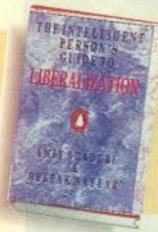


Discerning Critique

Finally, an intelligible look at liberalisation and the liberalisers



THE INTELLIGENT PERSON'S GUIDE TO LIBERALIZATION
by Amit Bhaduri and Deepak Nayyar

Penguin India
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By **ALOK RAI**

THE success of the economic policy reforms associated with the name of the good Doctor Manmohan Singh is universally bruited. Corporate types gush smoothly in the columns of the national papers; certificates are handed out by American investment bankers; our own middle classes drool contentedly over images of imminent western-style consumption. What a pity, then, that there are persistent reports that while the treatment is successful, the patient is doing quite poorly. In an ironic replay of Brecht's famous poem, it is the great mass of the Indian people which has failed the reformers, the Fund-Bank whiz-kids—and it might soon be time to order up another people, another country. Or will it?

It is difficult to overestimate the timeliness of this book. The country is deep in the throes of an economic transformation—whose concomitant political convulsions occupy our present attention. But as far as the national media is concerned, there is an obscene pretence that there is nothing really at issue here, no sirree! And anyone who seeks to critique this dominant consensus, to demur ever so slightly, is assumed to be mad or bad, probably both. This is nonsense, and Messrs Bhaduri and Nayyar have made it easier to demonstrate that this is so. The two authors are distinguished economists. They have trained and taught at some of the finest institutions in this country and abroad; one of them at least has been associated with policy-making at the highest level. Both of them are professors at JNU, once beloved of the media as a hotbed of *jhola*-carrying, Marx-spouting radicals, and now a UPSC nursery. Given the inertia of public discourse, however, it is important to clarify

that the authors of this critique are no starry-eyed radicals, absolved of empirical constraints. Thus, they give full weight to the balance of payments crisis of 1991 which, so to speak, concentrated the minds of our economic policy planners so wonderfully. India was perilously close to a default and, they argue, it was entirely right that desperate measures were resorted to in order to preserve our international credibility.

However, instead of treating that near-default as a fact of nature, the authors analyse the circumstances that led up to the crisis and evaluate the policies that sprang from it. They are careful to distinguish the crisis-drive component from that which ought, legitimately, to be strategy-driven. For, after all, how long can we live with the threadbare pretence that dire necessity

Seriously though, there are issues at stake here. There are policy choices to be made, priorities to be determined and exercised—and the authors argue forcefully that this must be done in an open and democratic manner. Denial of the right to information and debate is obviously anti-democratic; it is also, as it happens, detrimental to the health of the political market, which should be sacred to the marketers.

It is important to realise that this is no paleo-leftist, anti-market diatribe. The authors are critical of the 'Stalinist' planning process which was insensitive to the needs and desires of its hapless victims. However, they see a kind of bizarre continuity here with the 'Washington consensus'—these too cannot hear the cries of their victims, resonating throughout the (former?) Third World. The authors reject the false binaries of the mediaworld—Left or Right, pro-market or anti-market, pro-borrowing or Albania-autarchic—and offer the diligent reader arguments of subtlety and analytical rigour instead of the usual noisy half-truths.

There is a great deal that is worthwhile in

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Manmohan Singh: necessity and choice

forced us to do that and only that which we would have chosen freely to do anyway? There is a curious Panglossian quality about this policy-universe: coincidences abound, and there is an assumed harmony which reconciles the good of each with the good of all. Necessity is transformed into virtue, and what the peasant-scratching, unirrigated soil needs is oddly identical with what, *mutatis mutandis*, advances the interests of the TNCs and the bankers. What a wonderful world!

this book, though there are times when the doughty authors seem to struggle (and even fail) against the inherently grave and even rebarbative nature of their subject. I was grateful, however, when our economists turned anthropologists, if only for one brief chapter. In *The Hidden Script* they lay bare the belief-system and the reward-system of the tribe of liberalisers which has currently taken over the Ministry of Finance. Good stuff, so that we may at least chuckle sardonically—even as they take off for their silk-lined hutches in Washington and Geneva. ■