

India's nationalism should be about its economy, not history



Raghuram Rajan & Rohit Lamba

Jun 7, 2022, 12:17 IST



India's guiding light should be becoming a \$10 trillion economy by 2035, with states also setting high goals

This is the fifth article in an occasional series by the two authors

We live in an increasingly dangerous world. Old power structures are waning and new ones emerging. Countries are jockeying for influence. As suggested by the number of foreign dignitaries visiting New Delhi to seek its support, India, with its large population, will inevitably be a player in this new Great Game.

In this fraught external environment, national unity is immensely important as outside powers will be looking for internal divisions to exploit. Unfortunately, our

ever-present divisions based on religion, caste and language are re-asserting themselves today. In part, the causes of this divisiveness are economic. When the overall economic pie is not growing fast enough – according to JP Morgan, our real GDP is still 6-7% below the pre-pandemic path – and jobs are scarce, positive sum games that grow the pie turn into zero sum adversarial games where every leader strives for a bigger share of the pie for their community. This can already be seen in the increasing job reservations for locals in various states. And, of course, governing party politicians seek to deflect from their economic underperformance by raising issues of identity that distract people from their lived reality.

How does the country reunite to face the external challenges ahead? Liberals believe that the Constitution, with strengthened individual rights and more institutional checks and balances on the government, is the blueprint we need. This is certainly part of the answer. But constitutionalism may not offer a sufficient counter to the demagogue who brings people into the streets by reciting a litany of historic wrongs to be righted. We need a bolder national reunification programme that stirs people to action, while turning them away from the allure of identity politics.

There are few more powerful integrative forces than nationalism. Unfortunately, nationalism that seeks its underpinnings in the large canvas that is Indian history immediately runs up against the divisive question, 'Whose history?'

Each state needs to have its own ambitious goals, along the lines of Tamil Nadu's "\$1 trillion by 2030". The citizenry should be drawn to embrace the economic project, making it a national passion

Instead, let us build national pride around economic achievements. Economic strength is not just nice to have in the current global environment, it may be existential in some ways. The stronger our economy, the more we will be able to spend on protecting ourselves, the more countries will attempt to seek our favour. Economic growth will also be the means by which our soft power and values can be projected on a global scale.

Equally important, a national agenda that ignites a collective search for inclusive sustainable growth can stir the blood of people and propel them to great actions. In his book, *The Passion and the Interests*, Albert O Hirschman describes how the pursuit of economic development in Europe tamed more violent fratricidal passions and put it on the path to power. India too needs an all-encompassing national focus on raising living standards, which will make India powerful, not so much to impose its will on others but to preserve India's sovereignty, democracy, cultural values and diversity in the face of outside and inside threats.

To some, the pursuit of economic betterment is a low-level selfish goal. Yet it is a form of self-actualisation that offers our youth an attractive alternative to that of finding purpose in incendiary causes. Suketu Mehta's book *Maximum City* captures the unifying power of a collective striving for economic progress beautifully: "And at the moment of contact, they do not know if the hand that is reaching for theirs belongs to a Hindu or Muslim or Christian or Brahmin or untouchable or whether you were born in this city or arrived only this morning. All they know is that you're trying to get to the city of gold, and that's enough. Come on board, they say. We'll adjust."

The government's slogan "A \$5 trillion economy by 2024" was a step towards this agenda. It was simple and had a definite timetable. It had one crucial problem, however – it was unachievable, even had the pandemic not intervened. While 2024 will come and go, we should rearticulate the slogan with some modifications; 'A \$10 trillion inclusive and sustainable economy by 2035' is an ambitious goal (requiring about 8% growth a year in real terms) but achievable. Furthermore, it places necessary qualifications on how we reach that goal.

The qualifications are obvious. Inclusive because we cannot leave minorities, the marginalised, and socially disadvantaged groups behind, else we will perpetuate both societal division and economic stagnation. And sustainable because we cannot afford to despoil our environment further without the environment hitting back in calamitous ways.

Thus stated, the goal can be a guiding light for the next decade. We need our political leaders, however, to shout it from every rooftop. They must create a popular imagery around the national economic project that also makes it a

cultural and political project. The citizenry should be drawn to embrace it, making it a national passion of the sort that took South Korea from a developing to a developed country in three decades.

Each state needs to have its own ambitious goals, along the lines of Tamil Nadu's "\$1 trillion by 2030". The decentralisation we have advocated in these pages would unpack these goals to the panchayat and municipality levels while equipping them with the three Fs – funds, functions and functionaries. Agencies like Niti Aayog could coordinate plans and be a forum for sharing best practices. Entrepreneurship, and the private sector more generally, should be free to flourish, not through subsidies and tariffs but through better regulation, innovation and competition. That is where growth will eventually materialise.

Finally, we should be careful to avoid economic isolationism. The protectionism embedded in excessive atmanirbharta (or self-reliance) will isolate us, risking national security, while also slowing growth. In contrast, if we have economic ties with many, we will not just be subject to less pressure or disruption from any one of them, but also we will have more countries interested in our continued wellbeing.

A single-minded focus on the economy will enhance not just our growth but also our security. It will also take us away from more divisive, dangerous and ultimately self-destructive pursuits. That itself is a worthwhile outcome.

Raghuram Rajan is a professor at the University of Chicago and Rohit Lamba is an assistant professor at Pennsylvania State University

Illustration by Ajit Ninan