

# The Case For Liberal Democracy

*India's political system has always risen to challenges facing the nation*

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**Raghuram Rajan and Rohit Lamba**

Our founding fathers chose democracy when India became independent. In this seventy fifth year of our independence, it is easy to miss how audacious, yet appropriate, that choice was.

In the horrendous aftermath of the Partition, it was not clear India would democratic one, whether the provinces of British India and the princely states could be welded together, whether their peoples would feel a sense of national differences of religion, caste, language, and socio-economic identities.

Mahatma Gandhi rightly feared the Indian elite's version of political freedom – that the brown sahib would simply replace the white sahib to lord over the largely poor and illiterate masses.

Against all odds, India emerged as a robust democracy. People grew into voters and voters into citizens. We were blessed that our early leaders were largely committed democrats, who set and then strengthened democratic traditions and practices. Consequently, they were able to correct course, and did so repeatedly. Democracy functioned as a safety valve, managing and mediating pressures that emerged from our vast country.

A collateral benefit was that our flourishing democracy gave us soft power internationally. We were respected as countries, even though our economic footprint was miniscule.

The passage of time did raise concerns about our initial design. First, our constitutional structure, perhaps influenced by the then caliber of governing leaders, credited the executive excessively with necessary when the nation's institutional capabilities were untested. Yet allowing the state substantial leeway to set its own powers against the citizen was problematic, especially since it allowed the entire government machinery to be suborned by a single individual.

BR Ambedkar acknowledged that "...if things go wrong under the new Constitution, the reason will not be that we had a bad Constitution. What we will

have to say is that Man was vile." Yet there were insufficient guard-rails against this.

Second, the Constitution decentralised only to the state level. It did not empower, fund, or staff government at the village or municipality level to any significant degree. In part, framers like Ambedkar believed that the village was "but a sink of localism, a den of ignorance, narrow-mindedness and communalism", and that India could be

dragged into modernity only if the more enlightened national and state governments took charge.

This meant there was no clear way to decentralise governance if required – if, for example, population growth made the country vastly larger and harder to govern from the Centre or state capitals.

Third, the economic system was left to be determined. Given the widespread resentment of the privy purses paid by a poor nation to the erstwhile maharajas, it was hard to establish strong protection for contracts between the citizen and the state, or for private property.

With our top leaders influenced by the dominant development narrative of those times, the Soviet Union, it was almost inevitable that the public sector would occupy the commanding heights of the economy, with the protected private sector playing a limited role.

These concerns were not merely academic. India experienced the dark side of authoritarianism during the 1975-76 Emergency, which hurt not just the Opposition but also the common man. Furthermore, the delivery of public goods to improve the lot of the ordinary was abysmal in the initial years.

Take education. In 1950, Indians had, on average, 1 year of education. In comparison, the then Chinese average was 1.8 years. By 1970, after 20 years of democracy, India had crept up to 1.7 while China had progressed to 4.2 years, over double India's level.

The virtue of democracy is that it can self-correct. After the Emergency, India strengthened its democratic institutions, though perhaps not sufficiently. Regional parties, some representing the underprivileged, captured more of the vote and better public goods.

The Constitution was amended to enable Panchayati Raj. The liberalisation of the economy, after a brush with crisis in the early 1990s, increased the demand for workers with skills. The average years of education in India more than doubled during 1970-1990 to 3.6 and doubled once again by 2015 to 7.4, narrowing the gap with China to 1.3 years.

Once again, though, our democracy and our economy need course correction. describe the recent decay of a range of Parliament, the judiciary, the Election Commission, academia, even the arts. Misguided attempts to associate the national political consciousness with a centralised Hindu identity is alienating dividing and weakening the country. Our relationship with friendly neighbouring countries has deteriorated, even while our northern neighbour appears increasingly willing to flex its muscles.

The difficult political environment is mirrored in a lost decade for the economy. There are bright spots, no doubt. But the euphoria in the stock market, part of a worldwide phenomenon, should not mask our inability to build substantially on past economic reforms. The capabilities of our people are once again falling below what are needed in an ever-more-competitive world.

By reverting to the populist and protectionist policies of the past, we risk frittering away the demographic dividend, and instead seeing crores joining the ranks of the frustrated unemployed. Today's dominant narrative, a beguiling but eventually debilitating cocktail of Hindutva-driven nationalism sweetened with populist welfarism, and made politically attractive by charismatic leadership, is partly why we face these challenges.

Once again, our liberal democracy can allow us to confront this narrative with persuasive alternatives that aim to improve our economic well-being, while preserving a strong open society that takes pride in our culture and our nation. The most fitting tribute to the seventy fifth anniversary of our independence would be for all of us to help make this possible by strengthening our democracy.

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

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