

Freedom First

The Liberal Monthly

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Capitalism: Dead Again?

Ajit Karnik

The Liberal position makes a clear distinction between the functioning of the market and the State without setting up a false dichotomy of “State *versus* markets”; it rather believes in “State *and* markets”.

Capitalism has died...again, or so we are told. The first time its death was announced was in 1929 and it, indeed, lay critically ill for a few years. But the system reinvented itself via Keynesianism¹, via the New Deal² and became the vibrant system that we have been seeing for the last few decades. I am sure the reports of the death of capitalism in 2008 are highly exaggerated and, once again, we will see the system modifying itself in the light of recent experiences and a new version will emerge. This is not to belittle the pain that will be involved in the transition – there was pain during the Great Depression and there will be pain now. But in between the two episodes capitalism delivered wealth to a large number of people, wealth that would have been unimaginable under any other system.

Left's Selective Memory

I find it ironic that the whoops of joy that greet the travails that a capitalist system periodically faces come from those whose preferred system was obliterated about two decades back. That was a system that destroyed people's lives systematically and consistently and not only during brief episodes as depressions do. But the Left is selective about what it remembers. So, we have Professor of Economics at the Jawaharlal Nehru University (JNU), Delhi, Jayati Ghosh (2008) saying “This is a tremendous opportunity to reinstate a more progressive international economic order. We in the Left should not waste it”. I am astounded that this call comes from Leftists, the purveyors of a bankrupt ideology that well and truly died under the debris of the Berlin Wall. Other Leftists have co-opted Keynes as one of their own; see the article by Professor of Economics at JNU Prabhat Patnaik (2008). Keynes' contributions helped the capitalist system revive and add to its strength. But this support for Keynes by the Left is merely a smokescreen. By invoking Keynes, Leftists want to enlarge the scope of the State and the scale of its interventions. But, of course, they are not looking for a balance between the State and the market – that is what Liberals strive for. For the Leftists, this is the thin end of the wedge which will drive India back towards the discredited planning approach of Nehruvian times and then further to complete State control of the Stalinist variety.

Complexities of Regulation & De-Regulation

There is much wrong that has happened in the financial system (especially in the USA) in the years leading up to the Financial Crisis of 2008. A vigorous debate is currently taking place among economists – such as Harvard University Professor Dani Rodrik, Nobel Laureate in Economics in 2008 Paul Krugman, Nobel Laureate in Economics in 2001 Joseph Stiglitz, Harvard University Professor Jeffrey Sachs and University of California at Berkeley Professor Barry Eichengreen (see references on page 4) – regarding the underlying causes of the crisis. Many have veered around to the view that the deregulation beginning during Ronald Reagan's presidency but accelerated by President George W. Bush along with the persistent lowering of interest rates in the regime of Alan Greenspan (Chairman, Federal Reserve, USA), are primarily responsible for what is happening today (see the piece by University of California at Davis Professor Fred Block, 2008). The lines of causation may not be clear just yet, but the research is only beginning now.

The Left, on the other hand, lines up the usual suspects: Wall Street, greed of bankers, lobbies, political pressures. A case in point is the Glass-Steagall (GS) Act which was passed in the aftermath of the Great Depression. The GS Act prohibited commercial banks from undertaking investment activity in the stock markets since it was felt that commercial banks had been taking undue risks using their customers' deposits in the hope of greater rewards on the stock markets. The repeal of the GS Act in 1999 is claimed to be an example of the nexus between the political establishment and Wall Street thereby compromising public interest. It is interesting that George Mason University Associate Professor Tabarrok (1998) points out that the Glass-Steagall Act itself was born not out of pure “public-interest” but arose out of the rivalry between the House of Rockefeller and the House of Morgan. The GS Act, actively promoted by those close to the Rockefellers, hurt the Morgans disproportionately and gave the Rockefellers a decisive advantage. Political economy – i.e. political influences on economic policy-making³ – it appears, is always present in the actions of the government.

Even though deregulation has been indicted for the mess that we see today is it possible to offer a public interest defense of it? Boston College Associate Professor Strahan (2003) points out that the deregulation introduced by the Gramm-Leach-Bliley (GLB) Act of 1999 allowed banks to offer better services to their customers at lower prices. As a result, the real economy seems to have benefited. Overall economic growth accelerated following deregulation, and this faster growth seems to have been concentrated among new businesses. Finally, with the U.S. banking deregulation, volatility of the economy *declined* as growth went up. This is not bad performance for an Act (i.e. the GLB Act) of government that has been accused of pandering to special interests.⁴

The aim of this discussion so far has been to demonstrate that regulation and deregulation are very complex processes. Most importantly, the political economy aspect can never be ignored since policy formulation and implementation in a democracy is a deeply political act. The regulatory touch has to be light, one which preserves incentives for private players and aligns their selfish behaviour with the public interest. Where and how much to regulate must be decided on grounds of efficacy and administrative capability of the government and not on ideological grounds. For this to happen there must be clarity in the roles that are expected of the market and the government. This brings me to a brief discussion of the Liberal position.

The Liberal Position

The Liberal position makes a clear distinction between the functioning of the market and the State without setting up a false dichotomy of “State *versus* markets”; it rather believes in “State *and* markets”. The Liberals recognize a close association between the State and the market, and believe that each has its legitimate area of efficient operation. Neither can, nor should, attempt to do what the other can do. For the liberals, the State and the market have only instrumental value – to promote the welfare of all. Investing them with intrinsic value is a path that leads to ideology and dogma.

The Liberal view of government calls for modesty in the domain of action of the government. This call springs, not from a dogmatically etched role of the State, but from recognising that the capabilities of any institution or individual are only finite. The alternative view, which ideologically promotes State intervention, implicitly assumes the following about the government:

- **Omniscience:** The government is completely aware of what is best from the point of view of promoting

society’s welfare and can take decisions on behalf of all members of society.

- **Omnipotence:** The government has the power to enforce its decisions throughout society

These assumptions lead to, what Hayek so famously called, “The Fatal Conceit”⁵, that believes that a single authority can somehow do things better than the spontaneous, unstructured, complex and creative forces of the market. To be free of dogma, one has to consciously move away from the idea of a perfect government, while taking care that one does not touch the other extreme of assuming perfectly functioning markets. That path takes us towards market fundamentalism which so mistakenly invokes Adam Smith’s invisible hand as a justification for the removal of all government regulation.

Economists have investigated the conditions under which a *hypothetical* economy governed only by self-regulating markets (i.e. the invisible hand) would reach equilibrium and maximise social welfare. The major conclusion has been that the conditions required for the invisible hand to operate perfectly, are so restrictive that no real society is likely to fulfil all of them. Consequently, it is quite conceivable that the functioning of the economy cannot be left to markets alone. The most usual cases where governments intervene are regulation of monopolies, provision of safety nets for the poor and, in the context of the current crisis, in the presence of imperfect information⁶ as Joseph Stiglitz has so forcefully pointed out in his research. However, where government regulation has sought to *supplant* rather than *supplement* the market, its success has been much more limited.

In the second best world that we inhabit, one has to inevitably live with imperfect alternatives. Hence, there will be market failures, which will call for government intervention and there will be government failures, which require a modest role for the government.

Where Do We Go From Here?

There will be dramatic changes in the way the US financial system will be organised in the years to come. Change will come not just out of the experience of the financial crisis but also from the policies that will be initiated by the new US President. It is fair to say that the way in which the financial system is organised the world over will also change along with the advice that the IMF offers to countries facing financial crises.⁷ The transition to a newer version of capitalism will be long drawn out and painful and, yet, a new version will emerge much as it did after the Great Depression.

None of this of course gives any credence to the claim of the Left about the end of “Neo-liberalism” (Patnaik, 2008). In any case, it is not even clear to me what the Left means by the pejorative term “neo-liberalism”. As far as I can see, any movement away from the extreme Left position is branded as neo-liberalism since Leftists are unable to see any difference between market fundamentalism (an ideological position) and the Liberal position which believes in the co-existence of the State and the market. The financial crisis does send strong signals and these are in the direction of appropriate government regulation where there are informational asymmetries, a signal that unregulated financial markets may not be self-correcting and that periodically there will be recessions or even depressions unless regulation can help prevent these. But, of course, there is no guarantee that government regulation will always be successful. After all, we live in an imperfect world...

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Footnotes

¹ Refers to the fundamental contribution of John Maynard Keynes in his book *The General Theory of Employment, Interest and Money*, originally published in 1936 by MacMillan publishers (London).

² The New Deal, introduced by President Franklin D. Roosevelt’s to pull the USA out the Great Depression, was based on the theoretical contributions of J. M. Keynes.

³ I am employing here the modern view of political economy which is quite distinct from the classical political economy of Adam Smith and David Ricardo.

⁴ Incidentally, it has also been pointed out that if the Glass-Steagall Act were still in place Bank of America’s purchase of Merrill Lynch would have not been possible.

⁵ Friedrich von Hayek won the Nobel Prize in Economics in 1974. The book being referred to on page 3 is *The Fatal Conceit: The Errors of Socialism*, The University of Chicago Press, 1988.

⁶ Sellers of complex financial products securities – for example, the subprime mortgages that were bundled with other securities – may have access to information which they may not share with buyers. When the subprime mortgages went bad the value of the bundled securities dropped dramatically.

⁷ Jayati Ghosh (2008) is correct to point out the disconnect between the bailout in the USA and the advice offered to Asian countries during the Asian currency crisis of 1997. Asian countries were then advised to let the banks fail with all the attendant evils rather than bail them out as the USA is currently doing.

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Flat, Long and Absurd

Commodity prices go up and they go down. Now, if only somebody could tell this to the government.

Flashback. Steel prices were at record highs earlier this year because of the global economic boom and manic pre-Olympics building in China. That was when the steel ministry hit out against what it believed was profiteering by the steel companies, said to be feeding the inflationary fire. There were threats of controls unless prices were “voluntarily” brought down by these evil firms.

Fast forward. The bubble has burst. Global steel prices have tumbled and many firms such as ArcelorMittal have announced production cuts. Indian steel companies too are under pressure. The very same firms that were demonized in April are now being treated like innocent babes in the woods. There is talk of fiscal sops, funded by taxpayers.

Steel companies deserve neither extreme. Surely they know business cycles are inevitable. The ministry should know that meddling is no substitute for coherent long-term policy.

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Obama Wins Big: Analysis of an Avalanche

B. Ramesh Babu

History is made when small changes over time quietly coalesce into a transformation or a new train of change is triggered by the unexpected. Obama's dramatic victory can be seen as a culmination of both

At about 11 p.m. on Tuesday, 4 November 2008, Senator Barack Obama (Democrat, Illinois) became the President-Elect of the United States of America. It was indeed a historic moment in American politics and a significant landmark in American history. Such episodes happen only once in one's life time and Obama's victory will be etched in the minds of millions of Americans and hundreds of people all over the world for a long time to come. When he takes office on 20 January 2009 as the 44th President of the United States of America, he would make history. History is made when small changes over time quietly coalesce into a transformation or a new train of change is triggered by the unexpected. Obama's dramatic victory can be seen as a culmination of both – gathering changes and chance or luck. The ascent of the first African-American to the highest office in the land will have far reaching impact on the American society in general and lives of African-Americans in particular in the years and decades to come. The credibility of America as the land of opportunity is renewed all over again. Obama has brought a new lease of life to Rev. Martin Luther King's famous dream, "WE SHALL OVERCOME"!

Comprehensive Victory

The Obama-Biden team won comprehensively. His triumph over McCain by a margin of nearly 8 million votes (65,340,608 to 7,358,053) is certainly a big victory. His endorsement by 53% of American citizens of all hues, age groups, and political persuasions is certainly a record in recent American presidential elections and surpassed the 50.8% popular vote won by President George Bush in 2004, which was considered a landslide of sorts. Obama's margin of victory in the crucial Electoral College (364 to 174) is even more noteworthy. The Obama-Biden team not only won the big states that are traditionally Democratic, but also a majority of the swing states and some traditionally Republican states. The composition of the Obama-Biden vote is also highly impressive on many counts: 68% among the first time voters; 66% in the age group of 18-29; 67% among Hispanics; 96% among African-Americans; 55% among women voters and 49% among the male voters.

However, the significance of Obama's victory goes

much beyond the numbers. He symbolises and also leads the transformation sweeping the nation over the last two decades. His victory is an indictment of the last eight years of the failed economics and politics of President Bush at home and abroad. The enthusiasm and excitement his candidacy attracted, the huge cheering crowds his rallies drew, and the joy and tears his victory has aroused all over the country are to be seen to be believed. I am indeed fortunate to be a witness to the making of history! To a nation groaning under the ravages of deepening recession, Obama brought a message of hope and the welcome prospect of a better future.

A Gracious Loser

In his very gracious speech conceding defeat at the polls, Senator McCain publicly acknowledged as much. He said that he and Obama had fundamental differences, advocated different principles and divergent philosophies of governing the nation; the American people have spoken clearly; and he respected their verdict. The financial crisis and the economic meltdown that hit the nation during the final weeks of the long and arduous race to the White House certainly helped Obama and the Democrats, it must be added. The battle cries of the Republican rightwing in favour of free enterprise and free market unhindered by government regulations seemed out of sync with the enveloping disaster on the economic front. With the falling of the giants on Wall Street, collapse of big banks and insurance companies, hundreds of thousands of workers losing their jobs, consequent denial of health care to more families, more and more people losing their homes each passing day because of defaulted mortgage payments, America was a nation in despair in the fall of 2008. The American people are so worried about their bleak future that the Iraq War, the Taliban and international terrorism, and illegal immigration — the hitherto big issues of the campaign - suddenly receded into the background. Ideologically the US was back to the era of the Great Depression of 1929 and the New Deal of Franklin Delano Roosevelt. The Bush sponsored \$700 billion bailout of the mega financial houses, insurance giants and big banks, which precipitated the economic crisis, amounted to a repudiation of capitalism, free market, and small government

as espoused by the neocons and the Republican rightwing till recently. In fact, Obama's victory can be seen as the demographic vindication of the rise of urban America and the eclipse of small town values, rightwing populism, and "Middle America", as championed by McCain and more so by his running mate Sarah Palin, Governor of Alaska. In fact most observers of the presidential elections of 2008 hold the view that she was a drag on the GOP ticket.

Obama's victory certainly has a unique and deep emotive significance to the African Americans as a community, and a minority. Blacks (men, women, and youth especially) will walk taller. But, more importantly, the fact that the WHITE HOUSE will be the dwelling place of an illustrious BLACK FAMILY called the OBAMA's for the next four years could enhance and speed up the forward march of American democracy as the LAND OF OPPORTUNITY for all Americans. America's credibility at home and abroad has been restored. Let us hope that the first African American President of the US will have

the wisdom and stamina to keep his promises and have the patience and perseverance to herald "the change" that was his winning slogan.

As I write these lines I am reminded of the colourful words of a Southern Baptist preacher of the 1970's vintage. He observed in his own inimitable style:

"We ain't what we wanna be.
We ain't what we gonna be.
But, thank God. We ain't what we was."

I hope and pray that such an axiom of moderation and stark realism will be the ruling doctrine of the nation in the years to come.

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Obama's Problems Have Just Begun

Nitin Raut

Contrary to general belief it is under the Republican Administration that India-U.S.A relations have been more stable and mature. Under the Democrats it was more polemical.

Barrack Hussein Obama's election as the first African American to be elected President of the USA, epoch-making as the event is, overzealous comments and romanticized analysis will not sustain the euphoria. Poetically there are miles to be traversed. In real politics an arduous task lies ahead for Obama.

It cannot be denied that Obama is a novice to a whole range of issues that a U.S. President is confronted with. Many world leaders including India looked for signals but these signals are not clear. However the shape of policies that will emerge has one bottom line – the interests of the U.S. as a dominant and undisputed Superpower. In campaign polemics if McCain wanted 15000 more U.S. troops Obama wanted 10000 in Afghanistan. Some of Obama's signals to India should be viewed with concern.

In terms of global involvement the difference whether it is a Republican or Democratic Administration is a matter of degree. Will Obama have the diplomatic finesse and the strategy of Ronald Reagan who induced the Soviet Union into an arms race which the Soviet economy was unable to cope with ushering the collapse

of the Soviet Union without a shot being fired; or will he be brash and abrasive like his predecessor in committing U.S. in military intervention when an honourable exit becomes more perilous. Obama in power will not be able to just order a U.S. pullout from Iraq or Afghanistan overnight. At the most he may endeavour to reduce U.S. engagement in Iraq and Afghanistan but not without retaining US hold to checkmate Iran. It is here that Obama will grapple with dilemmas of policy imperatives and campaign commitments – a choice that is bound to raise more questions sooner or later. After all the U.S. has vital interests in the oil rich Gulf States.

The argument that race barriers have been pulled down could well be an overenthusiastic reaction. The economic crises and the U.S. wars in Afghanistan and Iraq queered the pitch against 'Dubya' Bush and Obama was the only other alternate choice. Would the results have been different if there had been a third candidate as in 1989 when Ross Perot contested the elections? Anything is possible, to borrow Obama's comment. Obama's problems have just begun. As the U.S. President, he is also the leader of NATO – all white nations. In the

U.S. the whites continue to dominate the Senate, U.S. Congress, the Press, influential think tanks, lobbies, civil services and business. Obama, given his African origin and Muslim lineage can ill afford to upset the White Anglo Saxon Protestant group. It is Obama who will have to go along with the white sand not the other way round. Any attempt by Obama to make U.S. foreign policy African centric or even deviate slightly on West Asia could well raise race and religious controversies in the U.S which the Republicans not too surreptitiously had raised and had got publicity in the Press. Obama is well aware and will not be audacious to challenge the well entrenched white Anglo Saxon Protestants without inviting a stigma of racism in reverse.

Some of Obama's comments on Jammu and Kashmir and outsourcing of jobs can barely generate India's enthusiasm. Obama had initially also opposed the Nuclear Deal. Will its operationalisation encounter hurdles? Will Obama in his enthusiasm make Pakistan a key ally and encourage the latter's belligerency towards India?

Contrary to general belief it is under the Republican Administration that the Indo-U.S. relations have been more stable and mature. Under the Democrats it was more polemical.

During Reagan's two terms (1981-1988) the relations, frayed in the preceding decade over the Bangladesh war, were put on an even keel and George Bush Sr. continued the process (1989-1992). Although the relations deteriorated under the Clinton Administration following the Pokhran N-test under the Vajpayee Government, Pakistan's Kargil incursion saw Clinton adopting a refreshingly realistic position and refused to hold Indo-U.S. relations hostage to the Pakistan factor. Under the

Dubya Bush Jr. Administration the signing of the Nuclear Deal blazed a new trail in Indo-U.S. relations. In the last decade there has been a growing realization of India as a strategic ally of the U.S. given its sensitive geopolitical position and as an emerging economic power. The Democrats have different perception of China and attach importance to the "special relations" with China. Obama had also opposed the N-Deal. Therefore here again India will have to juxtapose its national and strategic interest with that of the U.S. keeping in mind India's long term economic and strategic goal. Indo-U.S. economic cooperation will have to be accelerated as diplomacy is economics. India's concern should not becloud the need to tactfully handle the U.S. under Obama Administration the contours of whose policy is yet to take shape. India should also not allow internal vote bank politics obfuscate its larger goal of continuing India-U.S. cooperation in India's national interest. Outgoing U.S. President Bush was perhaps the first American President to raise the Indo-U.S. relation to the status that was long due and India should keep the process on the track.

There is however an important lesson for India's politicians if they are prepared to learn from the US elections. No sooner Obama reached the magic victory figure of winning 270 electoral colleges, the Republican candidate John McCain while conceding defeat gracefully complimented Obama who humbly reciprocated the gesture. This is worthy of emulation as they rise above partisan politics and unite to safeguard the national interest. No endless rounds of slanging match of empty rhetorics and malicious allegations so familiar among leaders of Indian political parties.

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A Challenge and an Opportunity for India

... There have been dramatic changes in India since the economy became more open, but of these changes, almost the only one that has filtered down to rural parts is the cell phone... The poorest Indians today want proper schools for their children, preferably those that teach English, they want pucca houses, regular supplies of electricity and clean water. In the bad old days, they did not know that they had a right to such things or that it was possible for them to demand them from their governments.

India has changed immeasurably for the better since we moved away from socialism. The communists know this and they make policies in West Bengal that are capitalist by any standards. They want private investment so badly they are prepared to acquire land from the poor and give it to the richest men in India, but when it comes to gloating over the supposed collapse of capitalism, they are out there waving the red flags of communism.

Tavleen Singh, *The Indian Express*, October 26, 2008

Point Counter Point

Ashok Karnik

Every issue has at least two sides. A wise man examines all sides before coming to a conclusion. This is an attempt to present various sides of an issue so that a considered opinion can be formed.

Hindu Terrorism

1) What we were afraid of has happened. The disease has spread. Islamic terrorism is met with Hindu terrorism. All sensible people refuse to identify terrorism with any religion, as the two terms are contradictory in essence. However, there is no need to split hairs over it since the two groups are hatching diabolical plots in the name of religion. All suspected terrorists are being shielded by their co-religionists, claiming that they are victims of political bias. There may be police errors in isolated cases but to absolve all criminals alleging political bias is a travesty of justice. How do the protectors of the arrested persons (on both sides) instantly and instinctively conclude that they are innocent? If the police are so biased across the board, why not disband them? How can we leave our security in the hands of men we do not trust? *Prima facie*, we must go by what the police claim and later try to find holes in their theories. Now after the arrest of a Hindu group for the Malegaon blasts, there should be no fears that the police are targeting only one community. Maligning the police and defending terrorists does not befit the high ideals people pretend to uphold.

1) The Sangh *Parivar*, which has been shouting itself hoarse, claiming that vote bank politics is responsible for the weak action against terrorism, had the opportunity to set an example. They needed to condemn terrorism *per se*, without prefixing it with a religion; mere dissociation from an organisation is not enough; violence against the innocent needs to be condemned unequivocally. Attempts to find excuses for murder are a specious intellectual exercise. Mumbai and Gujarat riots, for one side, and anger against the frequent jihadi attacks, for the other side, are the ready excuses. Does it not revolt their conscience when they explain away the killings of the innocent? 'Hindu Terrorism' has indirectly strengthened the jihadi demand that all the past terrorist attacks should be reinvestigated in the light of the newfound terrorism. More strategically, what have the 'Durga Vahini', 'Abhinav Bharat' etc. gained? Terrorism anywhere aims at weakening the State by shaking the people's faith in their government's ability to protect them. This, in the long run, damages the credibility of the State and the country becomes rudderless. The terrorists' masters across the borders have this aim. Who is the target of Hindu terrorism? Which State are they trying to weaken?

Regional Terrorism

2) As if 'religious' terrorism was not enough, our destructive genius has manufactured regional terrorism. Election rhetoric or not, the Maharashtra Navnirman Sena (MNS) has started a process that is spiraling out of control. MNS has made it a practice to threaten anyone who does not agree with its policies. The cause could be right or wrong but it presumably works on the hypothesis that unless threatened, people do not obey. In a short span of time, we have had attacks on non-Maharashtrian taxi drivers, shops not displaying Marathi sign boards, Railway exams allowing 'outsiders' to appear for tests in Mumbai etc; and there is no end in sight. Each issue has a grain of merit but resort to physical threats to highlight these issues makes one wonder whether we are not descending into chaos. What happens in Mumbai finds immediate echo in UP and Bihar. Defiance of the rule of law is the *modus operandi* of both sides. Where do we stop? A Bihari youth brandishes a weapon in a bus in Mumbai; his death

2) If a cause has merit, is there no way of promoting it peacefully? Violence will beget more violence and the cause would be lost. There is no dispute over the demand that 'sons of the soil' should get preference for unskilled and semi-skilled jobs. Can the Railways not be asked to disclose figures of employment from Maharashtra in Maharashtra? Railway zones transcend state boundaries and the Railway Recruitment Boards have to hold exams for various regions together. The agitation not to allow outsiders to appear for exams in Mumbai is therefore, patently wrong. Some sanity can be shown in the matter of name boards too. Authorities should be pressed to implement government orders in this regard instead of attacking the offending shops. A persuasive approach would yield greater dividend rather than generate hatred for Maharashtrians elsewhere. The opponents of MNS should also realise that irrational statements from them would rally the 'Marathi mannos' behind the MNS.

at the hands of the police is immediately condemned by Bihari politicians; a UP labourer is 'lynched' (?) near Mumbai and the same politicians jump into calling Maharashtra a banana republic. Bihar accusing other states of lawlessness is a joke!

I think there are several cities in this city and the Mumbai-Bombay divide is also something that has always existed except that we didn't identify it as such earlier.

Shobha De

Triumph of Values

3) Barack Obama won. Great news for America – nor because Obama is going to solve all their problems. Obama's victory is victory for a higher principle. Americans have finally risen above the centuries old race prejudice. They have shown maturity to recognise that human values need to transcend prejudices. Obama may or may not become a great President but his election should make Americans feel proud. Obama's victory is not merely symbolic like we in India like to prop up a minority leader. He is not a Mayawati who gets elected because she cobbled together an alliance of various castes. Obama has secured the support of the majority (whites), which makes him different. Obama shines through his erudition, eloquence, inspirational ideas and his charisma. He is first an exceptionally talented individual and then incidentally a black man. His blackness did not come in the way of his representing the whole of America.

4) Obama's election need not be materially advantageous to India. That is not the point. In fact, in his haste, Obama may be tempted to solve the world's problems quickly. His intervention in Kashmir may not resolve the problem at all. It was Bush who changed the US equation with India but he ended up as an unpopular President. Obama's election has much wider implications. It should make us do some introspection. Can we overcome our prejudices of religion, caste and languages? We are in the depth of these divisive forces at present, fighting battles over petty issues. Can we find an Obama of our own? - Not necessarily a minority representative but a man/woman who would inspire us to rise above ourselves. It will not solve our problems in one shot but we can at least start digging ourselves out of the mess of our creation.

Readers are invited to send in their points of view on serious issues of the day to avkay@mtnl.net.in

The 500th Issue of *Freedom First*

For 56 years *Freedom First*, dedicated to promoting Liberal Democracy through an understanding of the liberal philosophy, has been the beacon for individual liberty, dignity, cultural freedom, an open economy and national integration. In February 2009 *Freedom First* will be publishing its 500th issue

Freedom First was founded in 1952 by the late Minoo Masani, a participant in India's freedom struggle, an author and parliamentarian and a founding member of the Swatantra Party.

This half century and more have been eventful years. Perhaps the only liberal journal of its kind in India, articles published in *Freedom First* have always presented frank analyses of major and critical events, offering a liberal perspective on men and matters. At no time did we flinch from saying what needed to be said.

The 500th issue will carry articles selected from the 499 preceding issues in areas which would be highly instructive, to a generation largely unaware of many an event since independence, penned by many distinguished personalities, some of whom are no longer with us, on subjects ranging from politics and economics to social and cultural subjects. This volume, we are confident, will be cherished as a collector's item.

Freedom First is routinely circulated among members of Parliament, politicians, academics, leading members of the bureaucracy, professionals and especially the present generation of corporate and business executives, apart, of course, from our subscribers. Given this background the planned special issue will have a high degree of visibility. This would be an ideal platform for potential advertisers.

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Piracy in the Gulf of Aden

I. C. Rao

Reports indicate that pirates from Somalia have been paid about US\$ 20 million in ransom payments in 2008, and this practice is seen by ship owners as the only viable option of practical relevance in the midst of a humanitarian crisis.

Speedy and effective action by the Indian Navy in the Gulf of Aden on 11 November foiled an attempt at hijacking an Indian bulk carrier the Jag Arnav owned by Great Eastern Shipping of Mumbai. The 38000 Ton Jag Arnav which was carrying barley from Odessa to Jubail in Saudi Arabia was attacked by two boats. A distress message from the Master saved the day for the 25 Indian crew on board. The Indian Naval Ship Tabar was only 25 miles away and could launch a helicopter with Commandos armed with automatic weapons. Commandos from INS Tabar had earlier also saved the Saudi vessel NCC Tihama, and fired on its attackers who retreated into Somali territorial waters. These two successes were the fortuitous outcome of the Indian Navy's policy of establishing a presence in the Gulf of Aden, which lies within the area of responsibility of the Western Naval Command. Patrolling of the Gulf which has been undertaken from July yielded dramatic results on 11 November.

The hijacking of Stolt Valor with 18 Indian seafarers on board first brought home to the Indian public the distress caused to Indian seafarers by rampant piracy in the Gulf of Aden. Piracy was first reported in this region in 2006 and has rapidly increased to the extent that 65 ships have been hijacked during the first 10 months of 2008.

The danger zone in the Gulf of Aden is 700 km long and 140 km wide, with Yemen on its northern border and Somalia to its south. It is a vital sea lane connecting Europe to the Arabian Sea through the Suez Canal. The only alternate route for trade from Europe to the Arabian Gulf and the Indian subcontinent is via the Cape of Good Hope.

Recognising the dangers of hijacking from pirates based in Somalia, ships hug the northern coast of the Gulf of Aden. However there is collusion between the pirates based in Somalia and their fraternal tribes in Yemen which has resulted in the capture of over 100 ships upto 50000 dwt since 2006. The *modus operandi* of the pirates is to have two boats running on the same course ahead of the target vessel. The boats are separated by a distance of about 100 metres with a rope strung across. When the bow of the target vessel snags the rope, the boats are automatically brought alongside. The operation is executed

invariably at night. The pirates grapple the ships guardrails and clamber up the ship's side under cover of darkness. Fifteen or twenty ruthless pirates take the crew hostage and steer the vessel to a small anchorage inside Somali territorial waters, before daybreak. In some cases the officers on watch on the captured vessels have been able to send off an SOS message or distress signal before being incapacitated. In most cases even this is not possible.

The 25000 dwt vessel Stolt Valor which was hijacked on 15 September has a crew of 22 of whom 18 are Indian nationals, two are Filipinos, one is Russian, and one is Bangladeshi. The ship registered under the Hongkong flag, is owned by a Japanese shipping company and chartered by a Norwegian Company. It is operated by a ship management company from Hongkong. The ship is insured by a British Company with offices in Luxembourg. Ebony ship management based in Mumbai is the manning agent. The ship was headed for Mumbai carrying 23000 tons of petroleum products, which would be valued at over Rs.100 crores. In this case an alert officer on board the Stolt Valor managed to inform the piracy monitoring centre at Singapore which circulated the news to all concerned agencies.

The wife of Captain Goyal, the Master of the vessel, made an impassioned plea for action by the Government of India and has succeeded in ensuring that the Ministry of Shipping puts the weight of the Government of India behind the rescue efforts. A delegation headed by Mr. Mohan, the Chairman of the National Shipping Board went to Japan in October to impress on the Government of Japan and the owner of the vessel to negotiate the release of the crew. However the outcome of the delegation's efforts have not been made public. It is also learnt that professional negotiators were appointed to deal with the hijackers. In the meantime the crew members have been able to contact families and the ship manager, through satellite radio, occasionally.

The pirates demanded a ransom of US \$ 6million which has been reported as having been reduced to US\$ 2.5 million. The ship was released on 16 November after negotiations in Hongkong which included a representative from the Mumbai based National Union of Seafarers of

India. No details of the ransom paid have been made public. The crew has not been physically harmed, but their condition will obviously be critical. They have suffered an ordeal of two months with their safety threatened constantly. Food and water would have run out and the sanitary conditions must have been terrible. More details will be available when the ship reaches Mumbai on about 20 November.

Reports indicate that pirates from Somalia have been paid about US\$ 20 million in ransom payments in 2008, and this practice is seen by ship owners as the only viable option of practical relevance in the midst of a humanitarian crisis.

There have been persistent demands for action by the Government of India including an armed rescue bid on the captured vessel. The realities are that once any vessel has been captured, any attack or even threat of an attack on the vessel could lead to some, if not all, the hostages being killed by the pirates who are completely lawless. In this case all the crew members are not Indians, nor does the vessel belong to India. The vessel was in the port of Eyl, in Somali territorial waters and though the Government of Somalia had given permission to some NATO Navies to intervene, the Indian Government did not take any initiative to authorize Indian naval vessels to do so. This is overdue as there are over 1 lakh Indian seafarers serving on board most of the well known shipping companies of the world. The situation on the Somali coast has escalated further with the hijacking of the Ukrainian vessel *Faina* with a cargo of 36 T-72 tanks on board and other military hardware. Ships of the NATO

Navies have surrounded the vessel and the situation is still tense, at the time of writing.

Aden is 2000 km, and at least four days sailing time from Mumbai. Therefore the Indian Navy has been deploying warships in the Gulf of Aden region to establish its presence, carry out surveillance and be available at short notice for any contingencies as happened on 11 November. For any meaningful deterrence it is essential that the Navies of all the affected countries should cooperate and have a task force under the aegis of the International Maritime Organisation, IMO, to protect the merchant marine. A suitable base for this task force is available at Djibouti where the French Navy has maintained a presence. It is impractical to organize a World War II style convoy system in such a busy corridor. However, vulnerable vessels could embark sea marshals in the same way that air marshals were mandatory in the USA during the rash of hijackings by Cubans. The long term solution is for the international community to persuade the Government of Somalia to destroy permanently, the pirates' bases along the coast, and keep the sea lanes free for innocent passage by the merchant marine, a right which has been the first priority for international trade for centuries. This is how piracy in the Malacca straits was eliminated in the Nineties, with resolute action by Malaysia, Singapore, Indonesia and Thailand. The same policy will be the remedy for the Gulf of Aden. As the Government of Somalia is not in full control of its territory a United Nations task force should be deployed to secure the Somali coast from piracy.

VICE ADMIRAL I. C. RAO retired from the Indian Navy in 1993 and is settled in Navi Mumbai.

The Fable of the Centipede

With a tip of the hat to respected L. K. Advani, and Rupa Publishing Co., may I share this amusing anecdote from Advani's autobiography 'My Country, My Life' (Rupa 2008), p. 131. Advani had just begun his public service career, as Chairman of the New Delhi Metropolitan Council, in 1967:

"The Lieutenant Governor of Delhi during those three years was Adityanath Jha, perhaps the last surviving Indian Civil Service (ICS) officer. When Indira Gandhi first joined the government in 1964, as Minister of Information & Broadcasting in Shastri's Cabinet, Jha was a Secretary in the Ministry. Due to his long experience as a senior bureaucrat, interacting with him informally was always a pleasure. Once when Jha and I were discussing the question of minister-bureaucrat relations, Jha recounted to me an interesting fable. This was about a centipede which became afflicted with arthritis. Naturally, for the centipede, the ailment was extremely agonizing. Her family, unable to see their mother suffer such excruciating pain, advised her to consult the Wise Owl living on a nearby tree. The centipede went to the Wise Owl who, after listening to her woes, gravely pronounced: 'Your problem is that you have too many feet. The remedy is simple. Convert yourself into a crow, and the pain will be considerably mitigated.'

Mother centipede returned home very happy, and shared the Wise Owl's prescription with her children. One of the little ones asked: 'Mother, but how will you convert yourself into a crow?' The centipede felt stumped. 'I forgot to ask him that' she said, and forthwith proceeded to the Wise Owl again to get his guidance.

Jha completed his narrative thus: 'The Wise Owl's response was that of *First* a typical minister: *My function is to lay down policy; how to execute it is your job!*'

Contributed by: Freedom First subscriber, Dan Driscoll, in Goa.

Come On, Liberals: Let's Change India!

Property Rights and Land Acquisition

Sanjeev Sabhlok

This month I'd like to begin by exploring the concern a reader has raised about the urban governance model I had suggested in my November article.

Noting that 'elected representatives are equally corrupt and non-accountable' and that 'persons of integrity stand little chance of getting elected', the reader thinks that the model I proposed won't work, at least not before other things happen first, such as speedy trials of corrupt people.

It is true that a large number of interconnected reforms are needed in India. But to avoid getting lost in this complexity, I suggest that we look at each area in isolation and determine the best policy for that area. We want policy compatible with freedom; policy that will deliver accountability while being mindful of human nature. This set of best policies can then become a blueprint of reforms that we can aim to, together, deliver to India through political organisation.

The local governance model I proposed last month works without corruption in many parts of the world. Therefore I can't see any major reason why it won't work in India. Let us insist on local governments where council CEOs can be hired and fired by elected representatives. Separately, let us explore policies to expedite court trials of the corrupt. I will review the policies of justice in a separate article.

Origin of Property

The defence of our property is critical to our continuing freedom. Freedom and justice are of one piece, and, as David Hume noted, '[t]he origin of justice explains that of property'. In each of our transactions we leave a memory of relevant accountabilities and attributions. Attribution, namely, who it is that owns a particular consequence, determines the ownership of property during and after a transaction. Some transactions leave a physical residue we call goods; others, being a service or intellectual property leave behind the memory of an experience or thought.

Socialist Aversion to Property

Socialists differ sharply from liberals in their conception of property. The socialists' main aim is to achieve economic equality by robbing Peter to pay Paul. They aim to do this by abolishing private property and vesting it in the state. But even if they succeed in

abolishing private property for an instant, new private property and inequality springs to life like a Houdini springing out of his cage. A pen, paint brush, or a good voice can generate untold wealth and upturn utopian socialist goals.

India's initial Constitution was largely liberal and allowed for substantial property rights, but socialist Nehru soon enacted land ceiling legislation to confiscate lands above a certain size, and sheltered these illiberal laws under the Ninth Schedule of the Constitution. Later, through the 25th Constitutional amendment of 1971, Indira Gandhi removed the Constitutional requirement to compensate people for their land compulsorily acquired by government. An unspecified 'amount' was now deemed sufficient in lieu. State theft was thus fully institutionalised.

The biggest blow to property rights was administered by the Janata Party, a rag-tag bunch of socialist factions, some of which later formed the BJP. The Janata Party abolished the right to property through the 44th Constitutional amendment of 1978. In the past, Article 19(1)(f) had guaranteed Indians the right to acquire, hold and dispose of property. This was repealed. We therefore have no Constitutional property rights today. Property is merely a legal right revokable by simple majority in Parliament.

The utopian system of socialism always attracts the most evil people. Even as they have publicly pursued populist socialist policies to undermine property rights, our socialist politicians have exported unimaginable public wealth from India into their Swiss bank accounts. This fraud has been facilitated by not maintaining accurate and transparent land records. The free West, on the other hand, has developed technologies to strongly protect people's titles in land, which has facilitated new investment and economic success.

Compulsory Land Acquisition and Land Re-zoning

The main reason we form a nation through a social contract is to maximise our security and freedom. National security is, in many ways, a precursor of freedom. Where national security so requires, we agree to exchange our property rights in a *particular* piece of land with

comparable land elsewhere. So, for example, if I own land on top of a hill but the army needs to build a fort on it, then I agree to hand over my land in lieu of just compensation. Similar arguments apply to major roads such as the Golden Quadrilateral which can expedite troop movement in India during a crisis, or to roads in border areas.

But what about compulsory acquisition of land for ordinary economic infrastructure: things like small roads, local dams or sewers, or land for schools and universities? And what if a local government re-zones our land from residential to non-residential, potentially reducing its value? Are such actions of elected governments compatible with our freedom? Yes – they are, provided a genuine public interest is met and just compensation paid.

Validation of the public interest can be done through local governments through public consultation including small referendums, in addition to the necessary declarations of public interest from the state or central governments. Compensation can then be determined by an expert panel headed by a retired High Court judge to ensure that not only taxpayers get good value out of this acquisition but the property rights of those whose land is being acquired or re-zoned are protected. The panel should, in the first instance, aim to acquire land only through voluntary consent.

Our current methods to determine compensation ('amount'), being primarily based on figures from registered sales, are flawed since sale prices are under-reported in India to save stamp duty. In addition to this basic

information, innovative ideas including those from experimental economics should be used to assess values. Economic modelling and experimental markets can assist in arriving at the optimal value proposition for everyone. In principle, if a net present value of Rs.10 is created from the infrastructure, then up to Rs.5 should be available for sharing with those whose land is being acquired, either as a one-off payment or a long-term annuity.

What about compulsory acquisition of land for purely private purposes – say, when Tatas want to build a factory in Singur? That is clearly out of bounds: coercive acquisition of land to benefit the shareholders of Tatas or for any other purely private purpose is repugnant to a free society. Game playing may well occur between Tatas and its competitors in consequence, potentially preventing the quick private acquisition of land, but that cannot be used as an excuse to use the state's coercive powers. Markets must find their own solutions to competition.

Freedom Team of India

The above discussion has barely scratched the surface of property rights and policies to protect these rights. But I do hope that such discussions will sufficiently motivate you to consider joining the Freedom Team to deliver such policies to India (see <http://freedomteam.in>). The point to remember is that the policies of freedom won't get adopted and implemented in India without a major political battle to be fought by the liberals. Let us 'Arise, awake, and stop not till the goal is reached' (Vivekananda).

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India Needs Men Like Anil Kumble Not only in Cricket But Everywhere

Freedom First salutes a great human being and a great cricketer
- Anil Kumble.

The following two extracts from a tribute to Kumble on his retirement paid by Harsha Bhogle the well-known Cricket commentator, says it all:

"In course of time, like with the legends, we will remember Kumble by his numbers. They are extraordinary but the picture they paint is beautiful and incomplete. They will not tell you of the dignity with which he played the game, of the integrity he stood for and the extraordinary respect he carried in the cricketing world; as a bowler but even more so, as a man.

I have been an open and unabashed fan of Kumble's... At all times he has been tough and relentless but he has also been dignified. A great competitor, a great cricketer and a great man. And a proud Indian."

Harsha Bhogle, *The Indian Express*, November 3, 2008



The Happy Ninth Anniversary refers to the Bangalore based monthly *Education World* the outstanding "Human Development Magazine" founded by Dilip Thakore. *Freedom First* joins cartoonist Samita in congratulating Dilip Thakore and his team on the occasion of *Education World's* ninth birthday.



Cornucopia

Firoze Hirjikaka

Free Market or No Market

Attractive pay packets come out of attractive profits – and a company cannot make profits if it is forced to retain unproductive and surplus employees on its payroll.

The sacking of 1900 employees by Jet Airways (later reinstated) engendered totally predictable reactions. The sacked employees impulsively turned to militant parties like the Shiv Sena and the Maharashtra Navnirman Sena, who are only too happy to jump on the political bandwagon. It has given them a heaven-sent opportunity to portray themselves as champions of the oppressed and garner media headlines. It won't be long before the right wing BJP and Left parties get into the act. It is all about politics and votes.

The thing about us Indians is that we want the best of both worlds. We certainly do not want to return to the dark days of Nehruvian socialism, where it took years to purchase a new, already-obsolete automobile; or to get a telephone connection. We want all the benefits of a free market economy – rising middle-class incomes, wide choice of goods and services, burgeoning dollar reserves that have removed the humiliation of Indians traveling abroad on a beggarly foreign exchange allotment – but we don't want to shoulder the risks that come with that.

One of the fundamentals of a free market economy is that supply has to be proportional to demand. You cannot demand job security as a right; especially in the private sector. You cannot, on the one hand, delight in the hefty pay packages that corporate India is offering these days; and then act horrified if you are laid off in difficult times. Attractive pay packets come out of attractive profits – and a company cannot make profits

if it is forced to retain unproductive and surplus employees on its payroll. It is as basic as that. In the US, many airlines – far larger than Jet – have been forced to declare bankruptcy and close down. It could happen here too. And then what? Not 1900, but 19000 employees may find themselves jobless. What will the self-styled champions of the common man do then?

Whatever opinion one may have of the United States, one cannot deny that it is the richest country on earth. But that does not insulate its citizens from risks in the job market. With the financial crisis currently going on, literally thousands of workers have been laid off at very short notice. They accept it as one of the calculated risks of living in a free market economy. There are no mass protests; and certainly no one would think of approaching a political party for relief.

Although India has made impressive economic progress in the last decade, it has never realized its full potential. The primary cause of this is the constant interference of politicians in corporate affairs. Long term gains are often sacrificed at the altar of short term expediency and self glorification. That is why Ratan Tata's bold gesture in pulling out of Singur is so significant. For the first time, corporate India has sent a strong message to the country's politicians that constant meddling and grandstanding for the public's benefit can have serious consequences. The pull out will hit them where it hurts – eroding their vote banks. One can only hope that other corporate czars are brave enough to follow suit.

I Dream of America

Is the American Dream a good thing or a bad thing?

First of all, I freely admit I am not an American. That said, I have more than a passing interest in the political process in the greatest democracy in the world. I have assiduously watched all three Presidential debates – not to mention the entertaining sideshow featuring the smirky old guy and the pit bull with lipstick. I got most of it, but some quintessentially Yankee expressions continue to elude me.

Take this esoteric and mysterious entity called the

"American Dream". John McCain mentioned it in the first debate; and the second; and the third. As a fun exercise, I started to keep a count of the number of times he said it, but in the middle of the third debate, the task proved beyond my limited maths capability. Both candidates wished the American Dream on Joe the plumber, Stan the man – in fact darn near everyone but the hated guys with the golden parachutes. The problem, for me at least, is

Cont'd. on p.19

Rites, Rituals and Festivals (7)

Suman Oak

The foundation of the intellectual aspect of Indian Culture was laid down by our ancient sages. They strived to progress from ignorance to knowledge. What these sages discussed, debated and passed on to the later generations was beyond the understanding of the common people. The other aspect i.e., social conduct was taken care of by intelligent but shrewd and sharp men with very little consideration for the lofty philosophy of the sages. For a peaceful society they strengthened the social structure laid down by the Varnashrama system. For the moral rectitude of the masses they reinforced ritualistic devotion by writing the Brahmanas that gave concrete shape to rituals of worship and thereby assimilated almost all tribes and their deities into the eclectic Hindu religion. Most of us accept the role assigned to us and faithfully observe all traditionally inherited customs and rituals. We have got to overcome this weakness and inertia and start thinking afresh about our customs and ritual.

The intention, here, is not to condemn all rites, rituals and festivals outright but to look at their utility, propriety and necessity critically, and loosen their grip on the minds of our people. (For the full text of this introductory note to the series please see the January 2008 issue of FF (No.488) or email us at freedom@vsnl.com for the text. – Ed.

Tulsi Vivah

Tulsi Vivah is a family ritual and, as usual, performed by the ladies of the family on some day from *Ekadashi* to *Purnima* in the month of *Kartik*. This year it was to be performed from the 9th to the 14th of November. It is said that Lord Vishnu wakes up on the 11th day of *Kartik* from his slumber of four months (*Chaturmas*) during the rainy season. In this ritual, the priests recite the *Jagriti Mantra* - chant for awakening the Lord, after which the idol of the toddler Krishna is turned to face the *Tulasi* plant. The *Tulasi* plant is then married to the infant Krishna. This is also considered a celebration of the marriage of Lord Vishnu's Krishna incarnation with *Rukmini*. *Kanyadan* i.e., giving away one's daughter in marriage brings great merit to the father. In this country of ours where a female foetus is aborted as soon as its conception is revealed, the fathers who have no daughters to give away, can still achieve merit year after year by marrying *Tulasi* to the lame toddler (*Langda Balkrishna*)! Many rich people with no daughters to give away perform this ceremony with all fanfare like a real marriage (minus a hefty dowry) and accumulate merit.

Tulasi is a revered plant that can grow up to four feet in height. It blossoms in erect crests with plenty of very small flowers. *Actually* *Tulasi* is a wild plant called *Tulas*. But as it came to be valued and venerated the original *Tulas* known to tribals was Sanskritized to *Tulasi*. Not only the Hindus but people of many other faiths worship *Tulasi*. Its scientific name is *Ocimum Sanctum* meaning Holy Basil. The ancient Greeks and Italians believed the holy basil had extraordinary powers. It is also believed that a basil plant grew on the grave of Jesus Christ.

It is customary among Hindus to offer leaves of various trees and plants to their idols during *Pujas*. Over

three centuries ago, our saints Namadeo and Tukaram squarely rebuked devotees for the pig-headed practice of snatching leaves from live trees and offering them to lifeless idols carved out of stone.

Instead of giving up this practice of denuding the trees, our modern, quite often convent-educated devotees extol the "scientific wisdom" involved in the practice. The aim of these rituals, they emphasise, is to get closer to these trees - banyan, holy fig tree, basil plants etc.- which improves one's health. What an empty claim! How many times in a year do these devotees (some women and a priest no other men) go near the trees and circumambulate them? How long do they remain there? These occasions are just a few in a year lasting less than half an hour each time. Most of this time is spent in performing rituals hurriedly recited by a priest, for he has to conduct several such functions within the interval prescribed for this ritual in the Hindu almanac. Since rituals are of great importance and consequence, and not the holy trees, branches of those trees that are readily available in the market at appropriate time are bought and brought home as symbols of the living trees and are worshiped!

Let us return to our main theme-the *Tulasi Vivah*. This plant is undoubtedly of great therapeutic importance. It is used medically to treat cough, cold and fever. *Tulasi* seeds are soaked and used in cold drinks like Falooda. *Tulasi* leaves are rubbed on affected spots to control eczema. Instead of growing forests of this vitally important medicinal plant we confine it to a pot embedded in a cement altar called *Tulasi Vrindavan* in the back yard. This stunted plant is married year after year to the same infant Krishna, usually in a minor ceremony but at times with great fanfare to accumulate greater merit to ensure a happier birth the

next time.

A number of mythological stories are woven around this ritual. A few drops of *Amrit* (nectar, the drink of the deities) fell on earth when the ocean of milk was churned. A *Tulasi* plant that grew out of it was given to Vishnu by Brahma according to the *Skandapurana*.

The story of the *Brahmavaivarta Puran* tells us: In ancient days there lived a king called Dharmadhwaja. His queen, Madhavi bore him, as she ought to, an extremely beautiful daughter. Being a real beauty, she was called *Tulasi* (one who has no match). This damsel undertook a great penance to win over Vishnu as her husband. But instead of Vishnu, Brahma was pleased and appeared before her! She narrated to him the story of her previous birth, when she was a *Gopi* called *Tulasi* and became Krishna's favourite. Radha became jealous of her and cursed her to be born a human in her next birth. But Krishna assured her that even as a human she will attain him. At this Brahma told her that before attaining Vishnu in her human incarnation, she will have to marry Shankhachud, a demon, who too was a *Gopi* cursed by Radha to become a demon. He had loved *Tulasi* as a *Gopi* but could not marry her. She therefore would have to fulfil his wish before she gets to marry Vishnu. Brahma then taught *Tulasi* a 16 word *Mantra* that she started reciting and eventually met Shankhachud. They promptly married and started living together happily; but not for ever! Due to *Tulasi* being an utterly faithful, chaste and dutiful wife, a *Pativrata*, Shankhachud became very powerful and power led to insolence. Then he invaded the heavens where the gods lived.

The gods, as is their wont ran to Lord Shiva for help. *Tulasi*'s piety and austerity had made Shankhachud so powerful that even Shiva could not defeat him. Then Lord Vishnu had to break the spell of *Tulasi*'s merit to rob Shankhachud of his powers. He went to *Tulasi* disguised as Shankhachud and ravished his guileless wife. Shankhachud instantly lost his power and was felled by his enemy, the gods. When *Tulasi* realized that the male who enjoyed her was not her husband she was enraged and cursed Vishnu to become a stone. Vishnu reminded her that in her earlier birth she had aspired to become Vishnu's wife and undertaken a severe penance to achieve him; he therefore had come to fulfil this wish of hers. Then he blessed her that she will acquire a divine beautiful countenance and become his (Vishnu's) wife as dear to him as Lakshmi herself. With Vishnu's blessing a river, Gandaki, was born out of her ravished body and a plant called *Tulasi* grew out of her hair. Vishnu became a smooth rounded stone called *Shaligram*, found in plenty on the banks of the river Gandaki and Shankhachud became a

conch. All three - *Tulasi* leaves, *Shaligram* and the conch - became essential accessories in Lord worshipping Vishnu.

Another story tells us of another demon Jalandhar and his wife Vrinda who too was extremely faithful, chaste and dutiful wife whose merit made Jalandhar invincible. The rest of the story also is more or less the same. There is a more somewhat modern and "filmy" story where the heroine Kishori is fated to become a widow on the day of her marriage as her husband would be struck by lightning. She therefore decides to remain a virgin and spend her life in various religious rituals including the *Tulasi Vivah* and in the service of Brahmins. This made her more beautiful than ever and many young men wanted to marry her even at the risk of losing their lives. Two of these aspirants had become desperate. One was the son of a Gandhi (vendor of perfumes) and the other Mukund, of course the hero, was a prince. The prince patiently undertook a penance to the Sun god while the perfume vendor disguised himself as a woman and hastily held Kishori's hand. Instantly a thunderbolt struck him and he died. The prophesy having been fulfilled thus, the hero and the heroine married and lived happily thereafter but not forgetting the *Tulasi Vivah* ritual. How powerful this ritual is!

But what about those who are least concerned with accumulating merit but want to create a happier secular world within their short life-spans? These stories extolling the merit of the rituals are full of irrational discrepancies and are for those who are unscrupulous opportunists exploiting the gullible who do not ask questions. A sceptic would ask a number of questions to which the orthodox pundits have no answers.

The aim of the compilers of the Puranas in concocting stories like these seems to be to confine women within the home, keep them illiterate, make them extremely docile and obedient and remain in the devoted service of their husbands, be they men or demons. They teach us that a man has every right to love a woman and obtain her but the woman cannot refuse him unless there happens to be some divine intervention. The woman is not supposed to tell her husband; has to refrain from wrongdoing or bring a wayward husband back on the track. When all the consorts of the great gods, Laxmi, Saraswati, Rukmini, etc., are dumb observers of their husbands' misdemeanours what can mortal women, aspire to do? 'Theirs is not to question why but theirs is to obey, serve and die.'

MS. SUMAN OAK, retired as Lecturer of Education, SNDT University; is associated with Streehitakarini, Centre for the Study of Social Change and the Andhshradha Nirmoolan Samiti, and is a freelance writer.

From Our Readers

Living Dangerously

This has reference to Prof R. Srinivasan's article," Living Dangerously" and snippets from Mr. Saba Naqvi published in *Freedom First* of November 2008.

On Naxalites whose writ runs over a third of India's land area: In the recent Vigilance Week that went by, a top police officer of Orissa reportedly said that corruption in public administration is more dangerous than Naxalism. The adage goes that ' fish rots at the head' and unless politicians - our rulers - by and large, do not stem this rot, the malady will only aggravate.

Dr. Srinivasan and his ilk talk of disruption of communal harmony in Orissa and Karnataka. Who are responsible for this? He conveniently omitted any reference to the horrendous murder of an octogenarian Swami with four associates including a woman for no fault but opposing conversion activities of the Missionaries and bringing neo-converts back to the Hindu fold. Similarly, in Karnataka, reprehensible literature were distributed by a Christian sect making abusive references to Hindu gods and goddesses.

However, Dr. Srinivasan rightly exposed the pan-Asian enterprise of the Church to Christianise Mongolia, Bhutan, Sri Lanka and even Tibet. To top it all, the 80% Buddhist population has been reduced to 18% in a matter of 50 years in South Korea. Does he support such activities in India? While I do not hold a brief for the VHP or Bajrang Dal, as far as I know, they (VHP and BD) are active in those areas where rampant and aggressive conversions are going on. All the communal conflicts occur, in my opinion, because of the lack of respect on the part of the Church vis-a-vis other faiths. Mahatma Gandhi was also critical of the Church's activities for harvesting souls.

I need not counter point by point what Father Dominic Emmanuel, spokesman of the Delhi Catholic Church and Mr. Shahid Siddiqui, editor of Urdu Weekly, *Nayi Duniya* quoted by Mr. Naqvi. But may I ask with all humility, whether Christianity and Islam respect Hinduism? If this is answered honestly, communal conflicts will be a thing of the past.

S. C. Panda, Bhubaneswar

Triple Shock

Like me, many readers must have been shocked to read the report in *The Times of India* (November 3) of the razing of the statue of India's revered leader, the late Sardar Patel, in UP by Mayawati's regime. This is a national insult and needs to be condemned and the statue restored to its site.

I am equally shocked that the Congress has not raised its voice in condemnation. After all, it was Sardar Patel, the "iron pillar" of the Congress who cemented the post-Independence India into one nation. And I am shocked that the BJP which raises its voice on lesser issues has not condemned this act against the Sardar who is often claimed by the BJP as its very own.

The final shock has to be that a paper of the stature and influence of *The Times of India* chose to give less than three inches hidden on page 9, to this shattering news.

Perhaps India does not deserve its heroes.

Farrokh Mehta, Mumbai

123 Agreement Vs Hyde Act

If diatribe and cheap jibe against the intellectual eminence of Arun Shourie who has written incisive and well researched books on varied subjects is the logic to prove the point of the article, the author has eminently succeeded (*Freedom First* No.496 October 2008 - International law in the context of the nuclear deal). It would be presumptuous on my part to claim any expertise on the issue of Indo-US agreement. However, I have invested some thought in following with interest about the arguments advanced in the TV media and in mainstream papers. It is apparent that till now the last word has not been said on the subject and equally weighty arguments have been presented and the

opinion is deeply divided on the applicability of Hyde Act to 123 Agreement. Diametrically opposed views have been expressed by equally eminent political analysts and scientists of eminence.

The other aspect is that the additional power expected to be added is around 3% to 4% to energy pool at considerable cost. It must be remembered that whenever the Western countries tried to suffocate India's development either stopping supply of heavy water or sharing super-computer technology, India's scientists met the challenge. Now this agreement may act as a dampener of any initiative to aggressively explore other alternative measures to increase our energy pool.

However, the issue needs to be evaluated from an altogether different perspective. Let me detail some pertinent and disturbing developments which tend to throw light on the real motive of both our Prime Minister Manmohan Singh and President of America George Bush in concluding this agreement. From the beginning it was quite obvious that both of them had staked their personal reputation to see that the agreement was concluded. But in the case of our PM, quite contrary to his reputation as a person of impeccable honesty and integrity, he violated his repeated solemn assurance that he would seek the approval of the parliament before operationalising the deal but went ahead to conclude the agreement. This is setting up of a dangerous precedent for it violated the democratic principle. Why? In contrast the very same Bush at no time ignored either the Congress or the Senate and took them into confidence. In that sense Bush stands at a higher pedestal compared to our PM in adhering to democratic principle. In fact in the Senate the expectation was that a killer amendment would be introduced. However, the Bush administration managed to win over the dissenting Senator by either pressure tactics or more likely the hunch is that when it comes to the crunch the Senator was assured that provisions of Hyde Act will prevail over 123 agreement. The Hyde Act will act as the small print of the agreement if India tries to flex its nuclear muscles. It would not be difficult for America to pressurize any of the 45 NSG countries if it tries to deal with India which goes against the interest of American design. It is obvious that *Dal me kutch kala hein* for US does nothing without a hidden motive

H. R. Bapu Satyanarayana, Mysore

Are Hundreds Holding Millions To Ransom?

A person known as Raj Thackeray with his violent methods and political agenda and with a few persons at his disposal is able to browbeat the entire city of Mumbai, which has a population of around ten million people. Now, the fact is that while a few persons are involved in beating the non-Maharashtrians, around ten million people of Mumbai are not involved in this dastardly act. Nevertheless, the persons indulging in such goondaism get away and gain enormous publicity in the media, that help in making a particular person responsible for such uncivilized act, look like a mass leader.

At Singur in West Bengal, the Tata's Nano project had to make a hasty retreat even though hardly five thousand people indulged in agitation against this project at the site, while more than 60 million people of the state were not involved in the agitation. The West Bengal government, with all the forces at its command, could not stand up to a few hundred demonstrators.

In Tamil Nadu, an actor turned politician recently held a rally in Chennai city where around one lakh people from all over Tamil Nadu were reported to have participated, which virtually paralysed traffic on the road in the city on that day causing great hardship to thousands of people in the city. While one lakh people participated in the rally, the fact is that more than five crore people in the state did not participate in the rally.

No one can forget the fact that a few innocent girl students were burnt alive a few years back in Tamil Nadu, when a few persons belonging to a political party indulged in agitation in support of their political leader. Three innocent journalists were killed when a few persons protested against the write up that appeared in a Tamil newspaper *Dinakaran* in Madurai in Tamil Nadu sometime back. The office of The Hindu was attacked by a handful of miscreants recently protesting against an editorial against LTTE.

Thus, it can be seen that such agitations or rallies do not represent the views or will of the very large section of the population. They are given much importance in the media than what they really deserve. In today's conditions, it appears that what is required to get publicity and media attention is to make a nuisance of oneself!

It is disturbing that a few people and sometimes only handful of them are able to paralyse public life by taking

the law into their own hands and they break street lights and stone vehicles without fear of the law or consideration for others, in the name of a cause.

Repeatedly such incidents are taking place all over the country where a small group or a political party commanding enormous financial resources are able to bring the traffic and public life to a halt and damage public properties at will with gay abandon.

Today, in India, the silent majority has been taken for granted by small group of people and politicians who are willing to take the stone and throw it anywhere. Obviously, our democracy which has been made chaotic by such elements is costing the nation dearly.

Should we not call such conditions as the breakdown of law and order and the unwillingness of the law enforcing agencies to carry out their duties and responsibilities in curbing such practices as failures of governance? Is it not a fact that the politicians in the country and fringe political groups who are largely responsible for such law breaking methods of protests repeatedly are being glorified much beyond the justifiable level?

Obviously, the public opinion, often expressed in the media against such practices of small groups by several helpless and well meaning citizens, is seen as being impotent, with the politicians both in power and out of it not bothering about such views and protests at all.

The “chaotic democracy” which is in practice in the country can be viewed as an aberration to some extent but it has now reached such a level that it is causing serious set back to the economic and social progress of the nation. The task before the country today is to find some mechanism to curb the irresponsible acts of such politicians and fringe groups, who should be made to realize that they cannot have a free run at the cost of society and progress anymore.

Probably, the silent majority should break their silence and start protesting in an effective manner, of course, in a dignified way that the silent majority is known for. This may call for some sacrifice on their part.

Otherwise, the country will go down under the weight of this chaotic democracy.

N. S. Venkataraman, Chennai. Email: nsvenkat@md4.vsnl.net.in

Cornucopia *(Cont'd. from p.14)*

that neither candidate actually defined what the American Dream – clearly some sort of benediction – was.

So I did what most confused folk do today – I Googled it. Here's the Wikipedia definition: “The American Dream is *belief* in the *freedom* that allows all citizens and residents^[1] of the United States to achieve their goals in life through hard work.” Hard work? Doesn't sound particularly dreamy to me. In his book “The Epic of America” James Truslow Adams describes the American Dream: “It is not a dream of motor cars and high wages merely, but a dream of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable.” Huh? I thought it was precisely about fancy cars and big pay packets. A recent Reuters report informs me that Mexican workers are increasingly quitting the United States and coming home, disillusioned with the American dream.

So now I am even more confused. Is the American Dream a good thing or a bad thing? I don't believe John

McCain is a vindictive man, so if he wishes the American Dream on Joe the plumber, it must be a good thing. But if it is a good thing, why are the Mexican workers disillusioned with it? My head is spinning. Somebody please enlighten me.

The other oddity that baffles foreigners is “earmarks”. When I first heard this word, I instinctively looked at Obama's ears for piercings and diamond studs. That does smack of bias, I admit, but by any stretch of imagination, I cannot picture McCain with earrings. An American friend explained to me that earmarks referred to pork barrel items that were surreptitiously inserted into large appropriations requests. Yeah like that helped a lot. Now I have to wrestle with pork barrels. I am aware of the American obsession with body parts and food, but this is ridiculous. I did not bother to go back to my friend for clarification. My brain is already on overload.

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Between Ourselves ...

Economic reforms in India were triggered when our economy went bust. Forty years earlier the *ancien regime* had opted in favour of a command economy and we steadily shrank while countries that opted for a free economy prospered. The establishment did a long-overdue 'U' turn and in less than 20 years our rate of growth doubled. Today we are in the midst of a global economic downturn. Did we do wrong? If we are to listen to the 'Left', a euphemism for the commies, we did and they now claim credit for having put the brakes on the UPA with a 'No' to almost everything and succeeded in freezing the reforms process. According to them their 'No' saved India from greater disaster. We have Dr. Ajit Karnik, who teaches political economy, in setting the record straight and explaining what the Liberal position ought to be today's situation.

A major factor in the overwhelming victory of Barack Obama as US President was the economic meltdown and the "incumbency" factor (a word we are very familiar with here in India). The two stories in this issue, the severest economic crisis after the great depression of 1929 and the election of a Black American are therefore connected. We have Dr. Ramesh Babu, who in an earlier article (September 2008) described the election scene in August as one favouring McCain. So did Dr. P. M. Kamath in a subsequent article (October 2008). But

the meltdown radically changed the picture and come November 4, Obama romped home. Dr. Ramesh Babu who was in the States when he wrote both the first one and the second writes in his article: "I am indeed fortunate to be a witness to the making of history!" Nitin G. Raut who has also written on the subject is somewhat less excited.

The January issue is on the forthcoming elections to Parliament next year. We are happy to report that Professor Jagdeep Chhokar recently retired from the IIM Ahmedabad and a founding member of the Association for Democratic Reforms (ADR), an organisation dedicated to electoral reforms has accepted our invitation to write on the dilemma of the voter confronted with very poor levels of public integrity of parties and candidates, in making an intelligent choice and related matters.

February 2009 will be the 500th issue of *Freedom First*. The Advisory Board has decided to commemorate this milestone with a selection of articles from the 499 issues on politics, economics, social and cultural issues by outstanding individuals many of who are no longer with us. We can assure you that it will truly be a collector's item. You will find more details and a request for help elsewhere in this issue.

Editor

Many Voices

We can't be ideological in the face of human misery.

French President Nicolas Sarkozy,
The Economist, November 13

The civil society should also become vigilant against all terrorists of whatever religion or group. As communal riots were major danger in twentieth century, terrorists attacks are for 21st century.

Dr. Ashgar Ali Engineer,
Secular Perspective, November 1-15

A nation's confidence is not measured by its foreign exchange position nor by its nuclear strength, but by its sense of humour. A man without humour is an animal without its horns or tail.

K. K. Khullar, in the column 'Now and Again',
The Statesman, November 4.

The Obama victory shows us that we may be the world's largest democracy, but America is the world's greatest democracy. It's not just the obvious fact of a Black man getting to the White House. It's also the way in which he did it...by refusing to run as the caricature 'Black candidate'. In India, we are a long way from that point.

Vir Sanghvi in his column 'Counterpoint'
Hindustan Times, November 9

The whole examination system and how we select students should be re-examined. It does not groom leaders. Even Mahatma Gandhi, were he to take the CAT (Combined Admission Test) would have failed.

Dr. Pritam Singh, former IIM Lucknow Director,
Outlook, September 29

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