



Respecting Peoples' Choices

Response to Prithvi Sharma's Defence of AGBs

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Symptoms and Prescriptions

While the Anti-Globalisation Brigades (AGBs) and I may have similarities in our description of the problems faced by people in India there is a vast difference between the ways I diagnose the disease and suggest remedies. To give an analogy from your own field of medicine: two doctors examining the same patient might well record the same symptoms – for example, a patient has a fever, with a headache or a chest pain. But the real task lies in figuring out the cause of those symptoms and discover if they are a stress response or due to serious illness, such as typhoid, tuberculosis or pneumonia. The ability of a doctor to cure depends on the accuracy of his diagnosis and how effective and carefully calibrated is the prescribed remedy or medicine. No matter how well meaning the doctor and no matter how much his heart bleeds for the patient, if he prescribes malaria medicine for a person who has tuberculosis, the patient may well end up dead.

Even if I do not have the best prescription for the economic distress faced by the vast majority of India's people, it is clear that the diagnosis and remedies (if any) offered by the AGBs if taken seriously, will make the poor and disadvantaged in India even more impoverished and vulnerable than they are at present.

The likes of Arundhati Roy have, only offered emotive and angry

critiques of social and political reality in India based on doctored and selective facts not viable alternatives and sensible solutions. Those who are actually labouring hard to work out viable alternatives are taken far more seriously by every shade of political opinion in India.

Practice and Precept

Whatever be the limitations of Mahatma Gandhi's philosophy and political strategies, he remains the most important moral touchstone of our times because there was little gap between his stated ideals and actual conduct.

Unlike Gandhi's idea and practice of *swadeshi*, the sermons of the Anti-Globalisation Brigade (AGBs) reek with hypocrisy because their entire campaign is orchestrated using resources received from "Western imperialist" governments and international donor agencies, which are either supported by Western governments or church organisations. This is not at all to deny credit to all those NGOs who are doing valuable work for our society with foreign aid money – good examples being the Centre for Science and Environment in Delhi, SEWA of Gujarat, Tarun Bharat Sangh of Rajasthan, Janaagraha in Bangalore and SEARCH working in the Ghadchiroli district of Maharashtra. It is noteworthy that they are rarely seen in the forefront of hysterical negative campaigns. They are instead attempting to find creative alternatives and solutions to

We deeply value your longstanding friendship with MANUSHI. Therefore, I am really grateful that you chose to express your discomfort with my article openly rather than let it become a cause of silent estrangement.

I see no reason why you should be apologetic about having chosen to live and work in the US. For long, Indians were brainwashed into believing that they were inefficient, slothful and incompetent by their very genetic composition. Dramatic rapid strides made by NRIs even under hostile conditions proved to the world and to themselves that power structures in India were responsible for most of the mess we are trapped in, that our government machinery and political establishment were preventing the Indian entrepreneurial and intellectual genius from blossoming within India, even while it blossomed elsewhere in the world. The growing involvement of NRIs like you in strengthening movements for social justice within India and bringing about institutional reform is playing a major role in creating a new ferment, a new hope and a new resolve to democratise governance.

the problems of poverty, ill-health and other forms of deprivation suffered by the Indian people.

Is it logical to believe that Western business houses are enemies of Third World countries, but Western government supported funding agencies are true well-wishers? Similarly, the various Western churches have been global in both their operations and aspirations. If the AGBs took their prescription of closed-door economics seriously, various church-supported NGOs would need to demonstrate such a commitment by saying, "No" to the handsome funds they receive from their Western patrons and all Indian churches would have to stop accepting money from their mother churches in the West.

Would Arundhati Roy be willing personally to accept restrictions similar to those she wants imposed upon Indian farmers, industrialists, and entrepreneurs? For example, would she and her colleagues agree that they should only publish their books and tracts within India? That they will not participate in international conferences and global networks? Opposition to globalisation will appear at best comic and at worst hypocritical if our idea of *swadeshi* only targets flimsy and easily dispensable items, like Pepsi or Coke, and does not extend to those products which we use every day in our own lives – mobile phones, television, Internet, motor cars, aeroplanes and a whole variety of industrial goods.

Serving *Videshi* Causes

Make no mistake Prithvi bhai, peddling India's real and imagined misery through international networks has become one of the most lucrative professional career options today. Many of those who took an active part in shaping the agenda of the World Social Forum (WSF) are

those who receive mammoth grants from Western donor agencies.

A significant number of high-power mainstream politicians and policy makers from Western countries also attended the WSF and took active interest in its deliberations. By contrast, there were no representatives of the Indian political establishment at the WSF meet in Bombay. Why would representatives of Western governments take an active interest in promoting phobic campaigns against globalisation if globalisation and liberalisation were actually in their interest?

You yourself point out how Western governments are upset at the prospect of job losses for their people and are turning protectionist when faced with a situation where their markets are flooded with "Made in China" or "Made in Korea" goods. No wonder, some of their funding agencies are funding the anti-globalisation campaign generously because it serves Western interests, not interests of Third World countries.

I am not suggesting that a "free global market" is the panacea for our problems. There is no such thing in the world of today. Besides, everything cannot be and should not be put on sale in the market. But those who have converted "serving causes" into a paid job, and encashing on other people's poverty and misery, should not be preaching to us about the evils of the market economy. Unfortunately, many NGO activists move from one cause to another depending on which is politically fashionable with funding agencies and, therefore, fetches hefty grants.

Safeguarding India's

Interests

No doubt the American and European idea of freedom is very selective and self-serving. They want free-trade regimes as long as they are

leading in modern industrial production and need markets for their goods worldwide. As soon as various Asian countries began to emerge as powerful competitors, a large section of the American and European people and corporations began to turn protectionist. You rightly point out the hypocrisy of many Western governments attempting to ban outsourcing and obstructing Asian countries from free access to First World markets. Why then are the Indian NGOs fighting the battle on behalf of First World industry and of their threatened workers and professionals by opposing shift of jobs in favour of Asian societies and economies?

Unlike leftists for whom being anti-West, anti-capitalist and anti all those who are wealthy is a moral imperative, I do not consider being pro-globalisation as a *dharmic* duty. It is merely an economic necessity which can be turned into a great advantage for India if handled dexterously by the government and entrepreneurial groups, including farmers and artisans.

You are right in saying that "a closer reading of the world's success stories would reveal that the countries that have succeeded are the ones that have followed what is in their own best interest: subsidising where it helps their industry, opening up when it suits them, and closing where it does not." Instead, the hysterical harangues of the AGBs, in alliance with the protectionists in the American and European establishments, have prevented a meaningful discussion on all such issues and slowed down the process of rule-based globalisation, which is finally beginning to work in favour of Asian economies and, therefore, frightening First World people and governments.

Unfortunately, they are not just against foreign investments, but

equally determined to oppose internal economic reforms, like closing down or disinvesting in Public Sector Undertakings which are dens of corruption and waste, and make thousands of crores of losses every year. They have never supported farmers' movements aimed at removing crippling restrictions on the farm sector like the Essential Commodities Act, which not only allows government to artificially depress prices of various farm produce through draconian means, like prohibiting inter-state movement of food grains but also places restrictions or bans on the export of farm produce. In addition, numerous restrictions on processing of farm produce – cotton ginning, paddy husking, milk processing – have prevented diversification in the farm sector. Have you ever heard the anti-globalisation brigade make an issue of this? Again, when various post-Independence governments repeatedly dumped wheat, sugar, pulses, cooking oil and milk products from First World countries to bring down prices of domestic farm produce, our neo-swadeshites shed no tears for the plight of Indian farmers because they identify more closely with urban consumers like themselves, whose interests are better served by lowering food prices.

Why the Double Standard?

I am surprised that you see such disparate developments as the building of Sardar Sarovar Dam, interlinking of rivers and the computerisation of villages as part and parcel of the globalisation process. I am no expert on dams and irrigation systems. But let us not forget that the people of Gujarat – rich and poor alike – stood up for the Narmada dam even when influential international lobbies, including the World Bank, went against it. I am honestly not in a position to take a



stand on the interlinking of rivers – but if building irrigation canals from rivers is acceptable even though it goes against the “natural” course and flow of the river, how can we be against the inter-linking of rivers? The principle is, after all, the same – carrying water from surplus waterways, especially those that overflow and cause severe damage, to deficit areas where people do not even have drinking water. Even digging an ordinary well goes against “nature” because you are drawing on underground water. There should of course be proper cost-benefit analysis as well as careful study of the dislocations caused by such projects in the lives of those who are uprooted before the project is undertaken.

It is ironic how only those who personally do not live close to nature, and who enjoy the benefits of technological development – round the clock electricity, water supply, digital phones, computers, air-conditioning, air travel, fancy motor cars, etc. – are the ones making most loud noises against providing those very services to poor villages. If surviving in a subsistence economy, living close to nature, fetching water from distant wells, is their idea of the

good life, why do they not live it themselves?

I disagree most with you when you condemn the computerisation of villages in the same breath as the Narmada dam and believe that this will lead to further exploitation of rural India by transferring wealth from the poor to the rich. If people like us have not been impoverished by the use of computers, if we find it an enabling technology, why do you think villagers cannot use it for their own empowerment? They are, after all, not a different species! While I am willing to grant some merit to the opponents of Narmada like dams, I strongly believe that making computers, mobile phones, Internet, television and similar technologies available to people is vitally important. If farmers are able to access regional, national, and even international market prices for their produce, get important information for upgrading their skills in agriculture, obtain medical consultation from far off specialists, acquire new skills for new jobs, stay connected with distantly located family and friends, know what is happening in the rest of the world, register complaints against erring officials on line, have their land-

pattas and revenue records updated expeditiously through the Internet and get information about job availability in cities, why is it objectionable? I whole-heartedly support the efforts of young scientists, like Ashok Jhunjhunwala (also a Manushi Trustee), who have succeeded in mobilising teams of information technology specialists to devise new ways of making computers and other information and communication sources, including tele-medicine, available to villages at a fraction of the international cost. I feel grateful to them for working to double rural incomes in the next ten years through IT interventions.

If Western economies and societies are indeed as bad and evil as the AGBs would have us believe then people of all classes in India including our best scientists, doctors and even left intellectuals would not be so eager to find jobs and business opportunities in Western countries. When people vote with their feet in such large numbers we cannot ignore the appeal of these countries despite their many serious flaws and problems. Democracy is also about respecting the economic choices people make and the activities they seek in order to earn their livelihood with dignity. Without economic freedom, democracy is severely handicapped. Both of us support a decentralised economy, but a closed-door economy can never be a decentralised one. An economy can be isolated in today's world only by powerful, coercive and highly policed and centralised state machinery of the Soviet Union variety.

Voters Don't Reject Reforms

It is altogether erroneous to attribute the defeat of Andhra Pradesh Chief Minister Chandrababu Naidu and Karnataka's former Chief Minister Krishna to their open support for globalisation. Their

defeats is more likely due to insufficient reforms leading to a large gap between promise and delivery. No matter which party is in power in India, whether at the Centre or in the States, it ends up wooing foreign investments and building business ties with the outside world. The partisan nature of leftist and AGB critiques is evident from the fact that although the Congress led UPA government is following more or less the same policies on globalisation, they are not so loud and hysterical in their opposition as they were when the non-Congress NDA government worked on the liberalisation agenda. Debt-ridden farmers in Andhra and elsewhere continue to commit suicide in increasing numbers due to coercive and humiliating debt recoveries, including the seizure of household goods. But dying farmers are not such a cause célèbre anymore.

I am surprised that you think I am attacking the working class when I say that many of our trade union leaders misled their followers into very irresponsible forms of unionism with the result that running an enterprise has become a high-risk venture. It is now being openly acknowledged by important leaders within the Left spectrum that irresponsible trade unionism led to economic stagnation and closure or slow death of industries through lack of investment. The present Communist Party government of West Bengal is working hard to woo investors Indian and foreign, by assuring them that strikes and *bandhs*, which were once a routine part of Kolkata's life, and violent forms of trade unionism, are a thing of the past.

Limits of Class Consciousness

You say class-consciousness is the most powerful force in human affairs. If our politics were based primarily on economic interests, it would perhaps then be more rational

making it easier for people to find ways to resolve problems. The Marxist truism about class struggle being the determining force of history has sadly not been borne out by experience. Europe has witnessed two World Wars in the twentieth century with ethnic nationalism as the mobilising force rather than class struggle. Major wars and conflicts of the twentieth century – whether in Eastern Europe, between Iraq and Iran, between Palestinians and Israelis, or between India and Pakistan - have been fought on religious and/or national identity issues, not on the basis of class.

In each case, the working class, along with almost everyone else, gets easily mobilised on ethnic identity issues; It rarely shows willingness to make common cause with the working classes of other communities or nationalities in these struggles. In America too the white American working class has been mobilised around jingoistic nationalism and does not make common cause with either guest workers of other nationalities or those of Iraq or India. Even in normal times, most people of the working class work for upward mobility ,not to bring about a classless society.

I do not idealise India's feudal past, because India was never feudal. I use the term feudal as an economic category, not as a politically pejorative, moral category. Pre-British India was a land of peasant proprietors, not tenants or serfs of the European variety who worked on the lands of noble lords who derived their estates from an imperial ruler. The new forms of Land Settlement Operations carried out by the British introduced a perverted form of landlordism to serve the interests of the colonial state and, created a large army of dispossessed landless poor in India.

Gandhian Worldview

Why should one not take pride in the positive aspects of one's history and civilisation, especially if one is not reluctant to admit to the negative and oppressive dimensions? There is good reason to feel proud of the fact that the Mahatma Gandhi-led freedom movement succeeded in bringing together the rich and the poor, landlords and the landless, dalits and caste Hindus, the urban elite and the illiterate villagers, the Hindus, Muslims, Sikhs, Christians and others onto a common platform.

This does not imply that their mutual conflicts disappeared or were dissolved by a magic wand. However imperfect, significant breakthroughs were made in making the elite and wealthy become sensitive to the aspirations of the less privileged or exploited groups. India became one of the first countries in the world to institutionalise the principle of positive discrimination through a constitutional mandate, with the elites yielding some space to the poor and marginalised without bloodshed and violent civil strife. That these measures were not implemented with full commitment and honesty does not take away from the humane vision of some of the key leaders of our freedom movement.

I am surprised and saddened by your asserting that the wealthy can never have a sense of "shared destiny" with disadvantaged fellow citizens. If you, sitting thousands of miles away from India, living a privileged life in America, can feel so deeply for our poor and marginalised, lend active support to movements for social justice in India, why should other Indians not be capable of similar sentiments? If I as a well off person with a comfortable well paying job in an elite academic institution spend much of my time and energy working

to improve the lot of the poor and oppressed without any monetary incentive and at the cost of my own career, why should I think I am unique? Today, some of the best initiatives for India's development, for strengthening the democratic rights of the poor and providing them new avenues of advancement, are being initiated by people from elite families, including some in the corporate sector. Their numbers need to increase. That process will be slowed down if we treat people of wealth and privilege with contempt and assume they are not capable of caring about others.

Gandhi's notion of the wealthy classes acting as "trustees" romantic, than woolly-headed notion that bureaucrats and politicians will act as trustees or benefactors for the poor and vulnerable, with NGO's acting as watchdogs!

State's Essential Role

Equitable distribution of wealth happens more easily:

1. When the economy is not stagnant and produces more than enough for everyone's needs;
2. When avenues of educational and economic advancement are not blocked through active discrimination and/or gruelling poverty;
3. When the state machinery has inbuilt safeguards against abuse of power and plays by fair and non-partisan rules. The Soviet Union and Communist China are the most salient examples of coercive egalitarianism, leading to the emergence of ruthless and corrupt bureaucrats and party functionaries as political and economic power centres.

Closed-door economies have been failures with stagnant or low growth rates. Liberalisation of trade and investment will not automatically produce an economic miracle.

Opening up the economy can prove disastrous if:

- a) Government imposes crippling restrictions and stifling licensing systems entrepreneurial activity of every kind;
- b) Government is corrupt, predatory and tyrannical;
- c) Government has taken heavy international debts and drains off resources by high-interest payments;
- d) Government does not develop enough expertise to negotiate dexterously in international economic fora to protect its own economy from unfair global competition; and
- e) Government fails to provide the required infra-structure and support to specialise in crops and industrial products in which the country has both price and quality advantage to effectively withstand global competition.
- f) Government fails to create an enabling atmosphere for people's enterprise and help them upgrade their skills through heavy investments in education and health.

You are right in saying that a market economy in which an Ambani and an impoverished villager are made to do business with each other is likely to function in favour of the Ambanis. "Free markets" cannot function without effective regulatory and dispute resolution mechanisms institutionalised by the state with appropriate safeguards for vulnerable groups. The power of the Ambanis becomes more venal when they can also use the power and clout of the state machinery in their favour, which is what has happened in India all these decades. For example, when industrialists need land, they do not and can not just go to the open market to buy land from villagers, because the government alone determines land-use. Even if a person

buys land in the open market, he can not set up an industry or commercial establishment without the government allowing the change of land use from agriculture to industry or commerce. Even a farmer can not put up a rice-mill or cotton ginning factory on his agricultural land. Therefore, businessmen with money power bribe *netas* and *babus* to “acquire” agricultural land for “development” purposes, and the *babus* hand it over to them for a fraction of the market price after getting their due cuts and bribes. Wherever villagers have resisted or protested against such arbitrary acquisitions, their struggles have generally been crushed through police action and other repressive measures. This makes the impoverished villager even more vulnerable to the greed of our Ambanis. By denying villagers access to open market for their land, as well as their produce, the government has added to their vulnerability.

Investments a Dire Necessity

In your world view, being an employer or running an industry is, by definition, an act of exploitation. A society in which everyone works only for himself or herself has never existed and it is not likely to materialise in the near future. Today’s India desperately needs millions of additional better paying jobs which can only happen through investment in agriculture, civic infrastructure, industry, and the service sector as well as in health and education. Government does not have the required resources and is living on either borrowed money or printing notes. Hence the desperate need for investment – domestic and foreign.

Without doubt, the relationship between employers and employees is unequal – in a corporate house as well as in the unorganised sector. We



can not abolish inequality; all we can do is to help create conditions whereby each sector of the economy generates enough wealth workers and employees to earn a better living.

The level of worker’s wages and benefits depends on the profits and the capacity of that industry or sector to pay workers. If Tatas or Ambanis are considered better paymasters and provide better working conditions than a small-scale power loom factory in Meerut run by a small entrepreneur who operates a sweatshop, it is not because Reliance workers are better unionised or because the Ambanis are large-hearted and that the entrepreneur who owns a power loom in Meerut is especially greedy and mean minded. The difference in working conditions and salaries in the two enterprises is primarily because of the higher profitability of the former and its consequent ability to hold on to a stable work force compared to the latter. If agricultural wages in Punjab and Haryana are far higher than in Bihar, Madhya Pradesh, or Meghalaya, it is not because Punjabi farmers are more altruistic, but because of the relative prosperity of the farm sector in Punjab and Haryana as compared to Bihar.

“Class privilege and exploitation may well be the core of the existing economic structure”, but there are vast differences in the intensity of inequality and exploitation among various societies. It is, therefore, important to learn from the experience of societies and phases in our own history when those at the bottom rung have a better chance for a life of greater dignity and inequalities were not as vicious as they are in many parts of the world today.

Trickle Down Will Not Do

Anyone who has followed my writing and MANUSHI’s active interventions as you have, would know that I am not a votary of the “trickle down theory” of economic advancement. Given that the corporate sector, the Public Sector Enterprises, as well as the government, does not provide employment to more than seven percent of our population, and as per the most optimistic estimates, this figure will not go beyond 15 percent in the next 20 years, it would be foolish to expect that the top layers of our economy can bring prosperity for the more than ninety percent people who are self employed or work in the unorganised sector. This has been the theme of much of my writing ever since MANUSHI came into being. A collection of my essays from *Manushi* on this theme is soon to be released by Oxford University Press entitled “*Deepening Democracy : Challenges of Governance and Globalisation*”. The running thread in these essays is that the poor have remained trapped in poverty precisely because they are among the worst victims of statist controls and the extortionist mafias that sit in government offices who force otherwise law abiding citizens into corrupt arrangements since they have the legal power to obstruct

citizens from pursuing legitimate occupations. We have consistently worked for an agenda of “bottom-up” economic reforms.

That is why MANUSHI has been steadfast in demanding the dismantlement of the License-Permit-Raid Raj, as it affects the livelihoods of the vast majority of Indians who are self-employed, whether in the farm sector or in various urban occupations. We have worked closely with and lent support to farmers’ movements which have stood for freedom from statist interventions, which have crippled Indian agriculture. Our work with street vendors and cycle rickshaw pullers, is yet another manifestation of prioritising the interests of the poor and marginalized in defining the economic reforms agenda.

A Disaster Recipe

The closed-door economy that we ran until the 1980s did not mean that the Indian economy was self supporting or that the interests of Indian consumers, farmers, artisans and working class were well taken care of: its essential features can be summed up as follows:

1. Government set stifling and arbitrary rules for enterprises and penalised those who tried to be more efficient. That is why we had to live with shortages and a flourishing black-market for essential things. Armies of inspectors and licensing officers were let loose on production units. They siphoned off a substantial proportion of profits as of bribes;
2. Our industries were in return provided a competition-free market and had no incentive to improve the quality of goods produced. Consumers had to pay exorbitant prices for sub-standard goods. Working conditions, safety and environmental standards in a majority of Indian industries were

and continue to be among the poorest in the world;

3. Taxation was absurdly high (up to ninety seven percent, plus a wealth tax) that hardly anyone paid honest taxes. Therefore, we generated more black money than white. This got channelled into controlling politicians and buying bureaucrats, as well as into smuggling and anti-social activities. Ill-gotten wealth of officialdom was stacked in Swiss banks and used for shady economic deals. Since running an economic enterprise, small or big, became a high-risk venture, investment in industry dried up. This meant there were few remunerative sources of employment. Consequently, pressure on agriculture remained high while productivity was low.
4. In such a stagnant industrial scenario, militant trade unionism coupled with a poor work ethic and low productivity meant that profits were sought through unethical means – excise and income tax evasion and employers hiring their own muscle men and political mafias to break trade unions, many of whose leaders were affiliated to different parties and functioned more as blackmailers using strikes and the threat of violence as bargaining tools for personal gain instead of workers’ welfare;
5. At the other end, there was hardly any job growth in agriculture because of government’s policy of pandering to urban consumers and industrial sector interests at the cost of farmers. During the heyday of *swadeshi*, while the government put severe restrictions on the export of Indian farm produce, it did not hesitate to import food grains, cooking oil, sugar, raw cotton, pulses, etc., as a deliberate measure to artificially bring down the prices of Indian farm produce. Not surprisingly, the farm sector could not generate any surplus for

investments and improvements in productivity and reforms in agriculture have been very tardy. Our farmers are consequently perennially and heavily in debt,;

- 6) Abysmally poor rural infrastructure (lack of power, water, electricity, schools and health facilities) has inhibited the growth of ancillary industry and diversification of the rural economy.

In this atmosphere, even the small and hesitant doses of economic reform, so far confined mainly to the corporate sector have infused new energy and confidence in to our business classes – some of whom are ready to become global players and are confident of emerging winners, despite the fact that the civic infrastructure required for a vibrant economy is not yet in place.

No matter how dismal the performance of the Indian government has been thus far, I agree that improving “the government is a solution to the problem of governance.”

For decades after Independence, our bureaucrats and political bosses were taught to believe that doing business with the outside world was inherently exploitative. They were so intoxicated by their power and zeal to exercise “control” over every conceivable economic activity and make money by tyrannising people that they never got down to developing the expertise to recognise what it would take to enable people to move out of the poverty trap and to position India’s products in advantageous positions in the global arena. Now that the government’s mandate is slowly changing, we have witnessed several top bureaucrats, ministers, and other economic experts display great talent in world-trade negotiations as well as other economic fora. Consequently, India’s foreign policy has become far more astute and focussed on making use of new economic opportunities than before. □