

People Power

Crisis of Confidence

While the world revels in finding a solution to every problem, we relish in identifying a problem for every solution.

One of the great miracles of the past quarter century in the global economy is the emergency of Asia as an economic giant. Rao Chalasani, the then chief investment strategist of Everen Securities, predicted in the midst of the Asian economic crisis in 1998 a rapid recovery of much of South East Asia despite the then prevailing gloom. As he pointed out, the virtues central to the new growth model of Asia are a high savings rate, strong commitment to education, solid work ethic, integrity of the family unit and social contract providing harmony. Critics like Joseph Stiglitz pointed out that the IMF solutions are both inconsistent and counterproductive, and have in fact led to deepening of crisis in Asia at that time. Draconian measures related to currency value, current account surplus and government budget surplus were all sought to be imposed by the IMF at the same time. Serious contraction of imports, austere measures in government and substantial increase in unemployment were the unhappy consequences, leading to social unrest and delayed recovery. But most of the Asian tigers did recover rapidly because of the Asian virtues. South Korea is a prime example of this resilience, growth and modernity. China, of course, was largely unaffected by the Asian crisis, and for nearly a quarter century continues to be the fulcrum of economic growth in Asia. In fact, the rapid growth in China is one of the important factors stabilizing global economy in the face of deep economic crisis in the US since 2000, relative stagnation in Europe, and prolonged slump in Japan, the original Asian tiger.

In the midst of all these breathtaking changes and rollercoaster rides, India remains largely untouched. The phenomenal growth rates of Japan, China and Asian tigers bypassed us. As we never reached great heights, great lows were not possible. And our politicians and bureaucrats indulged in self-congratulation for past non-performance and modest growth rates. At the height of Asian crisis people in the Indian establishment talked disparagingly of the Tigers, and gloated over our economic stability. However, even a cursory visit to South Korea during the 'crisis' period would have helped us realize that their crisis situation was far better than our 'success'.

If we set our sights low, there can never be failure! This ostrich-like philosophy has been the single biggest reason for India to become a champion underachiever in the post-war world. We are forever described as a nation whose vast potential remains unfulfilled, and a caged tiger which refuses to break out of the chains of poverty and mass misery. Is there a way out? Should India forever be contented with the modified 'Hindu' rate of modest growth and perpetual poverty, illiteracy, illhealth, misery and corruption? Despite significant and at times spectacular individual successes, should we be resigned to the fate of collective underachievement?

A few vital breakthroughs in recent decades impacting lives of tens of millions of people give us a glimpse of what we are capable of. Tamil Nadu is yet another state mired in surreal politics, corruption, polarization, and politics of fiefdoms. And yet over the past two decades birth rates plummeted, bringing population to stable level, on par with Kerala. Emphasis on school education and primary health care, and one well-conceived and well-implemented programme of mid-day meals in schools transformed the state despite the usual political and bureaucratic vagaries. Literacy rates went up significantly, population reached stable levels, skills were improved, investment flowed and economy is growing impressively. If every major state can become a Tamil Nadu, we will have another Asian miracle in India!

Andhra Pradesh is the state with appallingly low levels of literacy, next only to Bihar and Orissa among major states. Despite poor social indicators, sustained campaign mode of family planning programme implementation over two decades brought the state close to stable population. Amazingly, low literacy proved to be no obstacle, and crude coercion was unnecessary to reduce birth rates, generating hope that most of India can indeed contain population growth rapidly. Karnataka too is close to achieving stable population level.

Perhaps the greatest miracle is in Rajasthan. This traditionally backward state, lumped with Bihar, Madhya Pradesh and Uttar Pradesh as a Bimaru state known for extreme poverty, social backwardness and appalling ignorance has been quietly transformed over the past quarter century. Rajasthan is no longer a Bimaru state, and by Indian standards it is now a middle-income state. If Rajasthan, through political will and purposive administration could accomplish this, there is no reason to despair of the plight of the other great, Hindi-speaking north Indian states.

Maharashtra has achieved another great miracle. Corruption has been almost totally eliminated in the subordinate judiciary in that state. A proactive High Court ensured removal of a tenth of all trial court judges, and judicial probity has been restored. The Supreme Court supported these strong initiatives. Rajasthan High Court has followed suit, and strong steps are initiated to remove judges tainted with corruption. If two major states could eliminate corruption in one whole branch of government in a short span, is it impossible to dream of corruption-free India?

And finally, the Aroles achieved the ultimate miracle of low-cost, high-quality, accessible health care through a replicable model over two decades ago, and transformed the lives of 100,000 people in Jamkhed area in Ahmednagar district of Maharashtra. There is nothing which prevents the replication of that model in all the 600,000 villages of India, except our lack of ambition and imagination.

Clearly, there is tremendous scope for achieving high literacy, stable population, accessible health care, and removal of poverty and elimination of corruption. There are only two great obstacles to this great national resurgence – crisis of confidence, and appalling governance. We need to shed many of our delusions, and address these two monumental problems. Even now it is not too late. Fundamental political and governance

reforms and sound economic policies, backed by a surge of national will can, and will, transform India into the next Asian miracle. We can catch up with China, and be the engine of growth in South and Central Asia. The people of India are ahead of our politicians and are ready for change. Do the elites have the courage to dream big, and the will to build institutions which can replicate our successes?

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