ‘Made in Japan’ ever was. The media, owned by capitalists, doesn’t like highlighting socialist success stories for its own reasons. Today, China scoffs at American dictates laid down for it since America is more dependent on China than vice versa. The Chinese have a trade surplus of approximately \$50 billion with the Americans. China today talks of manufacturing a Chinese Benz and a Chinese Coke. The world takes it seriously. **Ever wondered why, despite being the world’s largest democracy and a liberalized economy, we get less than one-tenth of the FDI that China gets, although China is amongst the world’s largest dictatorships as well as a totally controlled market!** The very same America and its allies which keep protesting about Chinese human rights violations, send the maximum FDI to China! It is because the rules of the free market suggest that we go to countries which have the purchasing power because that is where the products sell. **If we need to see success in a liberalized world, we need to know the basic rules at least!!** If a country has ten times more the purchasing power of another country, it will get ten times more FDI, since chances of MNC products selling

more is ten times more (especially when the population of the two countries in question is more or less the same). The MD of Sony, Mr Teruo Ishii, mentioned to Prof. Arindam Chaudhuri that in China they do more than ten times the business that they do in India. Sony is no exception; it is the same with all the other organizations. Prof. Arindam Chaudhuri has always been talking about the potential Chinese threat and been warning the corporate sector to wake up and take a delegation lobbying for the right issues to the government. But they have preferred to lobby for short-term issues and then cried hoarse when the threat blasted in their face. The need is to act correctly and fast instead of crying when faced with a difficult situation. The ex-Electrolux CEO said that the amount of beating his products used to take while being transferred from Agra to Chennai on Indian roads didn't allow him to give the kind of guarantees that he could perhaps give in China, thanks to their terrific infrastructure and our appalling roads.

And remember all this has been made possible in China due to planning and a functional public sector wherever required (refer to the Appendix for more details on the superiority of the planning system and the reasons for the failure of the USSR). **Of course, it is also important to understand when not to plan and when to allow market forces to sidestep government initiatives. What India needs is a people's sector instead of a public sector, which should just concentrate on planning, giving benefits of**

**technology as well as of minimum cost to its people along with the current free market policies.** Here, of course, we should remember that we can't plan millions of production flows like in erstwhile USSR, but only those which are critical for India's future.

This planning should be coupled with a regulated wage structure with an aim of achieving a ratio of 1:3 over a period of, say 25 years. Of course, to innovators, entrepreneurs and Amitabh Bachchans (those whose skills can't be reproduced in classrooms), we give National Awards, Bharat Ratnas and various other prizes (see Appendix, pp. 231-233 to ).

Finally, India has to guard against being exploited by developed countries through bodies like the IMP. We also need to protect ourselves against devaluation which is yet another exploitation tool that the international economic community uses to hurt a developing country's national interests. We have worked out a case on this on pages 236-239 in the Appendix.

***An employed, well-read,  
biryani-eating, AIDS-free India  
(The biryani can of course be  
veg. or non-veg.)***

When talks about the budget come up, it pains me to observe all the discussions, debates and articles boiling

down to how the budget could benefit the corporate sector which hardly adds up to a measly 8% of the total economy. For the past three years we have had the privilege of being invited by some of the leading newspapers and TV channels (in particular by ZEE news). It is our firm belief that no amount of technology can uplift the country if the budget is not people-centric.

**India will gain in the council of global nationstate the most coveted seat.**

Rabindranath Tagore

This is our earnest attempt to demonstrate how budgets and plans can be made to restore dignity to this great nation called India.

From this point onwards let us try to focus on the current scenario. We will accept reality as it is and try to provide alternatives on how to make the required changes in order to alter the current realities in our favour. As things stand today the truth is that the US economy receives the maximum amount of FDI in the world. China does receive ten times more FDI than India but it stands far below the US. The reasons are simple. The American economy, with all its economic and military superiority-generated stability, gives investors across the board, from Europe to Japan and even India, a cocooned feeling of safety. Today, the world over, people invest their dollars in the US, making the American economy stronger. Hence, despite the fact that the Americans have a huge trade deficit with Asian

countries, especially with China, they still have no problems. In fact they thrive on deficit. They give away dollars and acquire products. A majority of the \$200 billion worth of American bonds which are taken up by foreigners, comes from the Japanese due to the almost negligible returns their country is able to give them. **The rest of the world is happy collecting paper dollars while the Americans enjoy the products, or should we say the trade deficit?** This is the awesome phenomenon of dollarization of the world, where the world takes dollars for their apparent worth and later reinvests the dollars in America. This enables the American economy to remain secure with dollars forever. American might has increased manifold because of its power, it was able to ward off a big crisis which could have sprung out of the much hyped Long-Term Capital Management firm, started by the two Nobel laureates in Economics, in the year 1997, on the basis of their efficient market hypothesis. The Federal Reserve prevented the systemic failure through a \$100 billion slow and steady bailout of LTCM.

If we are to compete with the Americans today, what we have to do is to make our economy attractive and invite a larger flow of FDI into our country. This is a tough task when even in China, 90% of the FDI comes from non-resident Chinese, driven by patriotism or a 'missing-home' syndrome. However, the fact is that money around the world moves towards safer and more stable economies with higher returns. In order to reach such a stage, we



have to increase the purchasing power in our country to a respectable level at a rapid speed. We surely can't sleep over this. **If we aim to achieve this in approximately twenty-five to thirty years, our per capita growth rate should touch 12% per annum.** This, of course, is a shadowy dream with the current resource allocation process. However, sincerity and committed leadership with perfect economic understanding can definitely make it possible. Thankfully due to capital controls in our economy we did not go through what the South East economies went through. The secret of the Chinese success saga has been through state planning of human resources and their well-being, along with state-run PSUs in towns, village industries and state trading corporations. In India, sadly **'everything was in the hands of the public sector but the public sector was in private hands'**. If SAIL was efficient, it would start selling steel at subsidized prices to private companies, who, in turn, would sell the end products in the market at market prices. Thus, the subsidies would never flow to the public and the profits or the profit-making potential of the public sector would actually reflect in the balance sheets of private sector companies. We need not accept the present situation of the handicapped public sector complacently forever. We have to transform what has sadly become a political sector into a truly efficient public sector. Along with this we need to follow the Japanese and Korean models of backing their large industrial houses through Keiretsu and Chebols in order

to accelerate growth. We need to give large business houses adequate facilities to grow big. Now that globalization and opening up markets are facts of life, we need to face the challenge without fear. Rather, we need to use the FDIs to catch up with the rest of the world. Simultaneously we, of course, need to mobilize public resources for improving the purchasing power situation in the country. If we manage to do these two things simultaneously we don't see any reason why, in the near future, countries like India will not be in a position to become as strong as the US is today. Surely it is countries like ours which are offering markets to the future global economy as markets in the US, Europe and Japan have been saturated.

**Now let's come to the steps we need to take to have a growth rate of 12% GDP to equal the standards of living of developed countries in Europe and America.**

Going by the present economic condition in India, unless we manage an annual growth of the Gross Domestic Product by 14% and per capita income by 12% (doubling it every sixth year), we cannot think of catching up with the developed nations by 2025. We should mobilize adequate additional resources and make them available to combat existing massive unemployment. We know that incremental capital output ratio (according to the ILO report) in forestry and fishing is 0.43; in agriculture it is 2.92; in construction it is 2.52, and in small-scale industries it is 1.68. These are the amounts needed in

each sector to generate Re 1 net product. Therefore, the investment required to generate jobs in rural India and urban India would be different. Rural India would depend upon agriculture, forestry or fishery, while urban India would depend upon sectors like the railways, communication or banking. What we need is a sincere commitment from the state to the 80% of the population whose economic status is in and around the Destitution Line.

We are confident that the strategy we have presented here is sure to raise per capita income from the current \$2600 in terms of the UNDP's Purchasing Power Parity (PPP) to approximately \$25,628 PPP by 2025.

The dollar purchasing power parity compares the real cost of the standard of living more realistically across nations. The Central Bank Parity (Official Exchange Rate) of US dollars with national currencies distorts the comparison of living standards. The weighted average per capita income of Europe (UK, Germany, France, Spain, Italy, Poland, Hungary, Denmark, Portugal and Czechoslovakia) has been PPP \$21,600. Assuming that the per capita income in these countries grows at 1.6% per annum (growth rate of the US for the past 100 years) it will be PPP \$25,386 by 2025. This would be less than India's PPP of \$25,628.

We at the IIPM Think Tank are developing a new concept called Life Style Parity in dollars (LSP \$: for more details refer pages 225-226 in the Appendix). It takes into account culture and geocentric consumer preferences.

Indians may not need much warm clothing, may prefer orange juice to liquor, paneer to meat, and so on.\* Our preliminary findings indicate that India's per capita income, measured by LSP \$, far exceeds even \$2600 when the per capita income of the US or Europe is LSP \$21,600. Thus, in order to catch up with the living standards of people in developed countries, in essence we need to catch up only in terms of Life Style Parity.

To achieve all this, a pro-poor strategy of an alternative Tenth Five-Year-Plan supported by an alternative budget

**There is no easy walk-over to freedom anywhere, and many of us will have to pass through the valley of shadow again and again before we reach the mountain top of our desire.**

Jawaharlal Nehru

should be pursued. Though we do not see eye to eye with the programmes of industrial development called the Five Year Plans, we have based our projection of growth on the Tenth Five-Year-Plan's

projections (8% per annum growth of GDP), and added to the same, the growth generated by additional allocation of resources made possible by additional mobilization of resources.

At the outset we also have to understand clearly that a vision is meaningless unless it inspires us to shape a bright future. All we have to ensure is that the vision does not

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\* A similar idea has been expressed in *The Economist* (8 Feb. 2003) in the article titled 'Are Europeans really so much worse off than the Americans?'

become an idler's wishful thinking. We have to wake up from the long slumber of 65 years and catch up with the rest of the world. We should know that our actions could lend dignity to the life of slum dwellers, rotting in dirt and disease. Our choice is between health for the millions or slow death of the undernourished, living in sub-human conditions.

We do not have any time to ponder over issues lackadaisically. We should act now.

Although the middle class can contribute immensely to this plan, it is often they who appropriate the subsidies meant for the poor. A case in point is the pay hike for central government employees, which went much beyond the recommendations of the Fourth Pay Commission, under the rule of the United Front, dominated as it was by trade union leaders parading as central ministers. According to Shankar Acharya, former Chief Economic Adviser of the Government of India, government employees got a hike of more than 30% during 1997 to 1998 ('How to Avert Impending Fiscal Crisis', *The Economic Times*, 6 February 2000).

The case of the pay hike for public sector employees is another example of bad planning. According to an economic survey of 2001-02 conducted by the Ministry of Finance, the annual per capita emoluments of public sector employees went up from Rs 1,10,662 to Rs 1,66,592, that is by more than 50% during 1996-97 to 1999 to 2000. The consumer price index showed an

increase of 28% during these years. This means that each employee in the public sector got a raise of more than Rs 2000 per month, beyond what was necessary to compensate for the increase of rise in prices.

Some private sector employees were also able to get a similar raise. All those who were in a position to blackmail the rest of the economy managed such benefits. The unorganized millions were the only ones left uncared for. Those who had comfortable lives now had luxuries. There were no funds available for road repairs, rural road network, flood relief measures, drugs for public hospitals, maintenance of irrigation systems or for the repair of government school buildings.

**Let us be sacrificers, but  
not butchers.**

William Shakespeare  
(*Julius Caesar*)

The plan that is presented here to harness resources is bound to put a brake on this unhealthy situation. In the process if the middle class and the rich class suffer a bit, so be it. Let us restore dignity to the common man.

If Indians are uncomfortable with the idea of being bracketed with Sub-Saharan countries and would like to be counted in the polity of nations, it is time we woke up. We must raise ourselves at least to the level of Thailand's economy in the very first five years. Countries like Thailand and Malaysia were more or less in the same situation as India thirty years ago. Today they are clean

and healthy countries firmly on their way to catching up with countries in Europe and America.

Each year's budget should take us closer to our vision. Malaysians constantly work towards their vision 2020. In the absence of any vision and considered planning, budgets come and go in India without impacting the lives of the poor in any positive manner. It is an opportunity lost for another year, year after year. And yet, we find that our politicians and economists alike shrug their shoulders and accept the prevailing state of affairs. They lack the nerve to think of bold possibilities.

**If no one responds to your call—walk alone.**

Rabindranath Tagore

Motivated outcries of a few people will not be enough to bring about the change that India deserves. Even the educated sometimes shrug and walk away when it is very much within their power to make a difference. One such incident that I recall is the thoroughly demotivating behaviour of one of our eminent economists, **Swaminathan Anklesaria Iyer**, who was a panellist with Prof. Arindam Chaudhuri in a programme for presenting an **alternative budget on ZEE News**. (However, I must add here that we admire him greatly for his radical viewpoints.)

For most of the points that Prof. Arindam Chaudhuri raised he had an indifferent response like, 'It is possible, but who will do it?' Although he agreed with our

viewpoints, he would not take a firm stance and say, ‘Yes, we need to do these things and the government should immediately start the process, failing which they will have to answer.’ Personally, it was extremely demotivating to see an eminent economist like him behave in such a dispirited manner. I suppose the dispirited behaviour of others should not dampen our spirit in our mission to take India towards a new destiny, for it is time we thought of an alternative. This alternative could be to take a serious look at what has been suggested. Let the decision makers learn to invite contributions from other thinkers. This year Prof. Arindam Chaudhuri had a very interesting budget discussion on ZEE Television. It was based on a market survey done by our firm on what people want from the budget. **Interestingly the survey results showed that the common man is not a fool.** They also want a cut in subsidies. The rural population doesn’t mind paying an agricultural tax, provided it is rational and is meant for taking the country forward — contrary to popular belief that they are against being taxed. The other panellist, Mr Vivek Bharti, who represented FICCI (Federation of Indian Chamber of Commerce and Industries), could not stop himself from commenting that such surveys should be made a mandatory exercise for the government itself. The alternatives that we offer are not only a result of serious research but also an outcome of exhaustive market surveys.



**We do not expect that everyone will believe in our suggestions blindly. There will be people who think differently. Nor do we say that we are infallible. All we say is that this is our sincere attempt to show that as long as there is a passionate will to take this country out of its misery, the ways are aplenty. While considering the possibility of tapping the necessary resources to implement our plans, we have looked at such sources which are easy to access and which have been proved acceptable in many other countries in similar situations.\***

**1. Collect Rs 40,000 crores by increasing the price of diesel by Rs 10 per litre.** We import petroleum products at a great cost. Prices in international markets are quite unstable. It offers us a great challenge to keep the flow of this valuable resource uninterrupted. The present policy is to adjust internal prices to the fluctuations with the international price movement. In 1998 oil was \$10 a barrel. Currently a barrel of oil costs around \$25. War in Iraq might cause an increase in the price of oil and take it up to \$50 a barrel or even more. It is hoped that prices may again stabilize at \$20 or even \$10 a barrel after the war.

People are getting used to reading that oil prices are shooting up. Taking advantage of the prevailing psychology we may jack up internal prices of petroleum products by

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\* We acknowledge with gratitude the help received from Prof. Hajra, formerly Head of Economic and Scientific Research Foundation, FICCI, in working out some of these statistics.

Rs 10 a litre. This will help us collect huge revenue. There will be protests but people will understand. We may not raise the price of petrol as it is already quite high compared to the price of diesel. Internationally diesel is priced at around 80 to 90% of the price of petrol. If we raise the price of diesel by Rs 10, the prevailing differential between diesel and petrol price will be substantially reduced and diesel price will be around 80% of the price of petrol. Currently around 40 million tonnes of diesel are consumed a year. This may increase the cost of goods transported a little **by around fifty paise per kg, but there will be no appreciable inflationary impact on the general price level since there is hardly any commodity which sells at less than Rs 10 per kg today.** If we were to analyse a typical case of transportation of goods from Delhi to Kolkata, then we would take the example of a truck carrying 10,000 kg using about 500 litres of diesel. A Rs 10 increase in diesel prices would mean an increase of Rs 5,000 on 10,000 kg of goods being transported, roughly a 50 paise increase per kg. Moreover, because the change in the relative price structure induced by this increase would be absorbed after one or two product cycles, all other factors remaining the same. The money thus mobilized could be deployed in raising commodity production, resulting in the increased supply of commodities which, in turn, would exert a downward pressure on prices.

**2. Collect Rs 60,000 crores by increasing the cost of petroleum products** which go as inputs into the

production of many other products. Currently, other than diesel and petrol, industries use around sixty million tonnes of petroleum products. This will then help us to collect another Rs 60,000 crores per annum.

In all, the two schemes outlined above would help us to collect Rs 1,00,000 crores annually. Considering that the consumption of these products is increasing annually by 7%, the total resources which are likely to be collected in the next five years would be around Rs 6,25,000 crores.

**3. Collect Rs 50,000 crores by increasing the rate of electricity by Re 1 per unit.**

The other important source for raising resources is to increase the price of electricity. The present consumption is around 500 billion (50,000 crores) KWK. Electricity boards incur losses in power supply, which was around 40 paise per unit during 1996-97 as per calculations of Rajendra Singh, CMD, NTPC (published in an article on 'Optimising Power Utilization' in *The Economic Times* dated 5 February 1998).

In 1997, a power tariff in the range of Rs 3.50 per unit for the farming sector and Rs 5 per unit for all the other sectors was seriously discussed following suggestions from consultants of the World Bank.

We have, therefore, no hesitation in suggesting an additional increase of Re 1 per unit over and above the prevailing rates, which is in any case heavily subsidized

and is harmful to the long-term interest of the peasantry as well as the urban population.

Currently the consumption of electricity is increasing at around 7% per annum. With a higher GDP growth rate, as envisaged here, consumption is bound to rise much faster. We can, therefore, safely assume that an additional increase of Re 1 per unit, over and above the prevailing rates, will enable us to collect at least Rs 3,12,000 crores. If we want to spare the domestic consumers, we have to charge the others another 30 paise more.

**4. Collect Rs 24,000 crores from an increase in excise on alcohol and cigarettes.**

There is a possibility of collecting an additional Rs 18,000 crores by a 100% increase in the excise duty on liquor;\* Rs 6000 crores from cigarettes by a 100% increase in its excise duty. In any case cigarette smoking is injurious to health. The enhanced collection would be to the tune of Rs 30,000 crores in five years. We should have no hesitation in allocating all the increased revenue for the treatment of cancer patients.

**5. Collect Rs 8000 crores from cess on sugar.** The fifth source of revenue could be from cess on sugar. We consume around 16 million tonnes of sugar. The price of sugar in

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\* Excise on liquor is collected by states. An amendment of the Excise Act may be necessary so that the Centre can collect the same. States can be suitably compensated for this. This will also stop smuggling of alcohol across state borders wherever there exists a difference in excise among states.

India is quite low as compared to our neighbouring countries. If sugar is not consumed in moderation it leads to diabetes. Urban Indians are more prone to diabetes because of sedentary lifestyles. Therefore, we propose an additional excise of Rs 5 per kg on sugar. This will enable us to collect Rs 40,000 crores in five years.

**6. Collect Rs 10,500 crores from additional cess on edible oil.** Currently we consume 105 lakh tonnes of edible oil. Consumers are very used to wild fluctuations in oil prices. If we impose Rs 10 cess per kg, the increase will hardly be noticed.

**7. Additional revenue from additional production, to the tune of Rs 50,000 crores at least from excise and other taxes at prevailing rates.** We can list innumerable other sources to collect more revenue.

**8. Excise on *bidis*.** Bidis outsell cigarettes 4:1 and can contribute Rs 12,000 crores a year even if the excise is 1/4th that of cigarettes.

**9.** Imposing an excise duty of Rs 10,000 on two-wheelers and Rs 20,000 per car will bring in another Rs 12,000 crores annually. In fact in the budget of 2003-2004, just the opposite step was taken to pamper the upper middle class and the rich while sacrificing the possibility of providing a social security net to the poor and the underprivileged.

Even if we ignore the last few options, we can collect a total additional revenue of Rs 2,74,500 crores just from the first eight options.

**10.** India's Foreign Exchange reserve has crossed \$80 and is increasing rapidly. The same is kept with the US treasury at around 15% interest per annum. Out of this reserve at least \$50 billion or Rs 2,50,000 crores approximately can be utilized for investment purposes over the next five years. This means we would have another Rs 50,000 crores annually for our purpose.

We could thus collect a total amount of Rs 3,16,500 crores per annum.

All these levies will certainly increase the rate of tax revenue collected by the government to GDP from its current level of 14.6 to around 24%. If we take a leaf from other developed and developing countries, we will find these suggestions enormously acceptable (see Table 4).

**Such a resource mobilization scheme would ensure an additional revenue of Rs 17,70,000 crores for the next**

**A hungry man is not a  
free man.**

**five years. If this amount is also used effectively, the ills of our society will be on their way out, taking our country on a sprightly onward march. Further, this additional revenue will lead to an additional growth rate of about 8% apart from the 7 to 8% existing growth rate, projected by the current pattern of budgets.**

Table 4

Tax GDP Ratio (Tax revenue as a percentage of GDP)

<i>Country</i>	<i>Total tax revenue as % of GDP</i>
Sweden	53.2
EU 15	41.6
UK	37.4
US	29.6
South Korea	26.1
Brazil	21.1
Mexico	18.5
Indonesia	16.8
India	14.4

Source: Sidhartha Nath, *Economic Times Intelligence Group*, 4 February 2003.

This will ensure that even if the growth rate of GDP is below the expected growth rate through investment in the next five years — say 6%, the total growth rate of GDP will be at least 14% because of the additional investment envisaged here.

The resource allocation process needed for the next five years would be something like this:

**Employment for all.** Failing employment for all, the state should be forced to provide a state-failure allowance to all the unemployed people of the country. For this the following resources could be allocated.

**1. Create 150 million jobs, nearly a job for one member of each family** of rural India at Rs 33,750 per person, producing Rs 45,000 worth of output annually.\* After paying them an annual wage of Rs 18,000 per person and keeping around Rs 4,500 as managerial cost per employee, the rest of the 22,500 rupees may be saved for new investment. This scheme would require Rs 5,06,250 crores for five years (estimated on the basis of the National Account Statistics during 1992-93). The Planning Commission has identified the following industry groups with high employment and low ICOR. They are fish canning and baking, manufacture of sugar and khandsari, tobacco products, cotton ginning, cleaning, printing and dyeing, khadi handloom textiles, power looms.

**2. Create twenty-five million urban employment opportunities.** Create twenty-five million urban employment opportunities at Rs 2,40,000 per person producing Rs 72,000 worth of goods annually, paying Rs 28,000 per annum as wages or 2400 per month and keeping aside Rs 7200 as managerial cost per employee,; Rs 36,000 may be saved for future investment. This would require Rs 6,00,000 crores (weighted average ICOR for manufacturing, hotels and restaurants, trade, transport other than railways and communication. Banking is 3.31).

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\* These figures have been worked out taking into consideration the existing Incremental Capital Output Ratio (ICOR) in agriculture, forestry, poultry, fishery and related areas.



Since 50% of the total population needs employment (percentage of working population in the age group of 15-60 is around 60% of the total population) and not around 40% as assumed by the Planning Commission (on the basis that in 1951, 40% of the population was working), it is estimated that 21 crore people need to be employed during 1998-2003 to achieve full employment. We have assumed that the tenth Five-Year-Plan may create 3.5 crore employment openings.

For the economy as a whole, the ICOR was four during the Eighth Plan Period (1992-1997). It deteriorated to five during the Ninth Plan Period — 1997-2002. (See 'Improper Use of Capital Hits Ninth Plan Growth', *The Economic Times*, 6 February 2003.)

**3. Rs 90,000 crores towards unemployment benefit at Rs 250 per month for the rural segment unemployment and Rs 400 per month for the urban segment till they are provided with jobs. This means an additional outlay of Rs 18,000 crores annually.**

**4.** As a ripple effect of providing unemployment benefits child labour will be virtually done away with.

This additional employment generation is expected to add an additional 5% growth to the GDP.

**Food, Housing, Health and Sanitation for all.** In the prevailing state of affairs, more than twice the number of people killed in World War II died of curable diseases in

developing countries and one-third of them happened to be Indians. This is reason enough for us to believe that we should start focusing on the survival of the weakest instead of supporting the cause of the survival of the fittest. We have already discussed how the people of Kalahandi in Orissa are better fed during famines than at other times. To provide services like food, health, housing and sanitation, resources need to be allocated in the following manner:

5. Rs 14,400 crores annually to provide 30 kg of food grain (which costs Rs 5 per kg) per family per month to the 8 crore families living below the poverty line.

6. Rs 1,12,500 crores which amounts to roughly Rs 22,500 crores per annum for **replacing urban slums** with 250 sq ft two-room flats. Fifteen million such flats should be built in multistoreyed buildings at Rs 300 per sq ft in five years.

We suggest total liquidation of urban slums and construction of two-room-300 sq ft small flats in multistoreyed buildings to be allotted to each family, forced to live in squalor, called urban slums, in cities like Kolkata, Mumbai, Delhi and other cities in India. It is estimated that around 30% of the urban population lives in such slums. In order to realize the dream of cities without slums, it is estimated that about 15 million such dwellings will be required.

These buildings will be constructed on the same land where the slums were located or in nearby areas so that

job locations are reachable and people are not far from their source of livelihood. The state has to provide land free of cost. Each unit will cost around Rs 250 per sq ft and Rs 75,000 in all. Fifteen million such units will cost Rs 1,12,500 crores.

The design of these flats will be such that at a later date, say after 10 to 15 years, two flats can be joined in a way that they can be converted into one flat of 500 sq ft. The growing standard of living will enable us to ensure a 500 sq ft flat to each family, which was previously living in an urban slum.

**Construction of a modern habitation centre in the middle of a cluster of ten villages:**

One important reason why educated professionals like doctors, engineers and technicians don't like to live even for a temporary period in villages is lack of proper dwellings with a supply of safe drinking water, electricity and other facilities like a nursery school. This problem can be solved to an extent if we provide for bungalow-type cottages in a row (whenever possible near a primary health centre/rural hospital) in the centre of a group of 10 villages. These cottages can be provided with electricity produced by generators and centrally purified drinking water through piped connection. About ten such cottages would be sufficient for doctors and technical staff. Vans could be provided to take the children to a nursery school in a nearby town.

The total cost of such a project would be Rs 30,000 crore on the basis of a construction cost of Rs 500 per sq ft (built up space: 1000 sq ft in each cottage). Sixty thousand such habitation centres would be required for 6,00,000 villages.

**7. Health insurance, doctors, AIDS care and sanitation for all at Rs 21,060 crores per annum.**

The next project in our scheme of things is health insurance for all. Dr Devi Shetty, the famous heart specialist and Chairman of the Narayana Hrudayalaya Foundation, Karnataka, has put in operation a scheme for hospitalized treatment by collecting a monthly premium of Rs 7.50 pm or Rs 90 per annum for 50 lakh farmers. Any surgery, whether on the gall bladder, appendix, brain or heart, costing even Rs 1,50,000, would be done free of cost. This would be possible because statistically not more than 1.5% of the insured population would require an operation. The total allocation for this would be Rs 9900 crores for 20 crore families ( $20 \times 5.5$  members/family  $\times$  Rs 90) per annum or Rs 49,500 crores in five years. We would provide this benefit to all, including the upper middle class and the rich. It is quite likely that the upper crust would opt for costlier treatment (not necessarily more effective) and this would then effectively reduce the budget by at least Rs 5000 crores. In this case, the cost would be Rs 44,500 crores only.

Considering the scheme of health insurance (treatment costing upto Rs 30,000, inclusive of compensation due to

death in accident Rs 25,000 and compensation to loss of earning upto a maximum of Rs 750) offered in the Budget 2003-2004, on payment of a premium of Re 1 per day or Rs 1.50 per day for a family of 5 and Rs 2 per day for a family of 7, it seems that the total cost of providing health insurance to all families below the poverty line (even when their percentage in population is assumed at 35% and not 26%) should not have exceeded Rs 4,000 crores.

To realize this scheme of health care, it was essential that doctors were available in villages. Our field experience indicated that qualified doctors were simply not available in rural areas. The remedy for this is to give the rural population an opportunity to study medicine on government funding. Qualified doctors should then be bound by a contract to work in rural hospitals for five years. We need at least 60,000 doctors for 6,00,000 villages. To achieve this we have to create an additional 12,000 seats in medical colleges. This will cost Rs 10 lakhs per medical student, that is a sum of Rs 1200 crores per annum. A five-year budget for this purpose would be Rs 6000 crores. Therefore, an additional amount for all these schemes would be a total of Rs 14,100 crores per annum.

While on the theme of health care, it will be criminal if we don't speak about the fear of AIDS spreading in India. Strategies have to be worked out and no cost is unaffordable to make India an AIDS-free zone. Those who are affected need to be given free treatment, and for

the others, steps will have to be ensured on a war footing. According to a recent UN AIDS estimate, there are 2.6 to 504 million (approximately an average of 4 million) AIDS affected people. It has been estimated that this number may go up to 20 to 25 million by 2010 and from 30 million (mild epidemic) to 140 million (severe epidemic). Every year hospitals register around 1,00,000 new cases. Various UN bodies provide varying statistics. Whatever the differences in statistics may be, unless measures on a war footing are taken, irrespective of costs, India is in great danger of being hit by AIDS, the monster epidemic. Fortunately for us, Yousuf Hamied, Chairman of CIPLA and Ranbaxy's Davinder Brar have offered to supply the triple drug (Lamivudine, Stavudine and Nevirapine) anti-Aids cocktail at \$300 or less a year if there is adequate demand. This is roughly one-fortieth the price at which multinational drug companies like Glaxo Smithkline, Roche Holding AG, Bristol-Myers Squibb, Merck & Co. and Boehringer Ingelheim have been supplying to the patients in the West.\* Death merchants now face a challenge. Let us take it up and supply the 4 million patients (CIPLA can supply drugs for 3 million patients and Ranbaxy can supply for the remaining) the anti-Aids triple drug at a cost of  $\$300 \times \text{Rs } 48 \times 4 \text{ million} = \text{Rs } 5760 \text{ crores}$  a year. The amount is less than what we

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\* In May 2000, these five companies were forced to sign an agreement with the UN that they would slash the price by as much as 80% for people living in poor countries. Even this price would have been 8 times more than that of the Indian drug companies CIPLA and Ranbaxy.

can collect by increasing the price of diesel by Rs 1.50 per litre.

We shall force our inhuman politicians to budget for this much needed amount and will not allow them to sacrifice millions of lives with the excuse of non-availability of funds.

**8. Sanitation.** Another project absolutely essential for hygienic, civilized and dignified living is the provision of toilets (like the Sulabh Sauchalayas), costing Rs 400 per family, in rural areas.\* For 15 crore rural families this project would cost Rs 6000 crores. In rural areas, 80% diseases originate from impure water sources. Since these water sources are contaminated because of the lack of toilet facilities, this project will contribute greatly towards the improvement of rural hygiene.

Therefore, approximately Rs 21,061 crores per annum would be the budget for total health and hygiene for the next five years.

**9. Equal education opportunities for all.** Compulsory primary education laws must be enacted and strictly enforced. Spending less than an additional 1 % of South Asia's combined GNP can ensure universal primary education in the region. According to the studies carried out by Denison and Solow, two-thirds of the American

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\* See the report published in the *Ananda Bazar Patrika*, dated 8 February 2003, on successful implementation of the project in Block Raina I and II in the district of Burdwan, West Bengal. About 43,000 families from 250 villages in these blocks have even contributed Rs 200 per family.

output growth during 1941-81 is to be attributed to education, innovation and scientific advances. As the knowledge economy grows, this should be our first priority. According to Loh, one year's increase in the average number of years in the primary schooling of the workforce would raise the output in India by as much as 23%. And most importantly, every man has the right to the full development of his abilities and **society wrongs individuals twice over** when it makes ignorance a necessary consequence of poverty. Isn't it obvious that society gains more from the educated than from the ignorant? In any case, history proves that income parity is no barrier to the spread of basic education. Kerala with less than half of Punjab's per capita income has almost double the rate of literacy, and Vietnam with a per capita income of \$1208 which is less than India's, has 94% literacy compared to India's 52% (official claim). **Education also gives women a better status in society.** The positive effects of women's education can be seen in vital areas like population growth rate as well as maternal mortality and child mortality rates. This is one of the reasons why the population problem, as you would have observed, finds no place in our writing. It is a fact that population and its density have no connection with prosperity. Rich European countries like the Netherlands and Belgium are more densely populated than India and Pakistan. Australia and Mauritania have only 2 people per sq km, yet one is rich and the other poor. Rich Japan and poor India have the same density. In India, Nehru and Indira Gandhi first



forced us into economic stagnation through bad policies and then Sanjay Gandhi sought to blame it all on excess population. What a family! Population is not a problem, poverty and illiteracy are. To solve this problem we need to allocate:

**Rs 12,200 crores annually for universal primary education** upto class VIII and to make medical and engineering studies totally free so that the search for merit is not confined to the top 20% of the population. Qualified doctors should be compelled to serve in villages for a minimum period of 5 years before they are offered registration. This will mean one qualified doctor for every 10 villages.

### *Courts which are not on strike*

**10. Justice for all.** To solve this problem of lack of justice in our country, we need to allocate **Rs 7200 crores annually or Rs 36,000 crores in five years for employing emergency services, practising lawyers** with 5 years experience to act as judges (90,000 additional judges on the basis of Rs 8,00,000 per judge with supporting staff, etc.) to clear the backlog in the next five years. Later, as the backlog clears, these judges will help to maintain the fast pace of the judicial system. **This will reduce criminalization of civil**

**To no man will we sell,  
or deny, or delay, right  
or justice.**

Magna Carta

**life enormously.** A total of Rs 16,50,550 crores would be required for all the above schemes. Therefore we would be left with Rs 24,000 crores per annum or Rs 1,20,000 crores for five years.

What we are still left with as reserve can be used for schemes such as providing safe drinking water in villages, a special rehabilitation programme for victims of the flesh trade and an anti-AIDS programme.

Lastly, we would say that if some vested interest groups are hurt by all this, then one just need not plan, for planning does not mean continuous reproduction of the present equilibrium of interests (as it is in India today). The ways are many, it's only the will that is wanting. The words '*He-Ram*' are inscribed on Mahatma Gandhi's gravestone. But what is worth remembering is **Gandhiji's Talisman which says, 'Recall the face of the poorest and the weakest man whom you have seen and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything from it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away.'**

If one remembers this instead of '*He-Ram*' it might help a lot more.

Apart from all that we have discussed, there are a few more things which will help to support the cause of New India. We have highlighted them in the following pages.

## *Igniting the spirit of entrepreneurship and patriotism*

**Entrepreneurship should be encouraged** specially in the new profit or the social sector. The Grameen Bank in Bangladesh provides credit to over two million poor people residing in 36,000, out of the 68,000 villages of Bangladesh. It gives 94% of its loans to women and has given till date more than \$2 billion cumulative loans of an average \$160. Yes, that's what the power of the social sector is and that is how little a loan on an average is required to make the poor self-sufficient. It has a record of more than 98% recovery mainly due to the fact that the beneficiaries are mostly women. IIPM has been involved in several practical research projects which it has initiated over the years. On pages 227-231 of the Appendix, our experiences with two such projects are outlined.

At the same time, to keep the spirit of entrepreneurship alive, large business houses should be given due respect and helped with liberal loans and **lower corporate taxation** rates which are at par with countries like Singapore in order to enable them to produce **internationally competitive brands** and mark the start of '**Made in India**' a reputed brand.

To give a boost to entrepreneurship and patriotism, greater corporate participation, through organizations like FICCI and CII is needed. Pressurizing the government to

eliminate poverty is the need of the hour, if not for the sake of humanity, then for the sake of their own selfish gains. As we have already mentioned earlier, no amount of management and marketing techniques can enable corporates to achieve more than a 10% to 15% growth in their market, but the market can be expanded by more than 1000% by increasing the purchasing power of the people. Then, instead of the middle class being an approximate 50 million, it would become more than 500 million. This common sense economics is something that should be clear to everybody. If you need to grow you need a bigger market and a bigger market is possible only if people have purchasing power; otherwise we will be left watching all the FDI flow into China with a fraction of it coming into India. The reason for China's success is obvious: China has been able to provide a large market base to the FDIs because of better income distribution and low poverty levels.

If the purchasing power levels in this country increase tomorrow, these same entrepreneurs, who command no respect in the international arena today, will walk with their heads held high.

**An allied project to liquidate unemployment in rural areas would be imperative to train rural youth in Entrepreneurship.** On an average, for a cluster of ten villages, a team of five people would be required to manage a medium-sized enterprise. The leader of the team would have to be an MBA with a specialization in sales and marketing and at least five years' experience. He should

be seconded by a technical hand (at least a science graduate/ diploma in mechanical engineering) with three years experience in production. There should be three more managerial cadres. A group of five such people should be placed under an experienced entrepreneurial manager, preferably an MBA, located in the village or a nearby town who would commute to the village daily. A fair salary to the experienced manager would be at least Rs 15,000 per month and the group of five should be paid at least Rs 4000 per month or 20% more than either their current pay or that of a primary school teacher. The total managerial remuneration would, therefore, be Rs 35,000 per month or Rs 4,20,000 = Rs 5 lakh per annum (since a person with a technical background needs to be paid a higher salary). This could be at the most 10% of the total production. Therefore, production in such enterprises would have a volume of Rs 50 lakhs approximately annually. Since production per person in our scheme would expectedly be Rs 30,000 per annum, such a rural enterprise would employ around 150 to 200 people. This is a medium-sized enterprise requiring an investment of around Rs 50 lakhs to Rs 1 crore. Such an enterprise could be set up in the middle of 10 villages. It would also provide guidance to small enterprises located in each village. Wherever possible the small enterprises would work like ancillary units and be provided with markets, apart from the local market. All these enterprises should be created in the mould of village and town enterprises in China, the only difference being that the

Chinese enterprises have mixed ownerships — some public and others private.

For India we suggest a cooperative form of ownership. Majority of the shares should be allotted to the MBA manager-entrepreneur so that he/she is completely dedicated to make the enterprise a success. The other five managers looking after accounting and finance, marketing, personnel, production and administration should also own substantial shares so that all six team members, under the leadership of the manager-entrepreneur, will work towards making the enterprise a success.

About thirty years ago the Government of India introduced three months training for engineering graduates and provided them with a capital of Rs 2 lakhs. Ninety-five per cent of these engineer-entrepreneurs were not successful as emphasis was then on production. Now the emphasis should be on marketing.

Our experience with our students who have left management jobs after putting in five years in a medium-sized enterprise is that 90% of them have established themselves as successful entrepreneurs. It is a logical process and should not be reversed. Therefore, sixty thousand MBAs with experience should be involved. They should be attracted from the current market. Besides, 3 lakhs rural teachers should be provided with a one-year training costing Rs 750 crores at Rs 5000 per teacher-trainee. After the training, teachers should join such an enterprise with Rs 4,000 per month plus incentives. The Indian

Institute of Planning and Management is quite willing to offer such training through Rural Extension Centres located in nearby small towns which teachers may attend after working hours in schools. Classes will be held three days a week in the afternoons and evenings, 12 hours a week, 40 weeks a year, totalling to 480 contact hours a year. This course would be comparable to any part time two-year MBA programme. The medium of teaching would be the state language.

The task may be assigned to other interested institutes on a non-profit basis under the guidance of the IIPM. Visiting faculty would be invited from management institutes in cities and district towns whenever available. Indeed, at the start, the visiting professors would play the most important role. Gradually the role of the local faculty would gain prominence.

It may be necessary for such medium-sized enterprises to buy foreign technology in case the same is not available within the country. The glut of foreign exchange reserve will be to the tune of more than \$80 billion. This huge reserve is earning hardly 1 to 2% interest in the treasury of the US. (Although this estimate is a guess, that the matter is unnecessarily shrouded in mystery and kept confidential is only because they want to avoid debate and discussion.) This foreign exchange should be properly utilized. After allocating a reasonable reserve for three months' import and to absorb war shocks through rise in oil prices, the rest should be invested in building industry. The medium-sized enterprise envisaged here should be

provided with a foreign currency loan as well as working capital in rupees.

**Further, the terrific advantages of non-profit entrepreneurship for countries like ours should be highlighted in a big way.** The moment we take out the profit motive from any private business plan, the growth

**Ask not what your country can do for you — ask what you can do for your country.**

John F. Kennedy

becomes endless. We clearly remember the case of an organization, which was floated a couple of years ago in Delhi, trying to provide medical door to door ambulance service. They were charging an astronomical amount of Rs 9000 per family as membership fees. In spite of the tall claims they made at that time, they have become history today. Some years ago, we thought of launching an ambulance service in the villages of Bengal. We worked out the costing and today the ambulance service is a reality and people pay Rs 300 to become a member and 66% of the market price of taxi service every time they avail the ambulance facility after the first time. The first time, we provide the service free of cost. It's one of the most popular activities that we have undertaken in rural Bengal as a part of Aurobindo Memorial Manav Sewa Kendra which we operate. We plan to launch similar services all over Bengal and also in the other metros. Probably by the time this book gets published our services would have started in Delhi too, at similarly low prices. The point that we are trying to make



is that we charge Rs 9000 and cater to a 100 people and remain in business for two years, but if we were to charge Rs 500 we could cater to thousands of people and remain in business for years. It's not that we don't cover our costs or don't make enough money out of this to satisfy the needs of the people managing it. That's why at the very beginning we made it clear that the need of the day was private non-profit organizations. The problem as we have experienced with the government non-profit organizations is that they have no account of the costs and are run irresponsibly, making them loss-making ventures. An individual would never be able to run a loss-making organization on his own steam.

The case of the Grameen Bank, which we pointed out, is a revolution in its own right. Unlike Indian NGOs, it's a non-profit private entrepreneurial initiative taken by a visionary named Md Yunus. He is single-handedly responsible for removing poverty from thousands of families only because he worked at a break even model. Today Grameen Bank is not only a poor man's organization but an organization which runs a cellular business in Bangladesh. What this goes to show is that a private initiative, however technical, can also look after a social objective.

The point that we are trying to highlight is that less can be more. Today the ordinary man needs to become an entrepreneur to take this country out of its perils. And

ordinary men can become entrepreneurs only when their ambitions are not irrational and they are driven by a social commitment. A social vision can work wonders. It's the best motivator. It can bring out the best leader within you. It teaches you team work and everything else that is required for success.

Non-profit activities have an unlimited market especially in a poor country like India. Non-profit activities don't curb your potential markets. Non-profit organizations bring out the best in capitalism. They are the organizations which can possess all the positives of professionalism, creativity and initiative. The more such organizations crop up, the less the problem of unemployment will be. This is the key to our concept of 'Happy Capitalism'.

In Defence Colony, a locality in Delhi, there is a restaurant called Flavours which is run by an Italian named Tarsillo Nataloni. It's a small but clean place which is done up

**Far and away the best prize  
that life offers is the chance  
to work hard at work  
worth doing.**

Theodore Roosevelt

very aesthetically. The food is excellent and the service phenomenal. We have become extremely fond of dining at Flavours. One evening, while dining at Flavours, a thought struck us. We were just wondering how good it would be if a branch of Flavours opened up in each locality of Delhi. Quickly, though, we realized that such an occurrence would kill everything we like about

Flavours — its exclusive ambience, the personal touch, everything really. The other day, when we walked into the restaurant and were nearly seating ourselves at a table yet to be cleared, Tarsillo appeared from nowhere and cleared the table, and then offered us a menu card. That evening we realized that Tarsillo, who has probably never done a course in management, was actually implementing all that we teach in our business school, with total perfection. He was leading from the front; he was providing great service, offering a quality product at an affordable price in an international ambience.

We realized something more and that was more important. He symbolized capitalism and private initiative at its happiest peak. Hopefully, he will never diversify!! He is definitely making enough money and looks happy and satisfied when at around 12 at night he finally comes and stands below the air conditioner in his restaurant, sweating so heavily that one would imagine that he has just walked in after being drenched in heavy rain. We wish that such restaurants are started by thousands of people in every corner of this country. Such entrepreneurial initiatives symbolize happy capitalism. The speciality of such initiatives is always the charm of total commitment and involvement of the entrepreneur himself. It's never the same when the owner is not personally involved. A thousand small individual initiatives is a more easily achievable target than waiting for ten huge initiatives with 100 branches to open.

If one sticks to the basic principles of management, the chances of becoming a great entrepreneur are very high, provided he is not looking at huge profit margins.

Our students often ask us about the use of being a small, individual change agent in a world where no one cares. Our answer is always the same. We tell them that if they look for at least ten people in their organization and convince them about their ideas, then my class of 60 students at the very first stage would have produced 600 more people with new ideas. Tomorrow these 600 people will have ten employees each under them and that will make it 6000 in the second stage. Of course, we have never faced the need to elaborate further!

What needs to be recognized is that all organizations which are successful in the long run are organizations which provide quality at a reasonable price. In the small towns of Europe, it is easy to find several examples of small-family run enterprises doing well because of what we call happy capitalism. In our institute, we started a compulsory course on Global Opportunities and Threat Analysis for our students. This course is taught over a period of 14 days in Geneva. When people ask me why we thought of this idea in the first place, what we say shocks them. The students undertake programmes in association with organizations like the UN, WTO, World Bank, Nestle and IMD Lausanne. We say this is all incidental. We take them there because of simple incidents like what we saw early one morning. One of the shop owners from whom we had made some purchases the previous evening, was

cleaning the shop's nameplate himself. Compared to the normal scenario wherein Indians hardly ever bother to do such a thing even once in 50 years after they start their business, we felt that this was something our students needed to see for themselves. Economic progress for India may be about strengthening our own economy and formulating India-centric policies, but then it is also about appreciating and adopting the best from the rest of the world. And there is no denying the fact that the West is a story of success through hard work and the East a story of success through patriotism. Perhaps we need to become hard-working patriots.

We recommend entrepreneurship to Indians, not just because India needs entrepreneurs but also because we feel Indians are best suited to entrepreneurship. With our temperament and ability to adjust easily to any environment, entrepreneurship should come to us easily. This ability of being adaptive and tolerant is one of our cultural strengths though excessive tolerance can make a person complacent. Religions like that followed by the Bahais which have been banned in their country of origin, find a place in India. Rabindranath Tagore described India as a melting pot of various cultures. This flexibility is one of the most important abilities of an entrepreneur. It enables him to take risks. This was probably more than evident during the dot. com boom. Indians topped the list of people who plunged into entrepreneurial initiatives. India needs the entrepreneurial spirit of its people and the people of India should not wait for success to come

knocking at their doors. They need to get up at and demonstrate what they are capable of.

While on the topic of entrepreneurship, another thing that comes to mind is the Town and Village Entrepreneurship efforts. Ideally, we should plan to organize village industries along the lines of the Town and Village Enterprises (TVE) in China. This has changed the economic landscape of China and has brought enormous prosperity to the Chinese, besides helping to minimize rural unemployment. To emulate this model, we will have to attend to devising ways of effective marketing of the goods produced in villages. Late Panna Lal Das Gupta, who was profoundly dedicated to improving the economic well-being of the villages around the Sundarbans in West Bengal, set up Dharma Golas. Obviously, Dharma Golas have their limitations in a monetized economy. These problems can be overcome by setting up Dharma Golas at different levels (Blocks and Districts) and by using a combination of coupons and money indicating the entitlement of goods displayed there. We can also organize shops in Village and Town Entrepreneurship markets, introducing a scheme of salesmen-cum-owners, on a commission basis, based on sale and a token salary. Salesmen and women can turn into hawkers, displaying their products on hand-driven or motorized carts. Ensuring quality control through central branding will be very effective.

We can also think of exporting through marketing channels if the goods produced are of an international standard. For this purpose, the TVEs in China maintain close contact with scientific and industrial research centres. It has been estimated that about 60% of the inventions and innovations developed by China's scientific and technological institutions have been put into production by TVEs.

A survey of retail shops in the US and Europe reveals that a large number of the goods displayed there carry the tag 'Made in China'.

Our estimate indicates that if we consider retail prices in the US and Europe, the volume of 'Made in China' goods produced by TVEs is around \$600 billion at retail prices.

Many TVEs, particularly those in coastal provinces, are joint ventures and have sub-contracts with foreign firms. This has helped them to upgrade their technology. They have also benefitted from foreign direct investments made by non-resident Chinese entrepreneurs who flourish in nearby countries like Taiwan, Singapore, Indonesia and Malayasia. These entrepreneurs often prefer to cooperate and collaborate with TVEs since they are much less bureaucratic and are of a manageable size.

Profits of the TVEs in China belong to the whole village or township (cluster of a few villages). Roads, hospitals and other public amenities are built from the profit of TVEs. Village Panchayats and the town administration are therefore interested in the success of TVEs, which are

allotted land free of cost or at a nominal price. Workers are paid less than those in large state enterprises. Credit is extended at a subsidized rate of interest (4%). Tax on profit is low, starting from 6% in the initial period and rising upto no more than 20% when it is well established. All bureaucratic hurdles are removed by the Panchayat/ township leadership. If required they get foreign exchange sanctioned from the central banks. Management of TVEs is sometimes left to the richest villager. He contributes part of the capital for which he receives an interest in addition to managerial remuneration. China has followed a very flexible and unorthodox pattern of management and ownership of TVEs.

We can develop our TVEs suited to Indian conditions. TVEs can easily be promoted by states by mobilizing local raw materials and utilizing financial resources allotted to projects announced for the village youth so that they may be self employed. It is utopian to expect semi-literate village youngsters to become successful entrepreneurs. It is necessary to promote group entrepreneurship (bringing together a group of unemployed people for production and marketing purposes), backed by consultancy firms, which are, in turn, encouraged and assisted by the Panchayat under the overall supervision of a committed and responsible state. To achieve this objective, a state sponsored chain of retail shops in all village and town markets ought to be opened. Those shops should be managed, not by permanent employees, but by franchisees/ owner-managers on a commission basis.



We hope that by now it is clear how entrepreneurship, small-scale industries, social sector initiatives, and town and village industries are a must for a progressive urban and rural India.

Along with the spirit of entrepreneurship we need to develop a spirit of patriotism. Japan's fast development between the years 1945 and 1985 had a lot to do with the patriotic spirit, apart from the government-regulated market. We need to feel that we have to contribute individually for the sake of the nation. We need to come out of the misconceived patriotism propagated by our politicians the world over for their personal gains. We should also make sure that wars have no role to play in the lives of people.

**I submit to you that if a man hasn't discovered something he will die for, he isn't fit to live.**

Martin Luther King

**When the rich wage war it's the poor who die.**

Jean-Paul Sartre

**Grow up as good revolutionaries... Remember that revolution is what is important and that each one of us, on our own, is worthless. Above all, try always to be able to feel deeply about any injustice committed against any person in any part of the world. It is the most beautiful quality of a revolutionary.**

Legendary revolutionary Che Guevara

During the Kargil War, Arindam published an article in the *Hindustan Times* titled ‘To Stop War Send Rich Kids to Fight’. If a two-year stint in the army is made compulsory for all university students, the poor-rich kids of politicians and media barons will also be affected. This will put an end to the war-mongering tendencies of our politicians. Patriotism does not translate into taking away the lives of the poor or those belonging to other religions!

True patriotism is leading your entire nation on the path of growth with utmost sincerity to the masses.

### ***Voting without being embarrassed***

Many argue that patriotism comes from the top, but in a country like India which is mostly led by insensitive and unpatriotic leaders, it is difficult to expect the common man to be patriotic. We don’t agree. The common man has to be patriotic because patriotism is unconditional. However, we do need to have a society with leaders who are committed, just and patriotic too.

So, finally, as we come to the end of our book it is very important to mention that we need urgent electoral reforms in this country without which our dreams will always remain unfulfilled. Dr APJ Abdul Kalam, our erstwhile President, says that he will work and sweat for a great vision — the vision of transforming India into a developed nation, powered by economic strength with a value system.

How we wish that Dr APJ Abdul Kalam had been the President in a presidential system of governance, as in America. As a President he would have emphasized that along with market orientation, the need of the hour was to introduce people-oriented national economic planning, not programming for industrial development with the interests of the rich in mind, and just crumbs being thrown at the organized middle class and privileged unionised labour. We have not had people-oriented national economic planning, though, mostly coinciding with general elections, we have been announcing Five Year Plans with slogans to suit the occasion. It is imperative that we now build a social safety net for people who have been left outside the market.

National economic planning transformed an underdeveloped part of Europe into the mighty Union of Soviet Socialist Republic (USSR) which could rival the US militarily and otherwise within a span of fifty years. We are now watching the same phenomenon being repeated in China. China is overtaking the US rapidly. Yet it will be an enormous tragedy if this country continues with its undemocratic governance, like erstwhile USSR, throughout its existence. The people of China are proud of their achievements. Although they don't like much in the US, what they do admire is the freedom of speech and writing there and in other developed countries of the West. If the totalitarian communist party of China is not transformed into a democratic party, acknowledging the

right of others to differ, there is likely to be a replay of the spectacle in erstwhile USSR, when thousands of people rushed to the street to celebrate freedom from totalitarian dictatorship, built so elaborately during seventy years of suppression and subjugation of the human soul. The human spirit welcomes material prosperity. For a hungry man nothing is more precious than a bowl of rice. But when he has rice to eat, clothes to wear and a shelter above his head, he yearns for freedom of speech and dignity and will surely break away from all shackles that impede this basic human need.

Once elected, our MPs need not adhere to the programme on the basis of which the electorate has voted them to power. The most urgent reform needed in our electoral system is that once they change parties, they should have to seek re-election on the basis of the new party's spirit and ideologies of its election manifesto, if any.

This will impose a certain degree of compulsion to adhere to a publicly given undertaking. This will also add to the stability of the government and the PM will be able to implement to a certain extent the promised policies without the fear of being overthrown by night.

The second most important reform in this area could be government funding of elections so that the dependence on black money is substantially reduced. Today honesty is ruled out as far as election expenses are concerned. TN Seshan, a much-spoken about Election Commissioner,

hardly achieved any success. The present Election Commission has failed to ensure free and fair elections in West Bengal. Various forms of rigging are undertaken without any fear and the so-called election observers, deputed by the Election Commission, are not particularly known for doing their duty scrupulously. In fact, the election observers are usually not even present in their offices and neither can they be contacted, as their movement plan is not presented clearly to their offices. It is almost impossible to prevent the rigging of elections unless it is stopped at the election booth and presiding officers perform their duty honestly and without fear. Cancellation of voting of a few booths does not effectively stop the rigging of elections when massive and large-scale rigging takes place.

Here it is not out of place to mention that election booths need not be inside a room. They could well be in an open space secured by barbed wire. Video cameras could be fitted to detect any untoward incident. This would, however, imply that elections cannot be organized during the monsoons.

To stop rigging, elections for parliament are to be held under a non-party neutral authority, says the Chief Justice of the Supreme Court. It has been experimented in Bangladesh quite successfully. State elections can be organised under the authority of the Chief Justice of the High Court. It is obvious that the ruling government has to resign, say, three months before the elections.

The present system allows rigging on a massive scale. It suits the politicians and political parties entrenched in one region or the other. If one loses the election in one place because of rigging by other parties, one enjoys the benefit of getting an opportunity to rig elsewhere where the party is in command. In parliament even if a party has more than one seat, the party leader shares the spoils. The question is how to increase the market share of the spoils and not whether the market is fair.

If elections are conducted properly, and people are literate, many of these casteist and regional parties are likely to be wiped out. The present system allows them a foothold and they work and hope for an expansion of their territory over a period of time. This is the game the so-called national and regional parties play. It is very difficult for a new party to make an entry unless it plays with the regional, communal and caste sentiments of the constituency. Debate and informed discussion have no place in this atmosphere. In a sea of illiterate masses, divided on caste, religion and regional basis, no one understands the language of reason and rationality. This explains to a large extent why people are kept illiterate.

To really have a working democracy in India, where the best man is elected to power, the need of the hour is the presidential form of democracy as in the USA. Otherwise as things stand now; we need to get around 300 MPs elected, mostly by illiterate voters, whose opinions can easily be manipulated by empty casteist, communal or regional slogans. A presidential form of election by a

nationwide electorate wipes out regional, communal or casteist bias. A presidential form will also lend the stability required for implementing policies and programmes based on long-term objectives and vision, which is the basis for people-oriented long-term national economic planning.

***India after 25 years:  
A vision statement***

We are at a crossroads where we have to urgently decide on our future. Let us decide that we shall live for our countrymen and in the process we shall be regarded as noblehearted and humanised as we deserve to be. Let us seek for such political leadership which may help us on our path to glory and not condemn us to the dustbins in the history of mankind. We need a dream. A vision. The Great Indian Dream.

***Let us together dream of a country where poor are not just merely reduced to statistics but where there are no poor. Let there be a day when small children are taken to a poverty museum like science museum where they shiver at the plight of the way people used to live in the last millennium. Let this dream take the form of a revolution and as long as our dreams keep outweighing our memories, India would remain a young and dynamic nation on its path to global equality. And for this let the wait not be for eternity. Let us together achieve this in the next 25 years.***