

# liberal

TIMES

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**Liberalism  
in  
South Asia**

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A Forum for Liberal Policy  
in South Asia

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**I**t is not seldom that the terms *Liberal*, *Liberalisation* and *Liberalism* are used interchangeably in a rather confused and obscure manner. Yet, Liberalism as a philosophy of liberal values and as a political and economic concept is rather well defined. At the core of the concept of Liberalism lies the principle of freedom. Therefore, democracy, rule of law, market economy, free trade and pluralism are integral parts of Liberalism. This further implies that values like tolerance, self-reliance, freedom of expression and attitudes like critical assessment, openness, dialogue and dissent, truthfulness and fairness are also inherent in this concept.

The essence of liberal beliefs was in fact defined in 1776 in the Virginia Declaration of Rights which formed a model for the Bill of Rights added to the U. S. Constitution 15 years later. It declared that "all men are by nature equally free and independent and have certain inherent rights" of which they cannot deprive themselves or their posterity. These were "the enjoyment of life and liberty, with the means of acquiring and possessing property, and pursuing and obtaining happiness and safety." The political theory of Liberalism has developed further since then. In the 18th century, the concept of modern constitutionalism was invented and economists like Adam Smith developed the most successful concept of political economy and the free market economy. 19th century saw the institutionalisation of some of these ideas.

In ancient times, the Indian subcontinent which now comprises the countries of South Asia, was a cradle of liberal tenets; with most of the societies being basically pluralistic in nature. Liberalism within South Asia has deep roots in the region's culture which has always preached tolerance and respect for different religions and beliefs. Most countries in this region are secular and practically all are functional parliamentary democracies.

Still, it is sad to note that Liberalism is far from being a mainstream or even a dominant thought. Even though the constitutions of most South Asian

countries provide for rule of law, yet there are other elements which encourage authoritarian trends and curtail the freedoms of the individual. Rule of law and liberal democracy are complimentary to one another. The objective behind rule of law is to protect the life and liberties of the citizens and to restrain the government from exercising unbridled authority, repression and excesses. Yet, rule of law is often abandoned for achieving narrow political motives and for concentrating power in the hands of the executive, to the detriment of human rights. Politicisation of the bureaucracy has further instilled authoritarian trends in administration. Authoritarian corrupt bureaucracy that is neither efficient nor effective has also been curtailing the freedoms of the individual.

Today, most South Asian countries are busy liberalising their economies and adopting economic reforms. Yet, the attempts at liberalisation seem to be half-hearted and somehow there appears a general lack of conviction in liberal polity. Liberalisation continues to be perceived as a western implant, as an indirect form of colonialism and hence an attack on the indigenous culture. Till the governments make serious attempts at eradicating these suspicions, the fast track to progress will not be achieved.

The time has come to take a fresh look at Liberalism and see what it has to offer the region. It is also time that an active debate on some of the key issues involving Liberalism was evoked, both among the people and the policy makers. By organising the *Convention on Liberal Values* in January 1996, the Friedrich-Naumann-Stiftung is taking a step in precisely this direction. The idea of course is to bring like minded people to join hands and exchange ideas which would definitely enrich rather than weaken the distinct cultures and traditions of South Asia.

*Fieger Axel*

# Any Hope for Indian Liberals ?

The ancient "Vedanta" tradition was a cradle of liberal tenets. The liberalism of ancient India, however, got suppressed under successive foreign rulers. Even the forces that came along with the freedom movement were all statist in the sense that they all favoured a strong interventionist state and even Gandhi's anarchism proved to be little more than a scoring point with them. Today, with the fall of the Nehruvian model, there still seems to be little hope for the liberal democrats. With the Government itself resorting to blatantly populist measures, a serious programme of liberalisation would require the restoration of law and order, clearance of the Aegean stables of the judiciary, further pruning of the forest of economic regulations, dismantling of the bureaucracy, restoration of fundamental rights under the constitution and the working out of a reasonable exit policy. By Sharad Joshi

## Misconceptions

Liberalism is far from being the dominant or even the mainstream school of thought in India. Worse still, most consider liberalism as an idea imported from abroad and as being derogatory to national pride. Within the country, the cry goes, that liberalism suits the convenience of the affluent and the strong minority and militates against the welfare security net that the weaker masses of the society need so badly. The defunct Nehruvian socialism is being replaced not by the vibrant forces of liberal entrepreneurship but by lumpen chauvinistic and communal jingoism.

The liberals, on the other hand, are handicapped under the electoral laws which require that to be eligible for registration and recognition, parties must swear allegiance to socialism and so reaffirm in a specific affidavit before the Election Commission. The situation is serious and fraught with grave consequences. If India goes the wrong way, even temporarily, the cost could be very high and the long term consequences could well spread to other regions as well.

## Seven Centuries of Liberal Eclipse

Is it true that liberalism is an alien

transplant on Indian soil? Liberal writers are partly to be blamed for this mistaken impression. Most of them come from the city-based, English-speaking westernised class of elites. In their writings, they trace the beginnings of liberalism to J. S. Mill and Adam Smith and of Indian liberalism to Dadabhai Naoroji, Gokhale, Ram Mohan Roy, Narmad, Phule, Agarkar etc.. These great masters remained briefly on the centre stage in the early days of British rule between 1860 and 1920, and were swept aside by the tide of nationalist-chauvinist and socialist forces. Liberal writers have left an impression that the pre-British indigenous culture was one of despotic authority tyrannising subjects resigned to their preordained fate. Apart from being untrue, this notion has given rise to a broad feeling that this alien phenomenon is unlikely to take roots here.

The '*despotic rulers and tyrannised masses*' scenario certainly fits the situation prevailing in India after Muslim invasions in the 13th century. Aggressors can never rule a conquered territory through liberal democracy.

Power in occupied territories, not only political but also educational, economic or even cultural, tends to get centred in the political government. Liberalism in India got stamped out as far as the non-Muslim subjects were concerned, except perhaps at the village level.

## Cradle of Liberal Tenets

That does not mean liberalism was unknown to India. In fact, there is reason to believe that ancient India was the cradle of tenets that form the core of modern-day liberalism. The traditional Indian societies were generally pluralistic. The King - Kshatriya by caste - was the unquestioned sovereign who was venerated as the very incarnation of Super-God 'Vishnu' but had little to do with the affairs of learning and of trade. Rajaji was fond of quoting a Gujarati proverb meaning, 'Where the King is trader, his subjects are paupers'.

This poly-centrism may not, because of its caste basis, pass modern-day scrutiny; but it constituted, at least in theory, a rare combination of muzzled monarchy and social prestige divorced from both wealth and power. The reality might not have been exactly as rosy as all that, but that such

values were cherished at all so early in history is itself remarkable when compared to the situation then prevailing in Europe, China or Japan.

The liberalism of ancient Indian society does not appear to have been limited to superficial social and political structures. The ancient 'Vedanta' philosophy comes very close to the philosophical assumptions of modern liberalism - the uniqueness of individuals, rejection of absolutism, scepticism of authority and trust in the efficacy of competition.

The 'Vedanta' system held the material world to be illusory and refuted all claims of authority by temporal institutions claiming divine contacts. Truth, beauty and goodness represent eternal pursuits - paths and not stations - on which even the mighty 'Shiva' wades his way. Secondly, every individual

charts his own course in life according to his inner inspiration. Despite the illusory nature of all existence, one is not to renounce action but pursue with full devotion all undertakings without any attachment. Thirdly, there is no contradiction between the unitary and the holistic. The inspiration of an individual is consistent with the objective of the Universe. All intermediaries like Church and Planning Commissions are pointless and counterproductive.

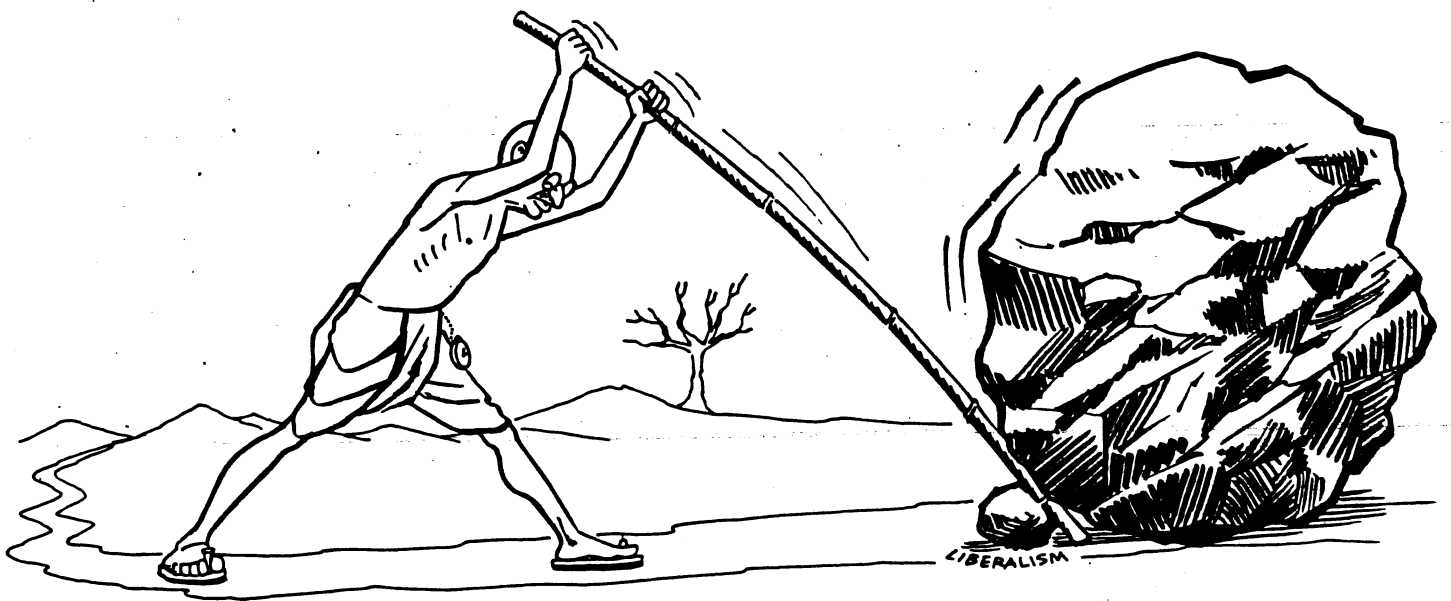
The tyranny of a monarch or of a church would have been inconceivable in the 'Vedanta' society. It is a pity that those wise men sought to increase their degrees of freedom

through abstinence rather than through generation of affluence. This made them vulnerable to attacks by barbarian hordes. Worse still, they succumbed to the vain glory that they had come to the end of history and could not do better than continue in static equilibrium till the end of time. Thus, they ordained the disastrous caste system - division of labour by accident of birth - resulting in internal contradictions that were to prove so disastrous.

#### Plethora of Statists

The British who, unlike the Muslim invaders had a liberal background, established the rule of law and in many ways treated India as a laboratory of model-building. After the revolt of 1857, they limited their rule to administration and colonial exploitation. Maintenance of the Raj, natu-





rally, had overriding priority. Consequently British rule, though soft by colonial standards, was far from being a liberal democracy.

The coming of the British gave rise to the grand masters of Indian liberalism, who generally held the view that freedom without equality would be pointless and that a period of probation under the British would help remove the iniquities of Indian society. It would also give birth to a genuine nation of unified people in a new era of freedom. But there were other schools which pandered to popular chauvinistic cravings more effectively.

Firstly, there were a number of socio-religious reformist movements which argued that there was nothing basically wrong with Hindu society. All it needed was some face-lift and a few corrections here and there. Hindus were divided and needed to be forged into unity through community activities. These movements promoted various activities like community or mass prayers on the lines of the Christian prayers and Muslim

'namaz'. This was tantamount to the abandoning of the essence of the Hindu's individualistic relationship with one's personal God. There were others like Tilak who used public worship of God Ganesha for political mobilisation.

Secondly, there were movements that sought to glorify indigenous traditions and history in order to concretise the idea of a Hindu Nation - yet another attempt to follow the example of the victors. They were ostensibly upholding Hinduism, but in fact jettisoning its precious core. The present day communal forces - Bhartiya Janata Party, Rashtriya Swayamsevak Sangha, Vishwa Hindu Parishad, Shiv Sena et al. - are descendants of these movements.

A third force that sprung up was basically a reaction to the attempts of the high-castes to arrogate to themselves the leadership of the entire Hindu people including those castes and communities that were not allowed to enter Hindu temples or to touch Hindu scriptures. These were

denied all access to education, to a decent livelihood and were considered untouchable. Ambedkar, Periyar Ramaswami Naicker and others organised certain castes and communities from the backward classes. The oppressed communities have traditionally been artisans and largely self-employed workers. A programme for the destringulation of village industries would have been appropriate for the general advancement of these people. It is strange that the leaders of the oppressed classes failed to evolve an economic programme of this type. To this date, the modern day descendants of this movement are infatuated with the reservation of jobs.

#### Gandhi - Proponent of Anarchism

Gandhi represented a platform much truer to Hindu thought that upheld at the same time some sort of ecumenism - the identity of all faiths. The Mahatma worked actively for social reform, propounded a village-based constructive programme for economic advancement and intro-

duced a spiritual dimension in political activity which was to become his hallmark. Truth and non-violence were his creed and he was opposed to the very idea of a state which could not exist without violence. Gandhi was as close as one can come to the idea of an anarchist society. Faced with the harsh realities of life, he made concessions and compromises in his later years to such an extent that he accepted at one stage the need to nationalise all basic industries. Nevertheless, Gandhism essentially stood for minimal and decentralised government.

The Russian revolution, claims of socio-economic achievements by the new czars there and their anti-imperialist tirades had struck a sympathetic chord and endeared socialism to the Indian masses as also intellectuals. The Congress Socialist Party was formed within the Congress itself and Nehru himself was full of socialist effervescence since his visits to the USSR. Socialism in India meant not nationalisation but rather ownership by the toiler. But the State was to be the instrument of this transformation.

### Socialist Brand of Statism

In sum, the "Vedanta" tradition of liberalism got suppressed under successive foreign rulers and the forces that came along with the freedom movement were all statist in the sense that they relied on the state to be instrumental in the desired transformation. All of them favoured a strong interventionist state. Gandhi's anarchism proved to be little more than a scoring point. Independent India, instead of marking the first step in the direction of dissolution of the state, as the Mahatma envisioned, became an infamous example of a licence-permit regime with all its inevitable consequences: poverty, illiteracy, unemployment, indebtedness, inefficient and corrupt bureaucracy, criminalisation of politics et al.

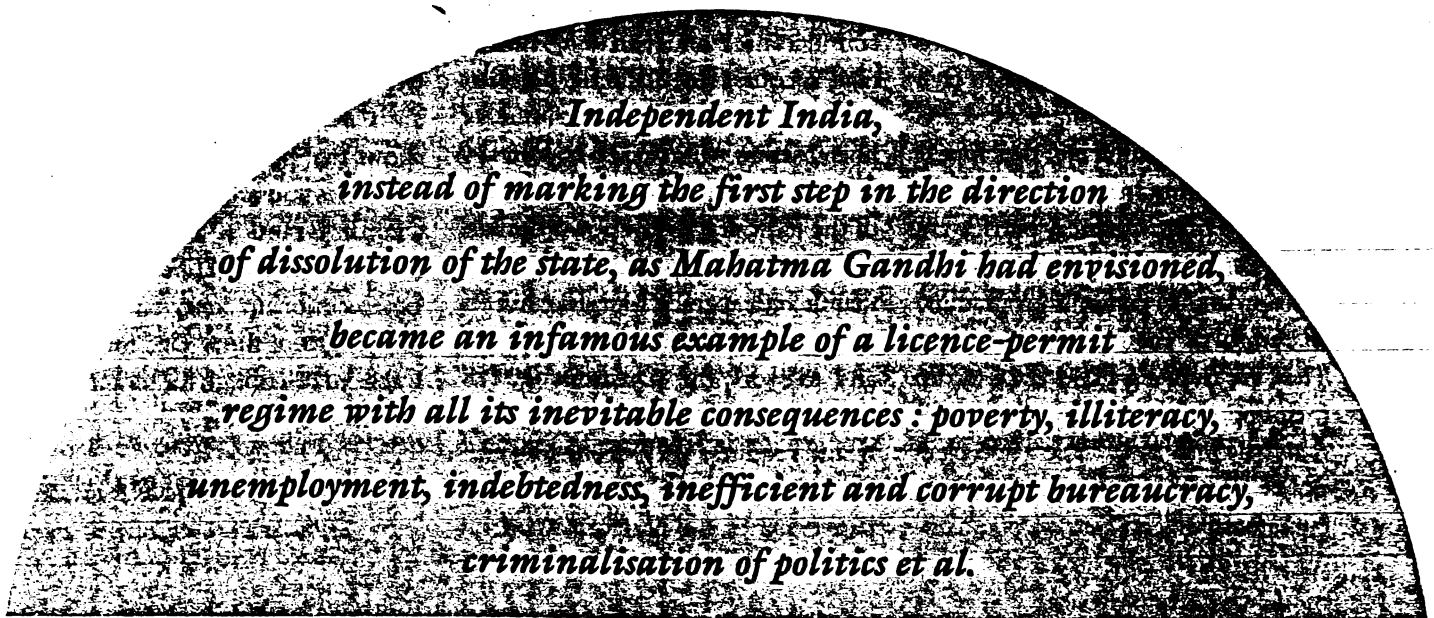
### Decline and Fall of the Nehruvian Model

The end of the cold war pulled the rug from under the feet of many

a tin-pot socialist regime. The Nehruvian socialist edifice had begun to crumble. This ought to gladden the hearts of all freedom-loving people who have suffered for almost half a century under the heels of a moth eaten planning regime which worked, in effect, as crony-capitalism - everything is banned unless you have the necessary contacts. Unfortunately, they find themselves caught between the devil and the deep sea.

The fall of the socialist brand of statists holds little promise for liberal democrats. The socialists are fighting a not so valiant last ditch battle advocating welfare programmes, protection of the environment and a policy of doles. The economic impasse has caused disillusionment in the public mind about the capacity of any government to do any collective good.

The situation is very similar to the post-Versailles situation in Germany. The Foreign exchange crisis that forced the Government to start talk-



ing of economic reforms has been overcome, at least for the time being, without any improvement in the balance of trade. The fiscal deficit is running uncontrolled. Political stability is a thing of the past. It only needs one reversal, economic or political, to put the people in a mood to welcome any comic-book Hitler. A good number of aspirants are already hovering around stoking the fires of age-old animosities and preaching communal and caste hatred.

### Prospects for the Liberals?

Out of the various political forces which emerged after the advent of the Raj, the anarchist Gandhian school has fallen by the wayside and become irrelevant. Nehruvian socialism stands discredited but the dynasty continues to be venerated all the same. Left-of-centre parties are trying to sensitise the nation on the issue of 'reverse injustice' through reservation of jobs in a bureaucracy that has become the most difficult burden for the country. It is the Hindu chauvinistic parties capitalising on issues like desecration or demolition of this temple or that, the absence of a common civil code, Bangladesh immigrants, status of Jammu & Kashmir etc. that appear to be benefiting from the situation.

The Hindu political parties are understandably taking a protectionist position in the economic programme to reinforce their patriotic image. They are drawing good response to their opposition to the entry of multinationals into India. The 1996 elections are expected to bring in a hung parliament unless there are some unforeseen developments on the communal or Kashmir fronts.

Where do the liberal forces stand in all this? Organising liberals is almost a contradiction in terms and, hence, a formidable task in any country. How does one set about organising highly individualistic people opposed to the very idea of authority?

Rajaji who had a very high standing among the followers of Gandhi and who became the first Indian Governor-General of Independent India, had correctly foreseen the disaster that Nehru's license-permit-inspector Raj would produce. He founded the first liberal political party in India, the 'Swatantra Party'. It started off well but was swept out in the *Indira* wave after the Bangladesh triumph in 1971.

In 1994, an attempt was made to create a new liberal party - 'Swatantra Bharat'. It polled over a million votes in the state Assembly elections of Maharashtra but secured only two seats in the Assembly. Its chances in the forthcoming parliamentary elections are negligible since it cannot even register itself without dishonestly swearing false allegiance to socialism.

The economic reforms have come to a grinding halt, the Government considers itself under an obligation to take recourse to blatantly populist measures. A serious Programme of liberalisation will need to restore law and order, to clear the Aegean stables of the judiciary, to cut down the forest of economic regulations, to dismantle bureaucracy, to restore fundamental rights under the constitution and to work out a reasonable exit policy. Such a formidable agenda would require a very strong Government. There is no prospect of this happening in the near or distant future.

In fact, very few appear to be interested in a liberal polity. The beneficiaries of the Socialist epoch are trying hard to thwart reforms in every possible way. The political leaders have got used to earning commissions for securing governmental favours. Industrialists think they cannot do without state protection. Employees with their cushy jobs and side incomes want the bureaucracy to expand and are not enthusiastic about privatisation. Mafias control politicians and governments, and would not like to see their underground empires demolished through liberalisation. The only two categories of people who would be interested in liberalisation and globalization would be the farmers who have suffered hefty negative subsidies and consumers who have been fleeced by the socialist monopolist and have had to pay exorbitant prices for shoddy goods. The prospects are far from bright.

### History - Indian Liberals' Only Ally

But History has ample evidence that liberty blossoms in the most unexpected of places and at seemingly impossible times. The world is moving towards demolishing walls that have fragmented and distorted the world. India could not remain for long an island of statism. Indian history shows that people believe in minimal decencies and are capable of fighting against tyrants if a Gandhi comes along. An Indian Hitler will have to be exceptionally lucky to survive for any length of time. This much hope ought to be enough for seekers of liberty and equality. ■

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of the Swatantra Bharat Party,  
India.*



# Liberalisation and Liberalism in India

There is a revolutionary change in the atmosphere, and it is entirely due to the economic reforms. And yet, no one boasts of the reforms; no one celebrates the reforms. This shyness, this awkwardness arises from the fact that liberty is not accepted in India as the ultimate goal of political systems. This is why, for instance, there is so much paranoia about foreign investments. By Dr. Ashok V. Desai

## Control Regime:

### Inheritance of the War Economy

As part of the British empire, India took part in the second World War on the side of the Allies; it thereby also became a part of the economic machine created by the Allies to fight the war. This economic machine embodied stringent controls. For instance, shortage of shipping and the risk of its loss on high seas led to the rationing of shipping space and hence of imports; to allocate the scarce imports, a Chief Controller of Imports and Exports was set up. The high war expenditure generated inflation and shortages; to protect urban population from food shortages, a system of foodgrain procurement and distribution was set up. Imported and local raw materials had to be rationed out amongst industrial firms; to govern this allocation, productive capacities of firms were monitored and controlled. In this way, a comprehensive framework of economic controls was built up during the war.

After the war, inflation and shortages continued, and they justified the continuance of wartime controls. So when India became independent in 1947, it had a very comprehensive system of controls. Independence was followed by a conflict in power shar-

ing between the industrialised provinces on the eastern, western and southern coasts and the northern agricultural hinterlands: in a democratic framework, the unindustrialized north won. Hence, the government retained the controls as a means of keeping industry on a leash and bending it to the will of the north. Socialism was a mere slogan, in India as elsewhere: it was a means of regulating conflicts between regions and between classes. Over the ensuing forty years, the system of controls was used for favouring the development of the north to the retardation of the more advanced regions, and concurrently to favour the growing educated middle class against owners of industry.

The major instruments of control employed were:

#### Industrial licensing:

This was used at various times for favouring state enterprises, small enterprises and co-operatives (which were mostly a form of state enterprises) against large and foreign enterprises.

#### Control of capital flows:

Through central ownership of the major banks as well as long-term investment Institutions, the govern-

ment controlled the flow of investible funds to industry. This control further reinforced industrial licensing.

#### Import controls:

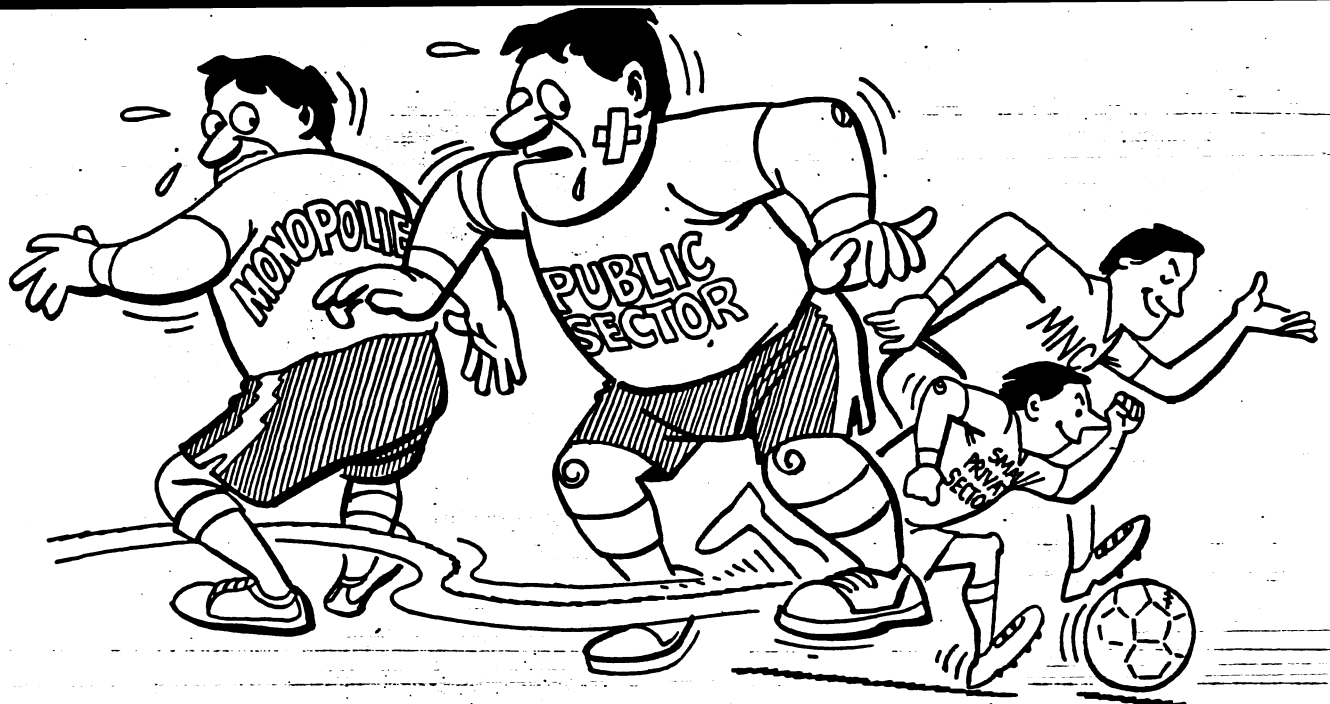
These were primarily used for favouring import substitution. But within import-substituting enterprises, the same priorities were followed as in industrial licensing. In particular, state enterprises were favoured against private enterprises.

#### Agricultural procurement and distribution:

These controls were initially employed for ensuring secure and cheap supplies of foodgrains for the urban population. But as farmers acquired political power, the aim of agricultural controls also changed to raising farm incomes through high prices.

#### Discriminatory taxation:

This further reinforced the preferences embodied in the other controls. But as the taxes rose, pressure grew from various lobbies, and exemptions and rebates were introduced which made the tax systems, both at the centre and in the states, very complex.



### Liberalisation Episodes without Liberal Philosophy

This comprehensively controlled system was highly inefficient and ran into a crisis every few years. But when this happened, some of the controls were relaxed to introduce competition and to curb inefficiency. As the economy grew, the old-style, labour-intensive controls also became impractical; so they were modified to accommodate the growth in the size and complexity of the system. But as soon as a crisis was over, the system tended to return to its old mode. This was because powerful interests grew up in politics, bureaucracy and industry which benefited from the controls.

The bouts of relaxation of controls were termed liberalisation episodes by *Bhagwati and Srinivasan*, and so they were in a sense. In every episode certain controls - mainly industrial licensing and import licensing - were relaxed. But liberalisation

had a practical aim, namely to reduce systemic inefficiency to sustainable levels. There was economic liberalisation, but there was no liberal philosophy behind it.

### Liberal Philosophy

Liberal philosophy has two roots. There is the liberalism of Western Europe - the liberalism of the Whigs and the Liberals in Britain and the Liberal Party in Germany : comparable parties were to be found in most western Europe countries. This liberalism was an outgrowth of monarchic systems and developed in conflict with monarchic autocracy. It opposed absolutism and put forward individual freedom protected by rule of law. As monarchic systems gave way to managed democracies, kings were replaced by conservative parties - parties of property owners which tried to use the state for the preservation of inherited

hierarchical systems. This change in the character of the ruling elite led to a change in the orientation of liberals. Besides individual freedom and the rule of law, Liberals also came to espouse a caring state which assumed growing social responsibilities - responsibilities towards the poor but later towards entire populations. These social responsibilities came to be taken even more seriously after the second World War. The draconian systems of taxation that were built up during the war yielded large surpluses once the need for wartime expenditures was over. At the same time, the war left a great deal of devastation in some countries. Hence the surpluses were used in industrial countries to fund social services. In this way, very elaborate systems of social security were built up. In a sense, social liberalism triumphed over personal liberalism in the post-war era.

## Social Liberalism

India belongs to that post-war era and was more influenced by social liberalism. The highly attractive ideals of social insurance, health insurance, free education etc. were readily received. But the means to finance those laudable social services were very limited. The result was that the services always ran in the midst of unmanageable shortages, their reach remained limited and fitful. The failure of social liberalism in India is a failure to match the means to the ends.

## Idea of Personal Liberty

On the other hand, libertarianism has always been a weakly growth in India. The basis of libertarianism is the idea of human freedom, and the related idea of tolerance for the freedom of others. Indians regard themselves as highly tolerant. But tolerance is relative. Because India is such a large and diverse country, the diversity gives Indians the feeling that they tolerate it. But the same diversity leads them to put curbs on individual freedom designed to keep down social tensions. Thus, there have been occasions when the Indian government has banned publications. Yet, bans are not frequently imposed; and the grounds for the bans are very limited. The most common are religion and history; the object every time is to avoid offending some religious or parochial sentiment. Despite their limited scope, the bans reflect a widespread underlying consensus that personal freedom must be curbed for the sake of social order. Instead of an ideology of personal liberty, there is an underlying sense of personal duty; of restraint on behaviour, enforced if necessary by the state.

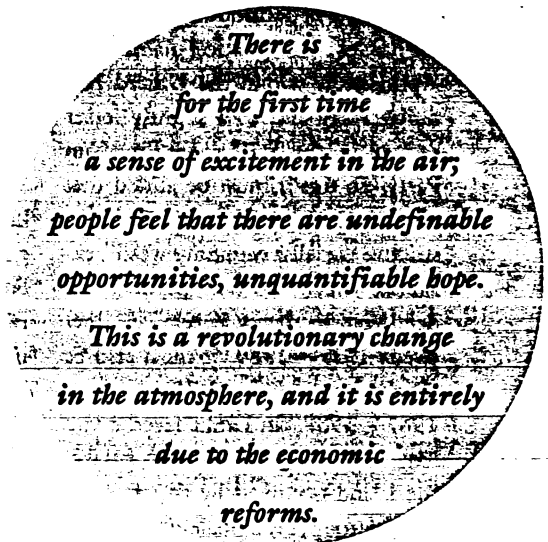
## Economic Reforms: On the Defensive

This, in my view, is why the liberal economic reforms since 1991 have always been on the defensive. It is not for lack of success; starting from an abyss of collapsed growth and self-confidence, the economy is growing today at a very creditable rate which may well touch 11 percent this year. The balance of payments, which was impossibly adverse only four years ago, is strong today. Industry is growing at 13 per cent. Apart from these cold statistics, there is for the first time a sense of excitement in the air; people feel that there are undefinable opportunities, unquantifiable hope. This is a revolutionary change in the atmosphere, and it is entirely due to the economic reforms. And yet, no one boasts of the reforms, least of all those who did the reforms. No one celebrates the reforms. A certain shame-faced modesty pervades the reforms. This is strange and inappropriate.

This shyness, this awkwardness arises from the fact that liberty is not accepted in India as the ultimate goal of political systems. This is why, for instance, there is so much paranoia about foreign investments. The foreign enterprise is seen as an intruder upon the economic space of the Indian enterprise, just as yesterday, the large enterprise was seen as an intruder on the space of the small enterprise, or the private enterprise as an intruder on the space of the government enterprise. The idea that the consumer is sovereign, that it is in the consumer's interest that all enterprises, Indian and foreign, small and

large, private and public, should compete in a level playing field, is still very foreign to India. The idea that choice is a part of individual freedom, that an individual should be able to choose from where he wants to buy his electricity or telephone services, is still very grudgingly accepted, and even then, many people would make all sorts of unnecessary reservations. The whole point of being the national of such a large and diverse country as India is to be free - free to believe what one likes, free to do what one likes, as long as it does not impinge on others' freedom. Now that economic liberalism has arrived, almost by stealth, we must cultivate extremism in the service of liberty; only then will we provoke a fertile ground for the growth of economic liberalism. ■

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New Delhi.*



# Liberalism in Sri Lanka

A long, if not unsullied, history of liberal democratic and constitutional government, recent liberalisation of the economy and the existence of a small but deeply committed constituency of Liberals make the prospects for Liberalism in Sri Lanka brighter than elsewhere in the South Asian region.

By Dr. Chanaka Amaratunga

## Introduction

In the past twenty five years of its political development, Sri Lanka has endured the adoption of two constitutions (that of 1972 and 1978) which were drafted in a spirit of narrow partisanship and which concentrated power in a single institution (in the first instance in a unicameral legislature, in the second, in a highly powerful executive presidency). This saw the emergence of an atmosphere of political authoritarianism through restrictions placed on the media, the adoption of violence and electoral malpractice (in a disorganised way between 1970 – 1977 and in a more organised fashion from 1982 – 1989) and the adoption of a highly leader-centric style of decision-making within the parties of the political mainstream – principally within the United National Party and to a slightly lesser degree in the Sri Lanka Freedom Party. To this it must be added that between 1970 – 1977, a highly restrictive socialist economy was in existence which was only partially, indeed very modestly, deregulated between 1977 – 1989. It must also be emphasised that in 1971 and from 1987 – 1989, Sri Lanka faced a violent armed rebellion in that part of the island occupied by the majority ethnic group, the Sinhalese, led by the *Janatha Vimukthi Peramuna* (People's Liberation front; JVP) while from 1982 to the present, in the Northeast of the island (the majority

ethnic group of which is Tamil), a full scale civil war is being waged in which the principal protagonists are the *Liberation Tigers of Tamil Eelam* (LTTE). The JVP was a violent Marxist movement that also contained a strong element of Sinhala nationalism while the LTTE is an extremely ruthless armed Tamil ethnic movement based on the cult of leadership. It does not take much imagination to understand, that none of these developments have been particularly conducive to the preservation or promotion of liberalism within Sri Lanka.

## Long History of Constitutional Governments

Nevertheless, several factors exist which make Sri Lanka the best prospect for explicit political liberalism in South Asia. Sri Lanka has had a longer history of evolutionary constitutional government than any other nation in South Asia. The first legislature on the island was created in 1833, with the number of non-official members as well as franchise being gradually extended, till in 1931, Sri Lanka installed a Parliament elected by universal suffrage with a semi-autonomous board of ministers, only three years after universal suffrage was achieved in the colonising power, Britain. Since the

achievement of full independence within the Commonwealth in 1948, Sri Lanka has had a continuous constitutional government based on a multiparty system of representative democracy. Sri Lanka has never been a one-party state and has never had a military government. It has changed governments peacefully and democratically on seven occasions since independence, the most recent being in August 1994. Since 1988, Sri Lanka has had elected Provincial Councils to which significant powers have been devolved. Since 1993, political parties other than those in office at the national level have been in control of several Provincial Councils, including the Western Province for a while, in which the capital, Colombo, is located. Since 1989, a significant process of privatisation and deregulation of the economy has taken place. The media which was highly restricted in the mid 1970s and 1980s began to be gradually liberalised in the 1990s so that today there are two private channels on television and several private radio channels. The state run electronic media, though still restrictive, now permits opposition politicians to express their views on it, something that would have been inconceivable a few years ago. All these

are developments which do suggest that the prospects for liberal democracy in Sri Lanka, if not liberalism, are reasonably good.

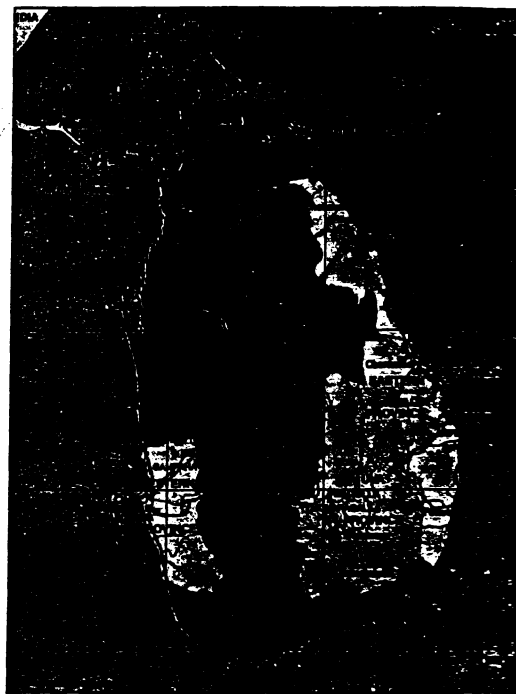
#### A Strong Opposition

There is a further factor which needs to be emphasised. Sri Lanka's lurch towards authoritarianism, whether under the United Front Government of 1970 - 1977 (consisting of the Sri Lanka Freedom Party, the Lanka Sama Samaja Party - radical socialist, and the Communist Party) or under the United National Party Government of 1977-1988 took place primarily at a time when the government parties enjoyed an overwhelming dominance (in each case well over a two thirds majority) in Parliament, elected on the basis of a simple plurality electoral system. Since 1989, Sri Lanka has adopted the method of proportional representation for all elections at the national, provincial and local levels, thereby ensuring that all significant political forces obtain elected representation and even more importantly that no single party or coalition enjoys an overwhelming preponderance in Parliament or in the Provincial Councils. In other words, the Opposition at every level has been strengthened - and this is an enormously welcome development for Sri Lankan liberal democracy as well as liberalism. The current Government consists of the People's Alliance, which is a coalition of eight parties and enjoys further support from three parties which sit on the Opposition benches in Parliament. The largest party in the coalition, the Sri Lanka

Freedom Party, is well short of a majority of seats in Sri Lanka's 225 seat Parliament. The current Government was elected on a commitment to abolish the executive presidency introduced in 1978 and to return to a parliamentary form of government through a new constitution which will also ensure stronger protection of fundamental rights and greater devolution of power to the provinces. The fact that it cannot enact a new constitution without the support of many diverse political parties both among the supporters of the government and among its opponents, is from the liberal standpoint one of the most positive developments of Sri Lankan politics.

#### The State of Liberalism in Sri Lanka

Within South Asia, Sri Lanka is the only country where explicit political liberalism exists. Only in Sri Lanka has an active Liberal Party existed since 1987, which has played a considerable role in Sri Lankan politics, particularly in influencing the policies and programmes of both the principal mainstream parties. It is a Party which while standing on its own in the Provincial Council Elections of 1988, won two seats in the Western Provincial Council. It also won a parliamentary seat at the Parliamentary Elections of August 1994. An explic-



The provinces could form the basis of a future federal set-up in Sri Lanka.

itly liberal political movement, namely the *Council for Liberal Democracy* (CLD), which is non-partisan and involves many party and non-party members and also leading personalities of the Liberal Party, has existed in Sri Lanka since 1981. At present, among the Committee of the CLD are eight Members of Parliament including one Cabinet Minister, two former Members of Parliament, a Member of a Provincial Council and several leading academicians and intellectuals. The Liberal Party has been a full member of the *Liberal International* since 1987 and a full member of the *Council of Asian Liberals and Democrats* (CALD) since 1995. The Leader of the Liberal Party is the Vice President of the *Liberal International*.

Sri Lanka is thus, active in the international liberal family as well as within the liberal regional grouping in Asia. The Liberal Members of Parliament are an organised group belonging to several parties who work closely together promoting important issues of liberalism.

It would now be appropriate to consider the liberal political agenda in Sri Lanka from the point of view of five areas of policy: 1) Constitutional reform; 2) Resolution of Ethnic Conflict; 3) Economic Reform; 4) Media Reform and 5) Social Freedom and Reform of the Criminal Law.

In all these fields, the Liberal Party has been in the forefront advocating reform with the support of all those active in the Council for Liberal Democracy.

#### Constitutional Reform

Constitutional reform has top priority in the liberal political agenda of Sri Lanka because Liberals have always felt that political authoritarianism in Sri Lanka has been facilitated by the development of authoritarian politi-

cal structures. Accordingly, the Liberal Party has for several years been advocating the following reforms which during the course of 1995 have been presented both in its memorandum to the Parliamentary Select Committee on Constitutional Reform as well as in its oral representation before that Select Committee:

- 1) The abolition of the executive presidency and the restoration of a parliamentary and cabinet form of government.
- 2) The creation of a bicameral Parliament consisting of two chambers of which two thirds of the Members of the Upper House shall be elected and one third shall be nominated to represent distinguished fields of activity in the national life.
- 3) The election of the Lower House of Parliament and of the elective element in the Upper House of Parliament by a system of proportional representation that accurately reflects the votes cast and promotes the widest possible political diversity.
- 4) The restoration of the freedom of conscience of Members of both Houses of Parliament by ensuring that no Member of the legislature shall be expelled under any circumstance whatsoever.
- 5) The adoption of an extensive chapter on fundamental rights in the Constitution.
- 6) The adoption of full judicial review of legislation.
- 7) The creation of a Human Rights Commission with

substantial powers, before which any member of the public can seek redress for violation of individual rights.

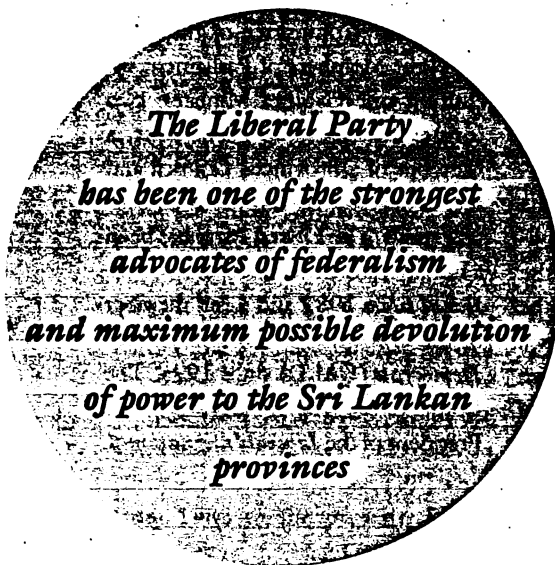
- 8) The adoption of a federal system of government on the basis of nine, or if need be, eight provinces.

The Liberal Party has been very active in supporting such reforms, while the CLD has conducted many seminars in Sinhala, Tamil and English in support of such constitutional reforms. The CLD's publications on this theme, have become leading text books on constitutional law in Sri Lanka.

#### Resolution of Ethnic Conflict

Throughout its existence, the Liberal Party has been one of the strongest advocates of federalism and maximum possible devolution of power to the Sri Lankan provinces. Its leadership drafted the Presidential Manifesto of Mrs. Sirimavo Bandaranaike (now, for the third time, Prime Minister of Sri Lanka) in 1988 and that of the late Mr Gamini Dissanayake in 1994. Both these manifestos included extensive proposals for devolution and strong commitments for resolving the ethnic conflict on the basis of power-sharing with the ethnic minorities.

The proposals are very close to those unveiled by the current government of President Chandrika Kumaratunge in 1995, which also envisage very extensive devolution of power as a means of resolving the ethnic conflict. The Liberal Party strongly supports these proposals and its leadership has been actively promoting them in public debate.



## Economic Reform

In Sri Lanka, the Liberal approach to the economy has been to consistently advocate the privatisation and deregulation of the economy to the greatest possible extent, while ensuring adequate welfare measures and programmes for poverty alleviation. The Liberal Party has, therefore, been advocating the privatisation of plantations, state-owned banks, Air Lanka, the manufacture of petroleum and port services. Some of these measures are now being carried out by the current government although in none of the areas mentioned above, has the process been completed. The Liberal Party has also been promoting detailed reforms with regard to the following: 1) primacy of the private sector; 2) development of infrastructure for a real market economy; 3) welfare measures; 4) reforms of the tax system; 5) reform of the labour laws; 6) improvement of monetary and fiscal policies and 7) inclusion of the right to private property in the Constitution.

Exclusively as a result of the Liberal Party's advocacy, the right to private property has been included in the chapter on fundamental rights, now being worked out by the Parliamentary Select Committee on Constitutional Reforms.

## Reform of the Media

Liberals in Sri Lanka have been advocating privatisation of Lake House, the newspaper establishment which has been under state control since 1973, as well as incorporating of such sections of the electronic media which are under state control in an independent broadcasting author-

ity which would not exercise partisan political control over such media. The Liberal Party was in fact able to include in the Presidential Manifesto of the late Gamini Dissanayake, detailed proposals for media reform. Liberals in Sri Lanka have always opposed censorship, both political and moralistic.

## Social Freedom and Reform of the Criminal Law

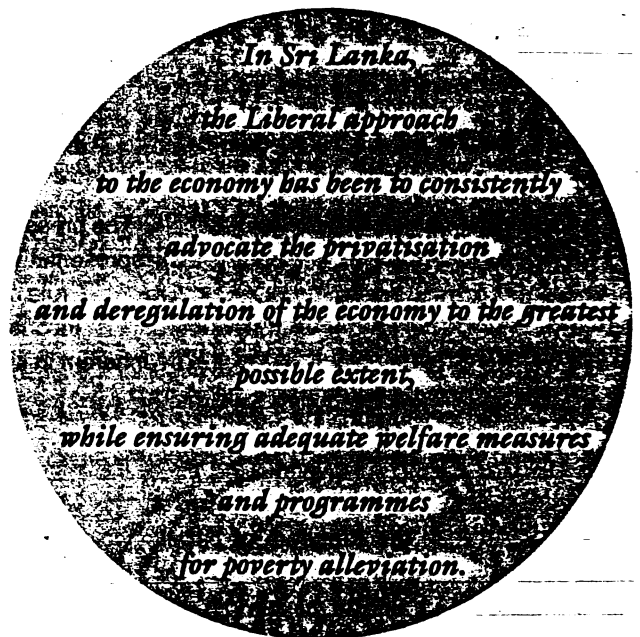
The Liberal Party as well as liberals in Sri Lanka have strongly opposed socially conservative attitudes that restrict the liberty of the individual in the private and social spheres. Liberals strongly oppose the death penalty (which has not been used in Sri Lanka since 1976 but remains on the statute book). Liberal Members of Parliament of the CLD Committee have committed themselves to introducing a private members bill for the abolition of the death penalty. The Liberal Party is also strongly opposed to corporal punishment (such as lashing or birching) being on the statute book although this too has not been used

for a long time. The Liberal Party opposes the criminalisation of consensual acts between persons above the age of 16 years. It supported a recent legislation which made marriage not permissible except between persons of eighteen years and above.

## Conclusion

It seems evident from the above that Sri Lanka contains many elements which are not conducive to the growth of liberalism. Nevertheless, a long, if not unsullied, history of liberal democratic and constitutional government, recent liberalisation of the economy and the existence of a small but deeply committed constituency of Liberals, make the prospects for Liberalism in Sri Lanka brighter than elsewhere in the South Asian region. □

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Liberal International.*



# Liberal Aspects of Nepal's Constitution

The present Constitution intends making Nepal a constitutional state with a representative parliamentary democracy under a limited government and the rule of law. It represents the fundamental law of the land and any law inconsistent with it becomes void. In fact, some of the basic structures inherent in it such as the supremacy of the Constitution over any state organ have made the Nepalese Constitution an epitome of liberalism.

By Kusum Shrestha

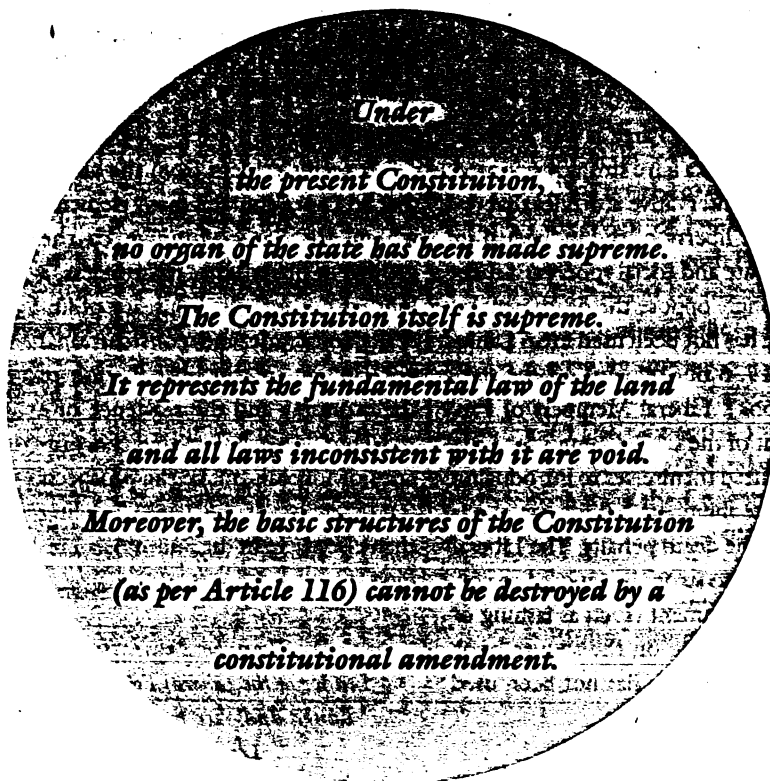
**T**he present Constitution of the Kingdom of Nepal, 1990, has arisen from the ashes of the previous constitution of 1961. The earlier constitution which had striven to discard political parties and adversary political

systems and to ensure a partyless *panchayat* democracy under the dynamic leadership of the King, lasted for nearly three decades. These decades were marked by the consolidation of nationhood but yet, there was a conspicuous lack of the fundamen-

tals of democracy. Despite three amendments, the previous constitution was without elasticity or resilience for causing evolutionary growth to meet the rising democratic aspirations of the people, ethos of time and the changing climate of international opinion.

## The New Constitution: Epitome of Liberalism

The inelasticity of the earlier constitution became *cul-de-sac* against evolutionary change towards multiparty democracy. The people had no alternative but to resort to the movement of 1989 which obliged the King to promulgate the present Constitution consequent to the dialogues and consensus of the then political forces. The present Constitution intends transforming Nepal into a constitutional state with representative democracy under a limited government and the rule of law. The Constitution accordingly is endowed with some basic structures like sovereignty of the people, multiparty democracy in a pluralistic society, constitutional monarchy, guaranteed fundamental





rights, parliamentary system of government with independent and competent judiciary and consolidation of adult franchise and the rule of law.

These basic structures inherent in the Constitution are the epitome of liberalism. First and foremost, no organ of the state has been made supreme. The Constitution itself has been made supreme. It represents the fundamental law of the land and all laws inconsistent with it are void. Further, every act of any state organ must comply with the Constitution and power can only be exercised within the ambit of the prescribed procedures. Moreover, these basic structures of the Constitution, according to Article 116 of the Constitution, cannot be destroyed by a constitutional amendment.

The diffusion of power with concomitant procedures for the exercise of power is the hallmark of the Constitution. Article 3 of the Constitution has made the people sovereign and also the basis of the ultimate authority. This implies that power exercised by the organs of the state must derive legitimacy from the Constitution. Article 3 also clearly lays down that "the sovereignty of Nepal vests in the Nepalese people and shall be exercised in accordance with the provisions of this Constitution."

#### The King's Role

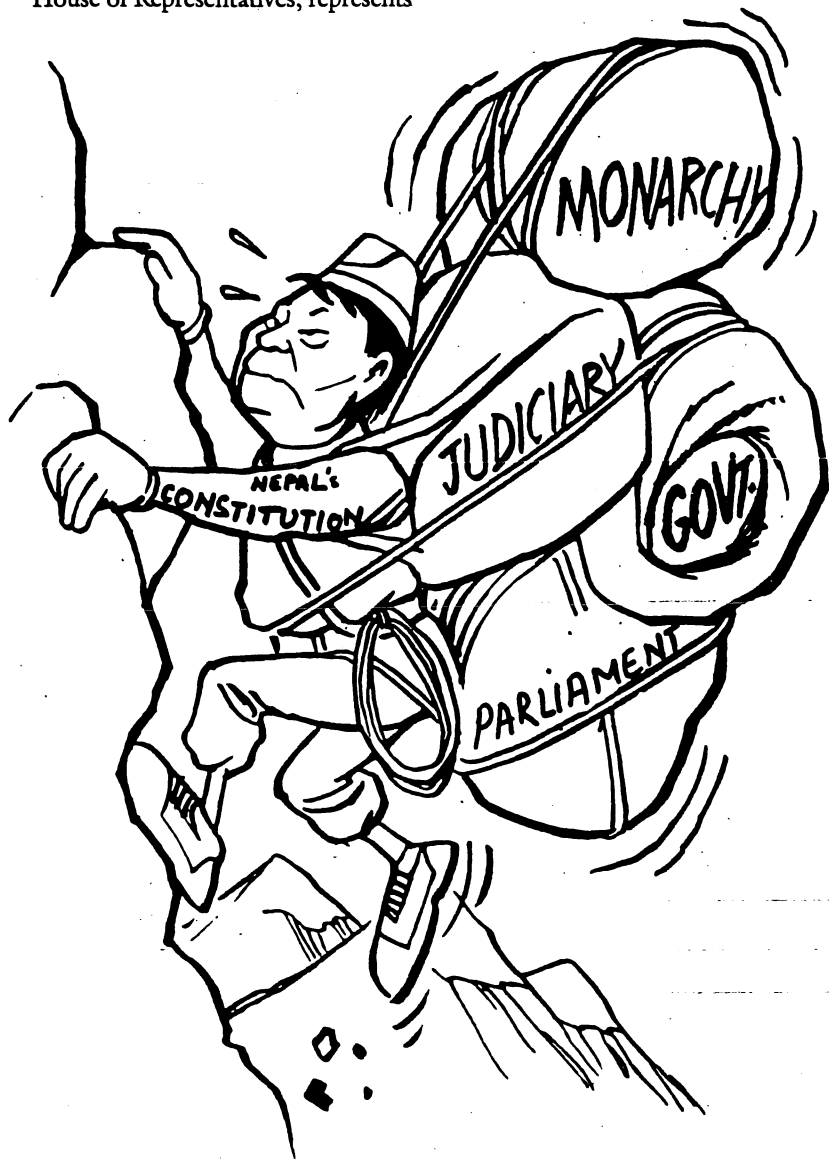
Accordingly, under the Constitution, limits to the power of the state organs have been deftly interwoven with an inbuilt system of checks and balances. The King has been made the formal head of state and is also an inspiring symbol of Nepalese nationality and unity of the Nepalese people.

He has been endowed with the inherent power to protect the Constitution in the best interest of the people and also with the explicit power "to be informed, to suggest and to encourage." In contrast to the moral authority inhered with the King, the secular power of the state has been dispersed among the representatives of the people. The legislature, especially the House of Representatives, represents

the will of the nation. It exercises legislative and constituent power and controls the executive by exercising discerning scrutiny.

#### Power of the Supreme Court

The Constitution also envisions an independent and competent judiciary which would safeguard the constitution and protect the rights of the



*The Supreme Court can examine any legislation and act of the executive and can declare any of these to be void, if they contradict with any provision of the Constitution.*

individuals. The Supreme Court, the apex body of the judiciary, has also been made the constitutional court with three well defined functions. Firstly, it is the final interpreter of the Constitution and laws of Nepal. Accordingly, any interpretation given or legal principles established by the Supreme Court become binding. Secondly, it enjoys the power of judicial review. The Supreme Court can examine any legislation and act of the executive and can declare any of these to be void, if they contradict with any provision of the Constitution. Finally, the Supreme Court has the extraordinary power or prerogative to issue writs in the form of Habeas Corpus, mandamus, certiorari, prohibition, quo-warranto and other appropriate orders or directions for the enforcement of fundamental rights conferred by the Constitution or any legal rights which have no alternate, adequate or effective remedy, or for the resolution of any constitutional or legal question involving public rights or interests.

The limit to power within the confines of the Constitution is thus

the distinguishing feature of the Constitution. This point was elaborated in the recent writ petition, Sher Bahadur Deuba vs. the Prime Minister Man Mohan Adhikari and others which challenged the constitutional validity of the dissolution of the House of Representatives. In his reply, the Prime Minister stated that the dissolution of the House

is the prerogative of the Prime Minister which entails no precondition or limitation. The Supreme Court, in its historical Judgement of 28th August 1995, made the ruling that power given by the constitution is not absolute but subject to limitations, explicit, inherent or implied. Any power conferred to a state organ must be exercised in deference to, and not in frustration of, the power conferred to other organs of the state. The Supreme Court held that the power given by the Constitution is further limited by the basic structures of the Constitution, the principle of rule of law and the spirit of the Constitution. Accordingly, the Supreme Court, by its majority judgement, set aside the unconstitutional dissolution of parliament on the ground that the dissolution of the House was done to frustrate the sitting of the Special Session of the House which had the specific agenda of resolving a no confidence motion against the incumbent government in order to pave the way for an alternative government.

### Pluralism

Pluralism is another liberal feature of the Constitution. In Article 4, the Constitution declares that "Nepal is a multiethnic, multilingual, democratic, indivisible, sovereign, Hindu and a constitutional monarchical Kingdom." The word "Hindu" relates to the fact that the King of Nepal must belong to the Hindu religion and be a descendant of the great King Prithivi Narayan Shah. The Constitution does not intend making Nepal a Hindu state. On the contrary, the objective of the Constitution is to strike unity among diversity by bringing people into the mainstream of the Nepalese nation, as has been explicitly laid down in Article 2 of the Constitution.

The theme of pluralism is enshrined in the provision relating to political parties. The exercise of legislative, constituent and executive power by the representatives of the people has transformed political parties into active agents of constitutionalism. The political parties are expected to be the representatives of the people on the basis of diversified ideas, programmes and policies. The Constitution does not contemplate a monolithic or vanguard party. It prescribes a one party system or polity based on singular political ideology. It forbids dictatorship, either of right, centre or left. On the contrary, in Part 17 of the Constitution, special provisions for pluralistic and democratic political parties have been laid down. The political parties are required to be democratic, both in their organisational set-up and functioning, as also in their decision making. The election of the leaders must be democratic. The political parties, whether they are in power or in opposition, should be responsible,

representative and constitutional. They should be responsible to the people and also engaged in the institutionalisation of democratic values. They should adopt constitutional means for seeking a peaceful change and avoid violent overthrow of the constitutional regime. The parties are naturally expected to nurture a civil society, democratic culture and also to mobilise enlightened public opinion.

#### Fundamental Rights

The striking feature of liberalism in the Constitution is that it guarantees some of the basic individual human rights as fundamental rights, like (a) Right to equality; (b) Right to personal liberty and freedoms; (c) Right against preventive detention; (d) Press and publication rights; (e) Right regarding criminal justice. (f) Right to information. (g) Right to property. (h) Cultural and education rights; (i) Right to religion; (j) Right against exile; (k) Right to privacy and (l) Right to constitutional remedies.

After multiparty democracy in 1990, Nepal has ratified the *Convention on the Right of the Child*, the *International Covenant on Social, Economic and Cultural Rights*, the *International Covenant on Political and Civil Rights* and its protocol convention against torture among others.

#### Dualistic Approach

The constraints of poor resource base and other predicaments that handicap under developed countries in contrast to the high aspirations for human rights, have led to a dualistic approach in the present Nepalese constitution. The civil and political rights

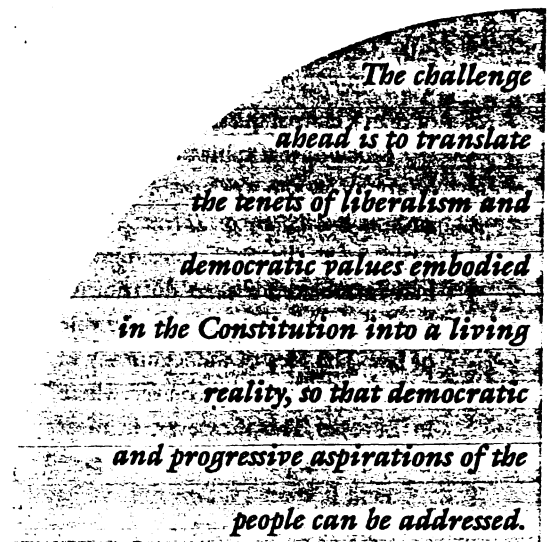
have been made specific and justifiable whereas social, economic and cultural rights have been placed in the "ought to be" category under the Directive Principles and Policies of the State. The civil and political rights on the contrary are guaranteed as fundamental rights. Like the previous constitutions, the present Constitution makes general pronouncements on idealistic norms as far as social, cultural and economic rights are concerned. It wants that the state should strive for ideals of establishing a just system in all aspects of national life, including social, economic and political life. Certain directions regarding the manner in which the parliamentary government can exercise its legislative and executive power have been laid down. These Directive Principles and Policies of State are not enforceable by the courts, and the courts cannot declare any law which is otherwise valid as void, on the grounds that it contravenes any of the "Directives".

Nevertheless, moral and political responsibility has been reposed in the parliamentary democratic government to translate the "principles" and "policies" into reality. The "Directives" declare that the principles and policies laid down therein shall be fundamental to the activities and governance of the state and that these shall be implemented in stages through laws within the limits of the resources and means available in the country. The government which is accountable to the people and derives its lease of life from the

confidence of the electorate as expressed in the periodically held elections cannot ignore the moral responsibility prescribed in the Directives. The fundamental rights, on the other hand, have been made specific, explicit and enforceable. The courts are obliged to declare any law that is inconsistent with any of the fundamental rights as being void.

However, the challenge ahead is to translate the tenets of liberalism and democratic values embodied in the Constitution into a living reality, so that democratic and progressive aspirations of the people can be addressed. It is yet to be seen, however, how far the political actors can take up this challenge and perform to provide concrete expression to the democratic and liberal expectations of the people. ■

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FEATURE

# Liberalism: The Eternal Quest for Freedom

The economic progress that society has witnessed in the 19th and the 20th centuries would not have been possible but for liberal market economy strategies. It was rejection of *laissez faire* liberalism that in fact led to the two world wars. Socialist experiments and protectionism followed in many countries in the post war period contributed to their economic decline followed by political instability. Today, even when there is little doubt remaining about the validity of liberal principles, new threats are appearing in the shape of religious fundamentalism, aggressive nationalism and narrow minded protectionism. By Dr. Detmar Doering

The idea that power of man over man has to be limited is as old as mankind. Even in most primitive tribal societies, power is delegated only conditionally and temporarily. As the German sociologist *Franz Oppenheimer* has pointed out in his book *Der Staat* (1909) that though the power of government was originally a product of conquest and plunder, the more advanced idea that governmental institutions i.e. the state, are constituted for the benefit of the governed has been formulated most passionately in almost every civilisation. That the modern word *liberalism* is etymologically derived from the ancient Latin word *libertas* (liberty) is an indicator of man's eternal quest for freedom.

Much of that spirit of liberty can be found in the writings of classical authors like *Cicero* or *Tacitus*. Medieval thinkers like *St. Thomas Aquinas* had formulated a clear doctrine of government constrained by the rule of law. The idea of the legitimacy of tyrannicide was accepted everywhere in Europe. This, however, in most cases did not prevent tyrannical gov-

ernments from emerging; but it did help to keep the spirit of resistance alive.

## Theory of Individual Freedom

It was only in the 17th century that a rational theory of individual freedom appeared which was not only applicable in the context of European Christian traditions, but was truly universal. It was the English philosopher *John Locke* who in his *Two Treatises of Government* (1689) formulated a theory of unalienable rights. These rights were *life, liberty, and property* (which included intellectual property, character etc.). This, in a nutshell, was the modern theory of self-determination and self-ownership. And Locke was right, since it is impossible for rational human beings to vindicate the violation of these rights by others on grounds of universally valid (a priori) moral principles. Lockean ideas were refined in the 18th century for instance by the German philosopher *Immanuel Kant*. There were also new areas of application. The French *Physiocrats* and the Scottish philosopher *Adam Smith*, for instance, de-

veloped a new approach to economics - now known as the *market economy*. In France, the Baron *de Montesquieu* made his contribution to political science by clarifying the concept of *division of power*, which is now acknowledged as the basic principle of every free constitution. With their *Declaration of Independence* (1776), the former British colonies in America made a first systematic attempt to put this principle into practice.

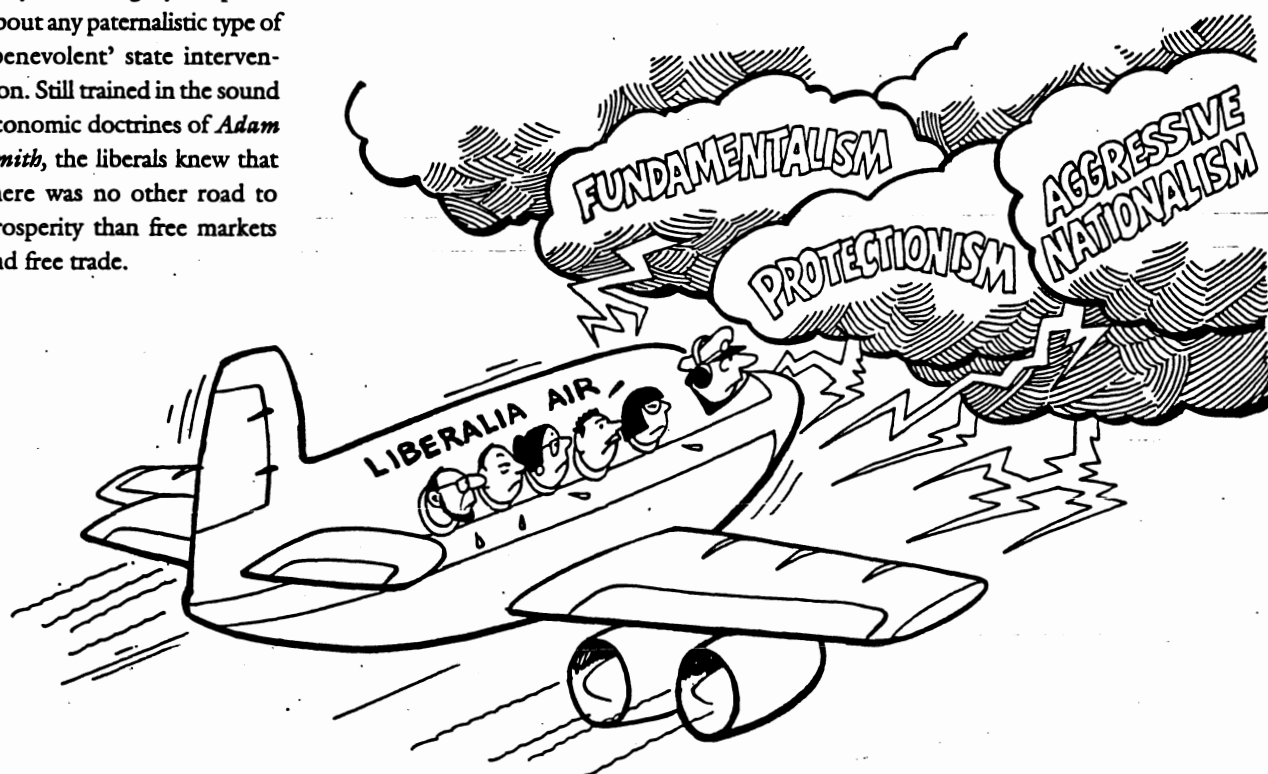
## 19th Century Liberals

The great age of liberalism, however, came in the 19th century. Although the century produced several great liberal theorists, such as *John Stuart Mill*, *Alexis de Tocqueville*, *Frédéric Bastiat* and *Herbert Spencer*, it was liberalism's impact on practical politics that made it so special. Almost everywhere liberal constitutions were adopted. Even absolutist monarchies, like Prussia in 1850, declared themselves to be constitutionalist and agreed to obey the rule of law. In

many other countries, democratic governments were established. But liberals achieved even more than that. Care for the labouring poor was one of their chief concerns, but they were highly sceptical about any paternalistic type of 'benevolent' state intervention. Still trained in the sound economic doctrines of *Adam Smith*, the liberals knew that there was no other road to prosperity than free markets and free trade.

fer to the poor and served only the vested interests of the bourgeois capitalist class. The truth is that the Manchester Liberals were supported by - or sometimes almost identified with - the working class movement.

anti-colonialism were the core of their political creed. With British rule in India on his mind, Cobden more than once expressed his belief that universal free trade in the long run would undermine and destroy colonialism.



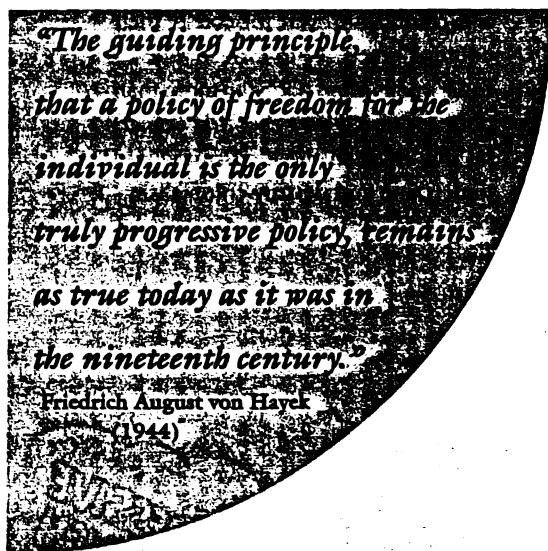
#### Manchester Liberals

It is no miracle, therefore, that the liberals managed to mobilise the masses during those days. The movement reached its climax with the British Free Trade Movement in the 1840s. Because its main proponents, *Richard Cobden* and *John Bright*, came from Manchester, the movement is often called the *Manchester School*. Today, this term is often used in a pejorative way, meaning that this type of liberalism had nothing to of-

fer to the poor and served only the vested interests of the bourgeois capitalist class. The truth is that the Manchester Liberals were supported by - or sometimes almost identified with - the working class movement.

#### Liberalism and Inevitable Economic Progress

The liberation of man, the objective which the 19th century liberals pursued so closely, produced results that far exceeded the imagination. Not only did freedom of expression allow a tolerant coexistence between different opinions, cultures, or religions - freedom also brought an unpredictably high rate of economic growth. It has been fashionable to denounce the age of 19th century classical liberalism as a period that brought improv-



crishment to the masses while a few rich people became richer. The empirical evidence speaks a different language. In his path-breaking study *The Industrial Revolution* (1949), the English historian *T. S. Ashton* demonstrated that, indeed, economic liberalism had put an end to scarcity, starvation and misery - the normal condition of mankind before. By the 1870s even moderate wealth for the labouring classes had become a widespread phenomenon. This unique achievement, Ashton has argued, happened during a period when population in Europe doubled, tripled and quadrupled at a fast pace. Although many pessimists, such as economist *Thomas Robert Malthus* in his *Essay on Population* (1798), have argued that this made an increase in real incomes impossible for the labouring poor, even great famines inevitable; real incomes increased consistently during the whole century. No other system

but a liberal market economy could have done this, and the success stories of some of the developing countries in this century further vindicate this.

#### Anti-Liberal Democracies

While today no serious historian can doubt the truth of Ashton's statement, popular opinion went in a different direction. When liberals in the 19th century most fervently advocated democracy, they did so because they wanted to put an end to the exploitation of the many by the privileged few. Democracy and the protection of individual rights seemed to be inseparably connected. The basis of power of the conservative feudal class was eliminated - but alas, not for long. The anti-liberal political forces were able to adapt themselves to the new situation and to use democratic government for their purpose. Convincing the masses that redistributive transfers would be a much easier way to "wealth for all", they were able to strengthen the machinery of the state and of course, their position within that machinery. "Vote buying" is what people call this style of politics today. Because this policy (the work of conservatives like Disraeli in England and Bismarck in Germany) discouraged (and virtually crushed!) the idea of self-help and voluntary association, it was self-promoting, i.e. it made people dependent on govern-

ment. This paternalistic political approach was also in line with another movement that emerged at that time: socialism. Although it was thought to be "progressive" and not "conservative", the general outlook with respect to the government was essentially the same. The more power government had over the individual and his property, the better they thought.

This kind of policy could work in favour of the politicians, because the advantages (i.e. the privileges) attained could be concentrated effectively whereas the burdens could be distributed in a diffused and invisible manner. The right to property was undermined. The consequences (budget deficits, over-taxation etc.) often became apparent only after a generation, and then "capitalism" was wrongly seen as the cause. The democratic state became, what the much wiser liberals of the Manchester-School had already predicted, or, as *Frédéric Bastiat* put it in 1850: "The state is a fictitious entity, where everyone tries to live at the expense of everyone".

#### Liberals Discredit Themselves

These anti-liberal strategies left the formerly successful liberals in a state of confusion. Their influence began to decline at the end of the century. Answering the challenge by adopting their opponents' strategy of vote buying was a violation of their principles. Nevertheless, some liberal intellectuals tried to adapt themselves to the new spirit of the time by integrating conservative or socialist elements of thought in their philosophy. "New liberals" like the British philosopher *Leonard T. Hobhouse* invented a hybrid between liberalism and socialism called "social-liberalism". *John Stuart Mill*, in his later writings turned

towards socialism. Others like the German historian *Heinrich Treitschke*, "enriched" their doubtful liberalism with conservative ideas like nationalism, imperialism, and anti-Semitism. Before World War I, liberals had corrupted and discredited themselves in such a way that it took decades to recover from it.

#### Rejection of Laissez Faire and Two World Wars

In terms of practical politics, this spelt disaster. The re-emergence of a redistributive "big government" machinery was inevitably followed by a wave of protectionism. The end of free trade again led to aggressive rivalry among nations and a new phase of unprecedented ruthless colonialism. All these things had been predicted by the Manchester liberals long before. World War I, no doubt, was the consequence of Europe's rejection of *laissez faire* liberalism.

Only a few liberal intellectuals tried to resist the tide. In Germany, liberal party leader *Eugen Richter*, the author of a satirical novel on the realities of life in socialist utopia, fought valiantly against protectionism and militarism. He even predicted the Berlin Wall as early as 1891. In England, *Herbert Spencer* in his book *Man vs. State* (1884) warned of "the coming slavery", while his compatriot *Auberon Herbert* tried to revive the voluntary self-help associations for workers as an alternative to the emerging socialist welfare state. Their efforts were in vain. The catastrophe of 1914 that brought war and misery to the world, did not lead to their recognition. Instead of learning from the disaster, people turned even more towards nationalism, statism and finally to totalitarianism. With National Socialism in Germany and Stalinism in

Russia, the world saw the worst excesses of totalitarianism humanity has ever witnessed. Mankind was soon to be plunged into yet another World War.

#### Re-emergence of Liberalism

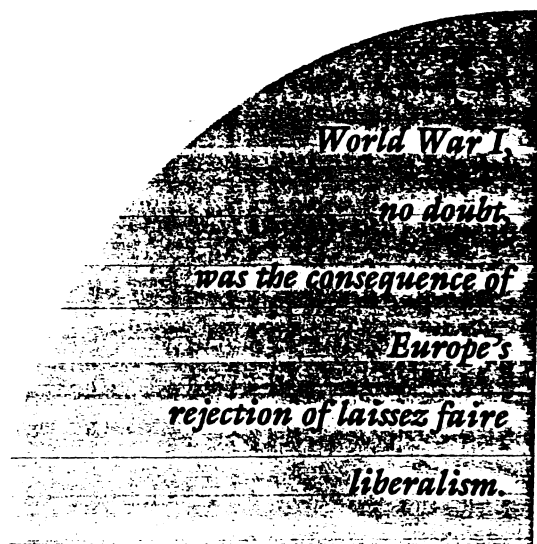
Even though the situation was rather desperate for the few remaining liberals, they managed to lay the seeds for liberalism to re-emerge. It was the Austrian economist *Ludwig von Mises*, who in his books *Socialism* (1922) and *Liberalism* (1927) demonstrated beyond doubt that neither a policy of socialism nor any kind of "softer" intervention could solve the problem of rational calculation. Therefore, these were not paths to prosperity. The "true" freedom, i.e. the freedom from material needs, which the socialists promised was proved in his work to be a mere fiction.

His disciple *Friedrich August von Hayek* carried the theme further. In his classic book *The Road to Serfdom* - written from his exile in England in 1944 - he maintained that even a "democratic" approach to a state planned economy would lead to the destruction of all liberty. The book that was soon translated into every major language, became a best-seller that has not ceased to inspire liberals ever since. In New Zealand, the Austrian philosopher in exile *Karl R. Popper* published a book called *The Open Society*

*and Its Enemies* in 1945. It was a grand scale critique of all thinkers from *Plato* to *Marx* to modern day thinkers who had helped pave the ground for totalitarianism.

After the war, for once, the anti-liberal forces were discredited completely. While they remained in control over Eastern Europe, the West enjoyed a new period of rapid liberalisation. Constitutional democratic governments were established. Economic growth was stimulated by the release of market forces. Germany set the best example with her economic reforms after 1949 that soon produced the much admired "economic miracle". It must be noted here that the ideas behind these reforms came from the works of great liberals like *Walter Eucken* and *Wilhelm Röpke*.

The victory of liberalism, however, remained incomplete. In the post war period, almost half of mankind



remained under totalitarianism (mostly communist) rule. The former colonies of the European powers, many of which had become independent after the war, often did not choose to take the road to freedom and prosperity as the 19th century anti-imperialists had hoped for. Socialist experiments and protectionism (especially in India!) rather contributed to economic decline - a trend that was unfortunately supported by some ill-fated redistributive ("development aid") and protectionist policies of the industrialised world. Along with this decline came political instability that at times gave rise to the establishment

of repressive dictatorships. Also, in the West, neo-marxist ideas were beginning to become influential, if not fashionable, in the 1960s and the 1970s.

But memories of totalitarianism and war seemed to be so much alive in most countries that liberalism since then has never gone into such a degree of oblivion as it did before World War II. Liberal intellectuals still achieved widespread international recognition. The award of the Nobel Prize to such radical free market economists like *Friedrich August von Hayek* (1976), *Milton Friedman* (1974) and *James Buchanan* (1986) has demonstrated the vitality of liberal thought. Especially Buchanan's economic theory of political processes and institutions has given birth to many new ideas of constitutional reform. Having analysed the economic incentives operating within a political system, Buchanan detected the chief reason why freedom "erodes" within most free constitutions. Stricter constitutional rules, Buchanan has argued, are the best remedy against this.

Another notable liberal thinker was the American philosopher *Robert Nozick*, who in his book *Anarchy, State, and Utopia* (1974) most authentically reformulated Locke's original ideas of individual rights and government based on contract.

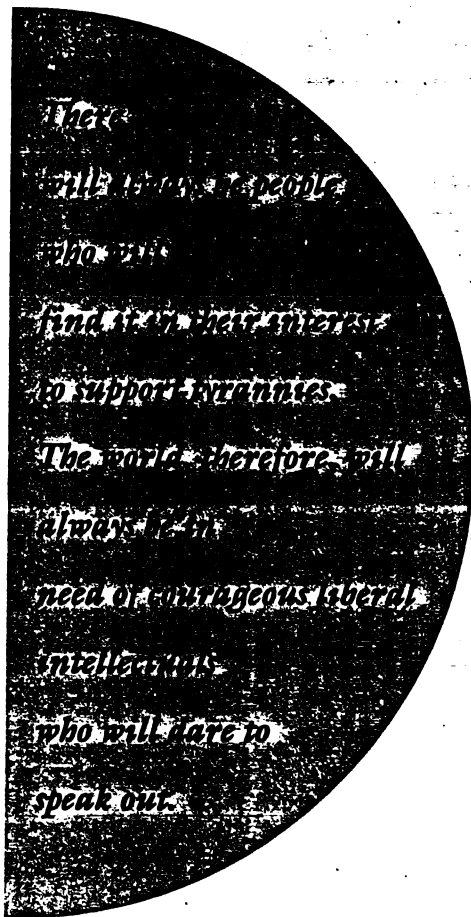
With the downfall of the Soviet empire, interest in liberal ideas was further revived. Today, many governments have embarked on liberal reform. Many developing countries especially, have recognised that the only

way to a more prosperous and humane future is the liberal way. Intellectuals from these countries since have made valuable contributions to liberal thought. The Peruvian economist *Hernando de Soto* has shown in his book *El Otro Sendero* (The Other Path) published in 1989 that in developing countries it was the informal sector and not the socialist or the bureaucratic government that contributed to wealth creation. South African economist *Leon Louw* is another proponent of the emerging liberalism of the developing world. He argues that for his own country, decentralisation and cantonalisation would be the best ways to preserve liberty and free markets, whereas the "artificially" created nation states of the Third World (a heritage of colonialism) would be a constant danger to these.

#### Emerging Threats To Liberalism

There are, of course, new enemies of liberty that are appearing. Religious fundamentalism, aggressive nationalism and narrow minded protectionism have followed communism as major threats to liberty. So the task of liberalism is never done. There will always be people who will find it in their interest to support tyrannies. The world, therefore, will always be in need of courageous liberal intellectuals who will dare to speak out. As *Friedrich August von Hayek* said in 1944: "The guiding principle, that a policy of freedom for the individual is the only truly progressive policy, remains as true today as it was in the nineteenth century." ■

*Dr. Detmar Doering is the Vice-Director of the Liberty Institute of the Friedrich-Naumann-Foundation in Bonn, Germany.*





# Minoo Masani: Doyen of Indian Liberalism

## A Profile

On November 20, 1995, Mr. M. R. Masani or Minoo Masani as he is better known, completed 90 years of age. As a tribute to this doyen of Indian Liberalism, S. V. Raju, the Editor of Freedom First - the journal founded by Masani in 1952; traces the path that took Minoo Masani from socialism to liberalism - from Marx to Gandhi.

By S. V. Raju

### Founder of CSP

What led Masani, a Founder of the Congress Socialist Party (CSP) in February 1934, to join C. Rajagopalachari 25 years later to found the Swatantra Party in August 1959 whose avowed objective was to oppose Pandit Nehru's Socialistic pattern of society?

The leadership of the CSP was a who's who of India's Socialist leadership - Jayaprakash Narayan, Achyut Patwardhan, Yusuf Mehrally, Ram Manohar Lohia, Ashoka Mehta, S.M. Joshi and Minoo Masani. Interestingly, one more person who claimed to be a socialist but who was not prepared to join the CSP formally was Pandit Jawaharlal Nehru, who, however, blessed the venture. The CSP was, until its conversion soon after independence into the Praja Socialist Party, a pressure group within the Indian National Congress.

### Rejects Socialism; Quits CSP

Five years after he helped form the CSP, Masani quit the party and for a while, quit politics until 1942, when he returned to the Indian national Congress and participated in the Quit India struggle. Why did he

leave the CSP? He did so because he understood very early the real nature of international Communism directed from Moscow and the tactics of the United Front. But as he was not able to convince his colleagues that the Communists had to be thrown out, he quit the CSP.

Bertram Wolfe, himself a former Communist and author of "Three who Made a Revolution" has, in an article he wrote on Yusuf Mehrally, quoted the latter; "Minoo was right of course, although we did not know it then. Some time later when I got out of prison, I discovered that the Communist Party was guilty of double-dealing and had constituted itself as a hostile conspiracy within our movement".

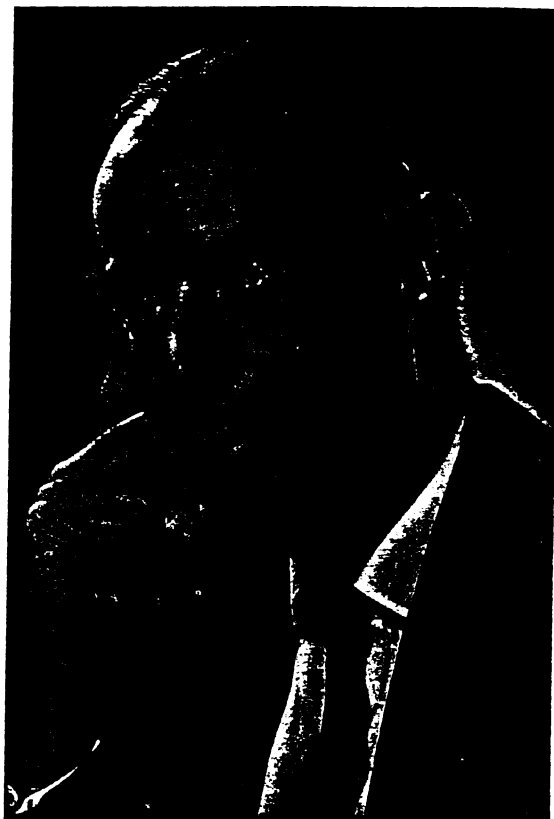
The Stalinist purges of the thirties and the changing attitudes of the Soviet Union to World War II - first when Stalin signed a pact with Hitler, it was an "Imperialist War" and later when Hitler turned on Russia, it be-

came a "Patriotic War" resulted in Masani giving up his admiration for Communism. He may have been the first in India to gain such an understanding of Communism but internationally, he was in the distinguished company of such luminaries as Arthur Koestler, Ignazio Silone and Louis Fischer, who too gave up the "God that failed".

### "Socialism Reconsidered"

Masani's rejection of Communism was but the first step in his questioning of some of the basic premises of socialist thought.

COURTESY: FREEDOM AND DISSENT



M.R. Masani in his younger days.

Five years after his resignation from the CSP, Masani published an essay entitled "Socialism Reconsidered". He explained, "While World War II and the Quit India campaign were proceeding along their respective paths, I was engaged in intensive rethinking of my own position vis-a-vis the problems of socialism and a free society. Marxism and state Socialism had lost all appeal for me. The question was what philosophy or way of life was to take their place".

He attributed this change of thinking to two factors - "...the failure of the Soviet Revolution to deliver the goods in any sense of the word and the influence of Mahatma Gandhi".

This led him to consider the role of the State in the economy. He was not about to give up the humanitarian aspects of socialism nor look kindly to the exploitative aspects of Capitalism as he then understood. Introspection led him to the concept of a mixed economy. In a talk at the Bombay University, Masani declared that while one could not wish away the State, it was possible to give capitalism a human face through practising the Gandhian concept of Trusteeship.

Wrote Masani in his autobiography, "Bliss Was It In That Dawn..."

**If money power is dangerous, a combination of political and economic power, as in a nationalised economy where the State is the universal employer and the sole producer, will be doubly dangerous to liberty.**

He further stated that "the programme of state plus free enterprise is the only practicable programme that any Government in India could adopt".

Masani had completed his travel from Marx to Gandhi; from Socialism to Liberalism. Not long afterwards, Masani was a part of the Liberal International, soon to be its Patron.

#### Birth of the Swatantra Party

Forty years before the collapse of the Soviet Union, Minoo Masani saw the system as one that had failed though even he could not have predicted the way and speed with which the Soviet Empire broke up. It was fifty years again before the Government of India, no doubt compelled by economic compulsions, gave up statism, aptly labelled by Rajaji as the 'Permit-Licence-Quota Raj'

Masani realised that his liberal views would need a political vehicle if they were to have a chance of becoming official policy. Rajaji, with whom Masani had earlier crossed swords as a socialist, was his natural ally when the two decided that it was time to give the country a real alternative to the Stalinist system that was leading the country to economic bankruptcy on the one hand and to a system where corruption was all pervasive. Thus was the Swatantra Party born.

The rise and fall of the Swatantra Party is a story in itself. Suffice it to say that never before 1962 in free India's Parliament or after 1971 was the liberal point of view so forcefully expressed and recorded. In fact, between 1967 and 1971 the Swatantra Party was the single largest opposition party in the House of the People.

Yet another achievement of the Swatantra Party was that the word Socialism which had become a *mantra* and which nobody dared criticise publicly lost its respectability - long

before the Congress Party effectively jettisoned the word (even though it continues to disfigure the Preamble of the Constitution of India).

The man responsible for putting Liberalism on the political map of India, more than anyone else, was Masani. It is not given to many to see their predictions come true. Masani is among those fortunate few to see his position vindicated and be around to see it. The only pity is that the party he founded and which championed a free competitive economy is no longer alive at the national level.

#### Masani's Vision of Liberalism for India

What kind of Liberalism did Masani prescribe for the Indian context?

He felt that Liberalism had come to India after the failure of Socialism and was a fusion of Western Liberalism and Gandhi. In a lecture on 'Liberalism' he observed:

**What are these teachings that we graft on to Liberalism or fuse with Liberalism? First, that ends and means are interlinked: that if we want a decent society, our methods must be decent. We cannot create a free and equal society by expropriation, liquidation, lying, as the Communists claim they can. Secondly, as Gandhiji used to say repeatedly, 'that Government is best which governs the least.' Minimum Government. The essential thing is to leave the people free. Thirdly, Trusteeship, that those who have the good things of life, those who have wealth must use them for the good of the community. While we have a good**

time with what we have, we must not be devoid of a social conscience or a sense of social obligation. Gandhiji called it Trusteeship of the rich for the poor. He said : let every rich man use his wealth. Certainly, let him keep it. Nobody should take it away. But let him use it so that he can have a good conscience that he is doing what he can for those around who are not so fortunate.

### Last of a Generation

And finally, having been associated with him these last 35 years, I cannot resist concluding this article without a personal assessment.

Masani quit active party politics in 1971 but continued in public activity till almost 1990 when failing eyesight compelled him to go slow. It is impossible for him to be indifferent when he feels that things in society are not going right. Soon after independence when the communist threat to the country was real and present, he founded the Democratic Research Service which did yeoman work in exposing communist undercover activities. When he was convinced that what the young generation needed was training in citizenship, he started the Leslie Sawhny Programme of training for democracy which is doing excellent work in the furtherance of its objectives. Lately, he got himself into the middle of a controversy by demanding for the terminally ill their right to ask for withdrawal of life support systems and to die with dignity.

I have often wondered what would have happened if the Swatantra Party had, by some miracle, come to power in Delhi. I am convinced that we would have found Masani not on the Treasury Benches



but leading the Opposition! Governments compromise and programmes and policies of parties when not in office get considerably diluted when they assume office. In such a situation, Masani might have agreed to a small change here or a minor modification there, but would have refused to compromise on fundamentals and left the Government.

I have yet to see anyone (other than Jayaprakash Narayan) so totally disinterested in office and its perquisites, if it involves sacrificing principles. He proved this by resigning from the Chairmanship of the Minorities Com-

mission when he was convinced that the then Janata government was not serious about the work of the Commission.

Minoo Masani is among the last of a generation of politicians whose passion for integrity and courage of conviction gave politics a meaningful direction. For men like Masani politics was public service and not a profession. Power to Masani was the means to an end - not an end in itself. ■

*S. V. Raju is Executive Director, Project for Economic Education; Trustee of the Rajaji Foundation and Secretary of the Swatantra Bharat Party.*

# liberal

CONCERNS

## Indo-German Consultative Group: Breaking New Grounds in Indo-German Relations (Fourth Meeting, November 4-5, 1995)

Officially set up in September 1991 by Chancellor Helmut Kohl and Prime Minister P. V. Narasimha Rao, following the latter's visit to Germany, the high ranking *Indo-German Consultative Group* (IGCG) held its fourth meeting in New Delhi on November 4-5, 1995. At the meeting, the German Ambassador Frank Elbe, on behalf of the President of the Federal Republic of Germany (FRG), conferred upon Prof. P. N. Dhar, the outgoing Indian Chairman of this bilateral Group, the Knight Commanders Cross of the Order of Merit of FRG in appreciation of the services rendered by him in furthering Indo-German relations. In an interview with *Liberal Times*, Prof. Dhar, who is presently Chairman of the Institute of Economic Growth, talks about the objectives, achievements and importance of the IGCG in furthering Indo-German bilateral relations.

Excerpts from the interview :

What were the major objectives behind the setting up of the Group and which are the thrust areas of co-operation that the Indo-German Consultative Group (IGCG) is concentrating on?

Germany has been a dominant economic power for a few decades now. Considering that Germany accounts for practically 30 per cent of the European Union's GDP and foreign trade and also considering that India is a fast growing economy with a vast expanding market and massive future potential, both are strategic business partners for each

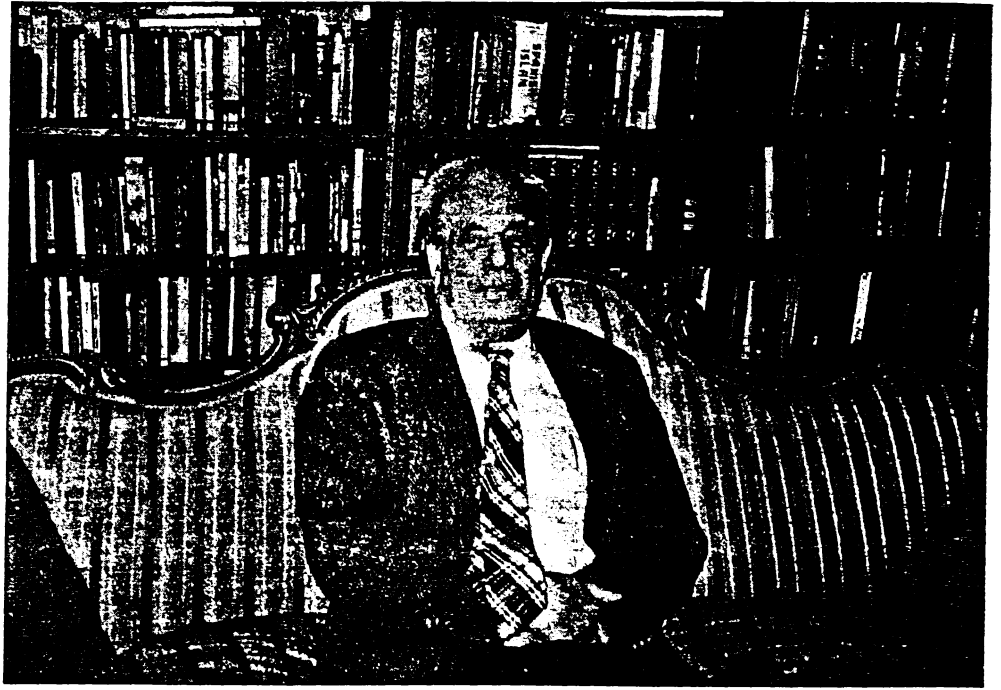
other. With a GDP growth rate of 7 per cent which is well within its reach, India could well become (and I hope this comes true) a major economic power in the future. Germany in its Asia Concept has already identified India along with China and Japan as one of its strategic partners. In the light of this, and also against the stated background of the economic liberalisation policies that India started adopting from 1991 onwards, it became imperative to further strengthen and monitor developments, prospects, problems and opportunities in Indo-German relations. It was with this basic objective in mind that the IGCG was formed. The emphasis of course was

on economic co-operation, particularly investment flows and technology transfer, but also included areas like science, culture and media. Now, the Group is moving into other areas involving questions of politics and security, since Indo-German co-operation can also contribute towards peace and stability in the region.

The IGCG is said to be high ranking. Who are the members of the group?

The Indo-German Consultative Group is a blue ribbon panel comprising 40 prominent personalities, 20 from either country, drawn from business, politics, economics, media,

PHOTO: FNSI.



Prof. P. N. Dhar

academia, culture, science and technology. On the German side, the chairman is Dr. U. Cartellieri, member of the Board of Directors of the Deutsche Bank, and other members have been drawn from conglomerates like Siemens, Krupp, Bayer, Mercedes-Benz and ABB, to name a few. The Indian side has Mr. Rahul Bajaj, Mr. Ratan Tata, Ms. Kapila Vatsyayan, Mr. Raunaq Singh, Dr. A. M. Khusro and Mr. K. N. Shinoy, among others. The government of India is represented through the Ministry of External Affairs which provides the logistics and other support. Basically we have members who are respected in various fields and whose opinion carries weight with the policy makers of the two countries.

What distinguishes the IGCG from other Indo-German bilateral groups of co-operation?

Firstly, IGCG is an informal group and it is non-official. Our discussions are frank and free and not constrained by reasons of protocol and other diplomatic ambiguities. So there is a free exchange of views. Other bilateral groups are working within certain restrictive sectors; whereas our group can work across the board and determine its own agenda and modus operandi. Secondly, the IGCG makes its recommendations directly to the Chancellor in Germany and the Prime Minister in India. And if it continues at the rate at which it has been going, it could become a very important unofficial channel. Since the Group has a distinguished membership of influential people who have the req-

uisite talent, knowledge and experience, the recommendations made by the Group are treated seriously by the two governments and serve as policy inputs. Today, international relations have become extremely complicated. People-to-people contact is as important as contact between governments. And this, the Group has succeeded in achieving. There is also this distinct advantage that so far India has had no past record of bitterness with Germany.

At the Fourth IGCG Meeting held recently in New Delhi on the 4th and 5th of November what were the major points discussed?

At the last IGCG meeting, the focus was on the 'media image' each country has about the other. In India, what we know about Germany is mostly through the Anglo-American media. The idea was to get over

stereotypes and to enhance further co-operation in print media through training of journalists, exchange of editorial personnel etc. Other economic, political, scientific and cultural issues were discussed as well and recommendations made.

What is the term of appointment of the two co-chairmen?

Formally, there is no term as such. At the last meeting, which was the fourth meeting, I have formally resigned as the Indian chairman. I felt that four years were enough for one chairman to lead the Group. Dr. Ulrich Cartellieri has similarly resigned. The new German chairman is Dr. Theo Sommer who is the Chief Editor of the leading German weekly, *Die Zeit*. The Indian chairman is yet to be selected. 1

*Interviewed by Geeta Lal*

## Salman F. Rahman: New President of SCCI

**A**t the 2nd General Assembly Meeting of the SAARC Chamber of Commerce & Industry (SCCI), held in the Maldives on the 21st of October, 1995, the members drawn from all the seven South Asian countries elected Mr. Salman F. Rahman as the 2nd President for the term 1995-97.

Mr. Rahman, who is also the President of the Federation of Bangladesh Chamber of Commerce & Industry (FBCCI), is the Vice-Chairman of the Beximco Group of companies and has his business interests in Bangladesh and abroad in the fields of textiles, pharmaceuticals, jute, shrimp farming, trading,

real estate development and construction. He is one of the sponsor directors of two leading private sector banks in Bangladesh. Besides holding the chair of the board of editors of 'The Independent', a leading daily English newspaper published from Dhaka, he has also served in government and non-government bodies in various capacities. He thus brings in rich and varied experience to lead the SAARC Chamber.

He replaces Mr. S.M. Inam, the former President of SCCI from Pakistan, who was the founder Presi-

dent of the chamber. The members appreciated and lauded the excellent services provided by Mr. Inam as the convenor and founder President of SCCI. He nurtured SCCI and helped bring it to its present position with single-minded dedication of promoting the cause of regional economic co-operation within SAARC.

As the new President, Mr. Rahman intends promoting the interests of the region by ensuring better intra-regional economic co-operation. One of the immediate priorities of SCCI is to close the information gap existing between the

PHOTO: FNSL



From left to right: Salman F. Rahman (President of SCCI), W. G. Parera (Vice President SCCI, Sri Lanka), H. E. Mr. T. K. Silwal (Secretary General of SAARC)

business communities by operationalising SAARC-Net, an on-line computerised information network in all the seven countries of SAARC and through wider circulation of the SCCI newsletter which will provide useful business related information to the business community, media and intelligentsia. Secondly, he plans to lobby strongly with the governments and SAARC Secretariat in the interest of closer economic co-operation and removal of non-tariff barriers. Mutual suspicions existing among the countries of the region arising out of some political differences will also need to be ironed out, before substantial

progress can be made in this direction. He plans to lead business delegations within and outside the region in order to break the existing communication barriers.

His commitment to the cause of free market economy will help in providing a major thrust in the setting up of the SAARC Free Trade Area (SAFTA) - an idea mooted by the heads of state at the 8th SAARC Summit held in New Delhi in 1995. Espousing the cause of open region-

alism, he plans building strong economic linkages with the European Union and the ASEAN group of nations. He strongly believes that in future, economic co-operation in the region will increasingly rest on the shoulders of the private sector. The impetus for this must, therefore, come from the business community itself. An independent commission comprising high level economists and the intelligentsia is to prepare a blue print for the integration of the SAARC business community. ■

## Transition from SAPTA to SAFTA

When the agreement on the SAARC Preferential Trading Arrangement (SAPTA) was signed in April 1993, it was difficult to fathom that it could become an operational reality within a period of two and a half years. A large part of the credit goes to the SAARC Chamber of Commerce & Industry (SCCI) which helped in generating interest among the business communities of the seven countries and got their support to institutionalise SAPTA within the entire region. With the co-operation of the Friedrich-Naumann-Stiftung (FNSt.), SCCI had organised 7 SAPTA seminars at national level followed by a regional seminar in Kathmandu in 1994. These seminars helped in providing a policy perspective of the business community to the concerned minis-

tries of the SAARC nations. Thanks to the commitment of the heads of the seven member states of SAARC, SAPTA would become a reality from the 8th of December, 1995.

Signing of the SAPTA agreement and the concessions agreed upon therein is a landmark achievement that depicts the commitment of the SAARC nations to forge ahead in the path of co-operation.

Recently SCCI instituted a study to analyse the likely implications of the SAPTA concessions agreed so far. The outcome of the analysis reflected that although the agreement on first round of concessions is significant as a strong confidence building measure, the likely increase in intra-regional trade due to the concessions agreed upon will be insignificant. This calls for an accelerated pace of tariff reductions by

agreeing upon across the board tariff concessions between the seven member states, so that an early institution-alisation of South Asian Free Trade Area (SAFTA) can take place.

To create the necessary awareness among the business community, bureaucracy, media and the intelligentsia, SCCI with the support of FNSt. organised a series of 3 seminars on 'Implications of SAPTA and Transition to SAFTA' in Islamabad, Colombo and New Delhi on 24-25th September, 17th October and 15th November, 1995 respectively. One more national seminar in the series will be held in Dhaka during the second fortnight of December, 1995. The concluding seminar reflecting the outcome of the 4 national seminars will be held during the first fortnight of January, 1996 in New Delhi. ■

## Experts Recommend A Statutory Agency For Environment Protection

A three-day National Workshop on "Environment Protection, Citizen's Legal Rights and Remedies", held in Ahmedabad from 17th to 19th November 1995, called upon the Government of India to set up a professional, independent and statutory agency for environmental protection, as envisaged in Section 3 of the Environment Protection Act 1986. The workshop was organised jointly by the Consumer Education and Research Centre (CERC), Ahmedabad, and the Friedrich-Naumann-Stiftung, Germany.

It recommended that the proposed agency should co-ordinate and oversee the functioning of all

authorities entrusted with the implementation and enforcement of all environment laws and take appropriate remedial measures. This agency should create a quasi judicial machinery for disposal of complaints and violations as is done by the Environment Protection Agency of the USA.

The workshop adopted a set of 28 recommendations at the end of three days of deliberations and resolved to follow them up with the authorities concerned. Besides the setting up of an environment protection agency, it was also suggested that the Ministry of Environment and Forests, Government of India, should create a database on pollution control and cleaner production technologies, as well as a database on plant, machinery and consultants.

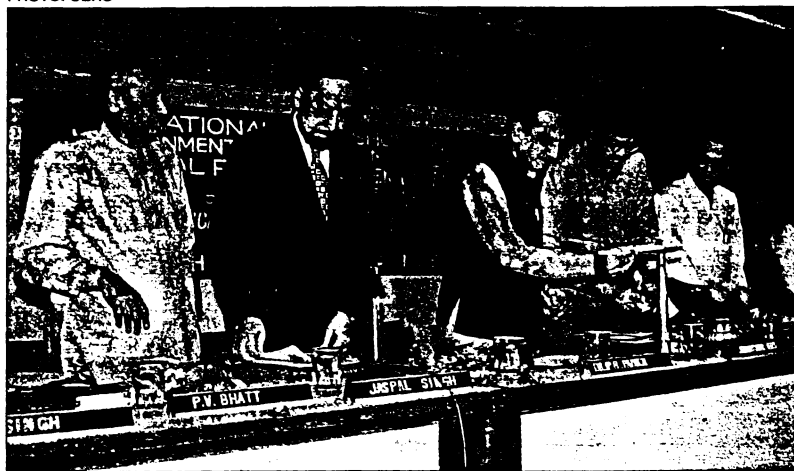
The experts further suggested that access to information on data from industry and Government agencies should be made a legal right of the people and voluntary organisations and that such access should be made available through either the Ministry of Environment and its agencies or through the enactment of an Access to Information Act. Besides, methods of dissemination of information on environmental issues to policy makers, judicators and the people should be improved and paid urgent attention.

The Gujarat Minister of States for Industries Mr Dilip Parikh, who inaugurated the workshop, warned industries that strict measures would be adopted to ensure pollution control and environmental safety. The Government did not want to achieve economic growth through industrialisation and industrial development at the cost of environmental degradation.

The workshop discussed a wide range of environmental issues such as the role and responsibilities of the Government, industries, the people and the NGOs; environmental laws; access to information; effluent treatment technology and standards; recent court judgements and Government policies and programmes.

One of the major recommendations called for the amendment to

PHOTO: CERC



Mr Dilip Parikh, Minister of State for Industries, Gujarat, inaugurating the three-day National Workshop on "Environment Protection, Citizen's Legal Rights and Remedies" in Ahmedabad on 17 November 1995



the Environment Protection Act so that neither the Railways nor any other development agency could claim any exemption from compliance with environmental legislation on technical grounds. Pending such an amendment, administrative instructions will be issued that environmental clearance will be essential for all Government agencies.

In the context of liberalisation and globalisation, the Government

of India was called upon not to permit industries that are located in developed countries and that have become uneconomical due to environmental reasons, to be relocated in India.

The workshop suggested that all agricultural activities must be brought under the purview of environmental protection laws since chemicals used in modern agriculture are a major source of environmental damage.

Initial discussions on the recommendations have led to the following action plan :

1. The Government of India has asked the State Pollution Control Boards to set up a database cell, for which it will provide the seed money.
2. The Government of Gujarat is in the process of notifying the sites for the disposal of hazardous/toxic wastes.
3. Pollution Control Boards are to be renamed Environment Protection Authorities with a wider range of responsibilities.
4. The Government of Gujarat is accelerating its efforts to set up common effluent treatment plants at select industrial estates.

## Liberty Institute

**L**iberty Institute is a newly formed, non-governmental, non-political, autonomous, public policy research and educational organisation dedicated to upholding classical liberal, free market ideals. After ten long years of deliberations, the Liberty Institute finally came into being in August 1995 as a public charitable trust. The Institute seeks to inculcate and strengthen among the people the awareness, appreciation and understanding of the institutional pillars of a free society - individual rights, rule of law, limited government and a free market.

The 20th Century has witnessed unprecedented changes with the rise and fall of socialism as one of the

dominant political philosophies. This development has brought home the point, that in order to successfully move away from the "socialist pattern of development", it is not sufficient that liberalisation be promoted on the grounds of economic efficiency alone, however true that argument may be. But that morality of the marketplace be demonstrated by making it a part of a wider vision. Therefore, there is an urgent need for an intellectual movement. Throughout the world, there is a growing recognition that individual liberty, rather than governmental planning and control, is the true source of human progress.

Effectiveness of an intellectual movement is directly dependent upon the availability of relevant literature. To do this, Liberty Institute plans to build up a library and a data

bank. It will publish research reports, monographs and books and will also run a book club in order to make some of these books available for sale at reasonable prices. Among the public policy issues that are proposed to be taken up for research are the role of Multinational Corporations, the effects of foreign aid, debates on population control, human rights, corruption, privatisation, etc. A series of small booklets providing market based analysis of various environmental issues will also be published. Information and ideas will be disseminated through lectures, seminars and media. In the first week of April 1996, there are plans to organise a four-

day residential workshop on the theme of 'Philosophy of Freedom'.

Liberty Institute is open to anyone interested in ideas. All one has to do is to write to the present address 96/10 Pushp-Vihar-I, New Delhi 110 017 (Fax 011- 685

6992) expressing an interest, and the Institute will revert back to you and keep you informed about all their activities. The support and co-operation of all freedom loving people is sought. As a matter of principle, the Institute does not ac-

cept any government funding. This way the Liberty Institute hopes to retain its independence, demonstrate its commitment to its ideals, and live up to its promise of being a place "where the mind is without fear". □

## Convention on Liberal Values

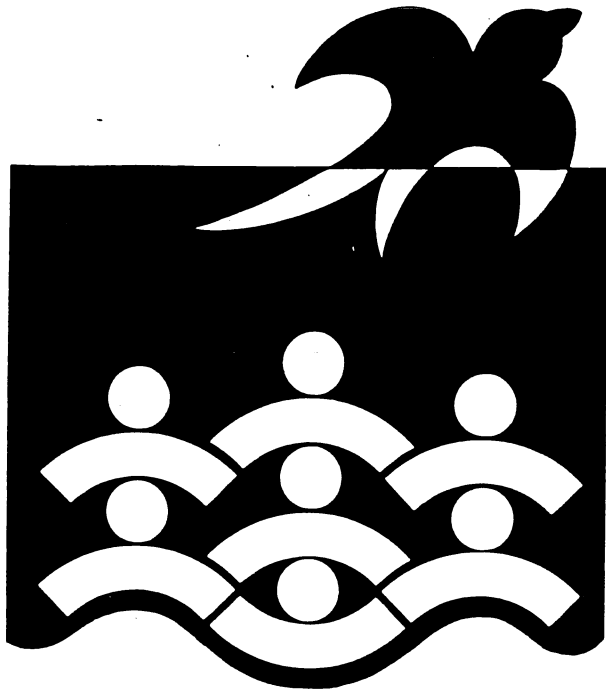
The Friedrich-Naumann-Stiftung (FNSt.) is hosting a three-day international *Convention on Liberal Values* which will be held at Federation House, Tansen Marg, New Delhi between the 5th-7th of January, 1996.

About 200 eminent economists, social scientists and human rights activists from India and abroad are expected to participate in the Con-

vention. These include among others Dr. Otto Count Lambsdorff, M.P., former Minister of Economic Affairs, Germany, and present Chairman of FNSt.; Sir David Steel, M.P. and President of Liberal International; Prof. Dr. Hans Vorländer, Mr. Soli J. Sorabjee, Dr. A.M. Khusro, Mr. M.S. Swaminathan, Mr. I.G. Patel, Mrs. Leila Seth, Dr. Ashok Desai, Mr. Rajmohan Gandhi, Mr. B. G. Verghese and Prof. Upendra Baxi. The Convention will be inaugurated by the Vice President of India, Dr. K. R. Narayanan.

Experts attending the Convention will discuss how liberal values can be utilised in managing the social, economic and political changes taking place in India and the neighbouring South Asian countries.

The subjects to be discussed at the Convention include Liberalism, Free Market Economy and Ecological Responsibility, Democracy, Human Rights and Social Justice.



# READERS FORUM

I was pleased to read the Cover Story in Liberal Times Volume III, Number 3. By focussing on the Political Culture in South Asia, you have touched upon some of the key issues around which hangs the fate of liberal democracy in this region. I was impressed by the analytical treatment of the subject. I would like this issue of Liberal Times to be widely circulated in the region.

Prof. P.N. Dhar  
Chairman, Institute of Economic Growth, Delhi

*Liberal Times has a good collection of well organised and edited thoughts on the vibrant political world (Liberal Times Vol. 3/No. 3, 1995). It has brilliant illustrations and is an essential read to understand the socio-political environment which has such a tremendous bearing on the country's economy.*

Vibram Suri  
Zonal Manager,  
Godfrey Phillips India Ltd.,  
New Delhi

I enjoyed going through your Vol. 3, No. 1 issue of Liberal Times. Based on the limited knowledge we have about your institution, I am quite impressed with the kind of work you are doing.

Najmul Hossain  
Director, Data International,  
Dhaka, Bangladesh

I got a chance of reading the 'Liberal times' issue on "Tibetans in Exile". The articles are informative, educative and provide an overall picture of the Tibetan struggle. We are happy to learn about your relentless efforts in upholding the higher values of freedom.

C. Narendra  
Co-ordinator, Human Rights Forum,  
Guntur, India

This bears reference to your publication "Liberal Times" which we find very informative in its coverage and contents, wherein our scholars are working. We would be highly grateful, if you could send us all the issue published so far and keep our name in your mailing list for regular supply.

J.M. Majumdar  
Centre for Himalayan Studies,  
University of North Bengal, India

I went through your magazine in our university library and I found it to be excellent. I would like to be an annual subscriber of your magazine.

Sanjib Bhadra,  
Guwahati

*liberal*

“The first thing we can do to serve the cause of universal liberty is to try and liberate ourselves to the maximum extent possible.”

“Education in liberalism is by no means confined to the education of parliamentarians alone, rather it involves training the population to think and act in a liberal way to a much larger extent.”



Friedrich Naumann (1860-1919)

“What we are lacking today is a broad, universal stream of liberal thought. This is the reason for our slow advance. And it is here that we must work together - not in an atmosphere of mutual bitterness and open fissures, but with mutual respect without which the difficult task of education cannot be implemented.”

FRIEDRICH-NAUMANN-STIFTUNG

*Carrying forward the vision of this noble liberal statesman ...*