

People Power

Democracy – a Source of Strength or Weakness?

Prime Minister Vajpayee's China visit brought to the fore the inevitable comparisons between the economic performance of both nations. In some ways, this obsession with China over the years has become an important driver of change in India. In some quarters, the success of China is portrayed as evidence of the comparative advantage of authoritarian regimes over struggling democracies like India.

True, China's growth rates and overall strength are impressive – even spectacular. But is China's success because of authoritarian rule or sound policies which fostered growth? And is India's relative failure because of the inherent weaknesses of a liberal democracy, or have we suffered from poor policies and self-inflicted wounds? Those questions need to be addressed with clarity and candour.

Admirers of Chinese totalitarianism seem to ignore the colossal failures and gruesome tragedies in the early phases of communist dictatorship. Great Leap Forward in the 50's ultimately led to starvation deaths of an estimated 20 million people between 1959 and 1961! And a generation or more suffered the grievous consequences of the disastrous Cultural Revolution. Those two movements (!) were orchestrated by an authoritarian regime directly controlled by the great helmsman Chairman Mao himself!

Clearly, dictatorship brought tragedy in its wake in China. Then what explains the dramatic growth after 1978? There are two fundamental factors which transformed China. Whatever be Mao's failures, the positive aspects of socialism created a superb launching pad for Deng to embrace market economy. As in other communist regimes, school-education and healthcare were given enormous importance. The result was a healthy, skilled population which is both employable and productive. It is not always a question of resources. India spends 5.2% of GDP on health, but only 17% of it is on public health, and most of it is skewed. China spends only 5.1% of GDP on health, but 42% of it is on public health, and it is wisely deployed. But China did not stop with human development. Even by 1978, conscious efforts were made to transfer technology to rural areas and improve infrastructure. True, it was not frontier technology; but the basic, simple, low-cost technologies that bring about marked improvements in people's lives were widely applied.

Then came Deng. Not only did he embrace market economy with gusto and embarked on the Four Modernizations, but he also took full advantage of the decentralized and un-integrated economy. A problem became an opportunity. Local initiatives flourished in a variety of ways. The boom of millions of town-village enterprises (TVEs) with huge employment creation and vast exports transformed Chinese economy, their self-image and global competitiveness. The rest is history.

Any objective analysis shows that dictatorship was China's problem, and communist authoritarianism might yet undo many recent gains. Sound policies, decentralization and market economy transformed China; not crude dictatorship and state coercion.

In many ways, Chinese recent success is unique. The fact is, most dictatorships failed to promote prosperity and maintain harmony. In every dictatorship which gave some stability and economic growth, there was abnormal price paid in terms of life and liberty. And for every dictatorship which showed some growth, there are many which precipitated decline!

Then why did our democracy not yield results? In the name of socialism, we undermined true entrepreneurship. The state's failure in education, healthcare, rural technologies and infrastructure has been too well documented to need elaboration. And we became control freaks. I vividly remember that only 20 years ago we had cement control and dual pricing, and people had to beg for cement permits to build homes! We had bureaucrats controlling steel sales and seeking bribes and exercising patronage. In short, the state failed in its core areas of legitimate functioning, and did everything possible to undermine our self-esteem and enterprise.

And democracy itself has been reduced to a game of musical chairs. We have sunk into medievalism with local mandarins becoming modern zamindars perpetuating oligarchic control and undermining rule of law. Periodic elections with change of players and political freedoms alone do not substantiate our claims of being a modern democracy. Rule of law, citizen-empowerment, economic liberty, human development and self-correcting institutions are the essential preconditions for a successful democracy fostering fast growth.

We have had many opportunities over the past 30 years to set things right. Instead of changing course, we continued merrily with our failed policies. Our plan documents were largely a rehash of each other, and the priorities and shibboleths in one plan were indistinguishable from another. Instead of building institutions which can replicate best practices, and creating mechanisms which can deliver results, we remained content with pious homilies and hypocritical slogans. That criminal failure had nothing to do with democracy, and everything to do with perversion of democracy.

It is in democracies that best economic growth was seen in post-war decades. That is why people of East Germany voted with their feet and East Europeans overthrew dictatorships. We have done everything possible to deny our people basic knowledge and skills and kept them in the dark. Illiterate and poor people are necessarily short-term maximizers. We pandered to the sectarian and base instincts of our people and provoked primordial loyalties. That is not because of democracy. That is because of poor leadership. And now to turn around and blame democracy as a system and the people is the height of folly.

Our democracy under-performed because of the inherent conflict between colonial instruments and noble constitutional goals. After all, our state structure and electoral

system are more or less a continuation of the colonial practices with the added feature of universal adult franchise.

Competition is about promoting and rewarding excellence; not bringing down others by hook or crook. Liberty is certainly no license for predatory behaviour or legal plunder. Nor can democracy be equated with indiscipline. And rule of law certainly does not mean delays and inefficiencies. The rapid execution of the National Highways Project is an example of what we can accomplish with will and determination. For far too long we blamed democracy for our follies and failures. We never really internalized the institutions and practices which constitute a true democracy. One illustration will suffice. Suresh Prabhu was removed as Power Minister for the sole stated reason that he was too honest for the job! Flaws in our democracy, not democracy per se, are the cause of our failures. We need more liberty – not less; but coupled with rule of law. And we can accomplish that and engineer growth. What we need is self-confidence, and not self-flagellation; clear-headed and sane analysis and policy initiatives, and not knee-jerk and ad hoc responses.

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