Advance Praise for *India Is Broken*

"*India Is Broken* by Ashoka Mody is a masterful, wonderfully readable but searing indictment of the failures of Indian economic policy since independence. Brilliantly weaving into his account a history of the key political events of the era, he chronicles how a dismal catalogue of flawed economic strategies and an ever more corrupt and dysfunctional political system have led to a country that is unable to produce enough jobs for its citizens, where religious divisions keep growing and inequality is relentlessly rising. This is an indispensable book for anyone trying to understand this large and complicated country."
—Liaquat Ahamed, Pulitzer Prize winning author of *Lords of Finance: The Bankers Who Broke the World*

"A compellingly readable history of Indian politics and economics since independence: Nehru's early mistakes—especially his tragic lack of attention to health, education, and jobs—multiplied into performative and destructive politics in the hands of his heirs. Although an Indian story, this is a profound account of how any democracy, even the world's largest, can be destroyed from within. Great storytelling. Hard to put down!"
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"This is a dazzling book with an ambitious arc. The juncture India stands at today is seen ever more clearly in Ashoka Mody's gripping narration. I have rarely experienced history as such a powerful tool. Compellingly written, the book coheres around a central thread that runs right through until the very last line: can India yet deliver on the hope of 1947? It is a tale tinged with sadness, a sense of loss at what might have been."
—Kavitha Iyer, author of *Landscapes of Loss: The Story of an Indian Drought*

"Mody's book traverses the entire sweep of independent India to show us how we ended up here—struggling economy, soaring unemployment, fractured society—and how to find a way out. All through, it makes a resonating connection between

high-level economic and political discourse and the real lives of Indians, especially young Indians. *India Is Broken* is as absorbing as it is ambitious."
—Snigdha Poonam, author of *Dreamers: How Young Indians Are Changing Their World*

"In *India Is Broken*, Ashoka Mody writes a readable, comprehensive, though depressing history of what has gone wrong with the Indian economy. The book is a devastating take-no-prisoners indictment of the policies of successive governments. While you may not agree with the relentless criticism, and while the book is light on prescriptions, it is a must read for anyone who wants to understand India's challenges today and their roots in the past."
—Raghuram Rajan, University of Chicago and former Governor of the Reserve Bank of India

"A magisterial political and economic history of postcolonial India, written with extraordinary eloquence and passion. Rather than celebrating the slow economic rise of India, Mody argues that successive leaders from Jawaharlal Nehru to Indira Gandhi to Narendra Modi have failed the country's hundreds of millions of poor and borderline poor on its path from nascent democracy to mature authoritarian state. All too often, Mody suggests, the International Monetary Fund, the World Bank, and other donors were willing to sign off on economic policies that had little chance of success. *India Is Broken* will be a touchstone in policy debates for years to come."
—Kenneth Rogoff, Harvard University and coauthor of *This Time is Different: Eight Centuries of Financial Folly*

"A detailed and richly researched study of India's economy from independence to the present day, Ashoka Mody's *India Is Broken* delves into many of the critical yet overlooked aspects of India's political and economic history. While I cannot endorse everything he writes, Mody's highly readable account lays bare the deception and failure of the last several years, while maintaining a focus on the important details of economic policy."
—Shashi Tharoor, Member of Parliament and author of *Ambedkar: A Life*

INDIA IS BROKEN

INDIA IS BROKEN

A People Betrayed, 1947 to Today

ASHOKA MODY

juggernaut

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To

Krishnan and Lakshman

My sons, my best friends, in gratitude for their free tech support

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PREFACE

In the decades since independence, India's achievements have fueled a narrative of a country on the rise. In awe-inspiring displays since 1951, hundreds of millions of Indians have gone to the polls every five years to select their leaders. Starting in the 1980s, India also captured the world's imagination as a potential economic superpower. Indian students excelled at top American and British universities. Indian information technology companies and customer-service agents on telephone helplines became commonplace. Soon, Indians occupied positions of great prominence at leading international companies. In 2004, U.S. presidential hopeful John Kerry tried to shock his fellow Americans by asserting that internet connectivity in the southern Indian city of Bangalore was superior to that in many American cities and towns. And although India's GDP growth began collapsing in 2018, India's image as a rapidly emerging player on the global stage persisted. Internationally recognizable and acclaimed Indians grew in number. Analyzing the COVID-19 crisis in 2020 and after, doctors of Indian origin were ubiquitous commentators on American television.

International observers and Indian pundits have long predicted that democratic India's plodding economic "tortoise" will outpace authoritarian China's cocky "hare." The world's largest democracy as an economic

superpower is a tantalizing prospect—not just for Indian citizens but for the world, which would gain a crucial counterweight to the Chinese economic and geopolitical juggernaut.

The story in this book starts at the hopeful moment when India gained its independence from British colonial rule in 1947. After the horror of the bloody partition of British India into the new Indian and Pakistani states, desperately poor and largely illiterate Indians were anxious to move on. Death rates were falling because of improved management of famines and more widespread availability of medicines that had controlled disease epidemics in Europe. With lower death rates, the number of young Indians looking for jobs surged. Indian leaders and policymakers had one task above all: to create jobs for vast numbers of people. The political response to the employment-creation challenge is the central thread that holds this book together.

From the start, jobs grew slowly. By the second half of the 1960s, frustration with life's hardships provoked widespread anger. Unable to pacify that anger, Prime Minister Indira Gandhi began moving toward authoritarianism in the late 1960s, culminating in "Emergency Rule" from June 1975 to March 1977. Although the formality of democracy returned after twenty-one months, the fabric of social trust and the spirit of democracy continued to erode. Corruption lodged itself at the highest levels of government, abuse of the state's coercive power grew, and violence to advance narrow interests and win arguments became commonplace. Short-term focus on headline-grabbing policies caused a neglect—even abuse—of the public goods essential for good jobs and human welfare: education, health, vibrant cities, a fair judicial system, and a clean environment.

Even as India's poor job creation and high inflation persisted, East Asian nations, armed with heavy investments in human capital and urban development, established internationally competitive economies that generated near-full employment.

Starting in the mid-1980s, a small group of Indians amassed fabulous fortunes. Simultaneously, the direst forms of poverty began declining. But hundreds of millions of Indians continued to live precarious lives, keeping their heads just above basic sustenance levels. Persistent social

anger fed criminal networks and sustained "angry Hindu" mobs. Hindu nationalism marked a further tear in the social fabric as violent mobs sought new performance arenas.

Today, as of the writing of this book, it is seventy-five years after Independence, and India's democracy and economy are broken. V-Dem, an academic think tank based in Sweden, categorizes India as an "electoral autocracy," a nation that holds elections but where the rule of law and freedom of speech have fallen to unacceptably low levels. COVID-19 revealed the fragility of the Indian economy, which crashed as the first wave of the disease struck. Of the hundred million jobs that disappeared, twenty-five million or more may never come back. More jobs disappeared in the pandemic's second wave. These losses have piled on to a large backlog of unfulfilled demand for jobs, and as new batches of young Indians enter the job pipeline, they face the specter of a precarious future. "India has an employment crisis" is a common refrain.

This book is a history to inform the present. Although I have written the book from the perspective of successive Indian leaders, my tale is one of continuous erosion of social norms and decay of political accountability. Weakened norms and accountability have made the rules and institutions of democracy a plaything of the privileged and powerful; cooperation is severely lacking in the delivery of quality education, health, and urban spaces for all; justice is no longer blind and rampant environmental damage is ferociously amplifying the damage from the ongoing climate crisis. And since restoration of norms and accountability requires accountability, India is in a classic Catch-22 situation.

It is easy, but incorrect, to lay the blame for India's troubles on its abhorrent caste system. India is in a Catch-22 because it fell victim to universal moral failures: corruption, blurring of lines between criminals and politicians, and social violence. Once key events injected these afflictions into politics and society, it became easier to keep making the wrong choice at every opportunity for change.[1]

India can emerge from this trap only by recognizing that the economy is a moral universe whose inhabitants flourish when social norms foster trust and long-term cooperation. The economy is not a machine with people as cogs and gears that respond benignly to clever shifts in policy

levers by skilled engineers. Without trust and cooperation, the best policies and technologies will disappoint endlessly.

The book narrates India's story chronologically to ensure that I do not use hindsight to second-guess choices made by leaders and officials. The chronology also places a spotlight on particular moments at which events and choices critically shaped the future. While the personalities and words of leaders loom large, I often use vignettes from creative ethnographic writings to portray how Indians—especially young Indians—live. I also draw on Indian cinema for its invaluable social and cultural commentary. Statistical charts clear the fog of false narratives and discipline the analysis, an approach I learned during my quarter century as an international civil servant.

I hope anyone interested in modern Indian history or, indeed, in the history of economic development will find the book accessible and informative. When I write, I always wonder what questions my students will ask. To students everywhere, I hope you will find some of your questions answered and that you will be intrigued by new ideas. To scholars, I have tried to fairly represent your work and suggest avenues for more research.

I was born and raised in India but have lived and worked in the United States for nearly forty years. Some years ago, I had to give up my Indian citizenship to become a U.S. citizen. When I called my father to tell him of the emotional rupture I felt, he unhesitatingly reassured me, "You will always be an Indian at heart." It is that Indian-at-heart you hear in these pages.

INDIA IS BROKEN

Chapter 1

THEN AND NOW, AN INTRODUCTION

An exodus of distraught villagers, fleeing their parched farms, staggers toward Calcutta. "*Woh raha Kulkutta* [There lies Calcutta]," a haggard young farmer says, pointing with hope to the city on the horizon. The hope in his eyes quickly turns to fear of what the city may bring.

The historic city Calcutta, capital of the eastern state of Bengal, does crush the hopes of the villagers. The city offers the squalor of the footpath for a home. The specter of death continues to haunt. There are no jobs. The rich are garishly materialistic. The powerful in the city—as in the villages left behind—exploit helpless women with a cynical sense of privilege. Hence, when famine conditions ease, many who survived their trek to Calcutta and its harsh life return to their villages. For India's most vulnerable people, there is no home, no gainful work, no dignity. The reverse trek—from the city to the village—is the expression of that despair.

These scenes are from the movie *Dharti ke lal* (Children of the Earth), a 1946 portrayal of the 1943 Bengal famine. In discussing the movie, the twenty-seven-year-old emerging cinematic genius Satyajit Ray wrote, "The raw material of cinema is life itself."[1]

Touching gingerly on one of India's deepest wounds, the movie showed segregated relief kitchens for Hindus and Muslims. The partition of British-governed India into India and Pakistan was approaching.

The reality was forbidding. In August 1946, coinciding closely with the release of *Dharti ke lal*, Hindus and Muslims slaughtered each other, leaving between five thousand and ten thousand dead in the "Great Calcutta Killing." A year later, with partition now imminent, millions—Hindus toward India and Muslims toward Pakistan—crossed the eastern India-Pakistan border that ran through the state of Bengal. Mohandas Karamchand Gandhi—Mahatma Gandhi or simply the Mahatma, the great soul—prevented another episode of disastrous blood shedding. He gathered Hindu and Muslim Bengali leaders in Calcutta. Together they sat through daily prayer meetings and walked the streets in demonstration of communal solidarity. But Hindu-Muslim violence took on epic proportions on the western border running through the state of Punjab.[2]

In that moment of shame there was also political inspiration. Just before midnight on August 15, 1947, as brutalities raged in Punjab, Indian prime minister Jawaharlal Nehru spoke to the sovereign Constituent Assembly in the Indian parliament. To the new India, with 70 percent of its 360 million people depending on a fickle agriculture for their livelihoods, Nehru made a promise: India's democracy would work to honor the Mahatma's pledge, to "wipe every tear from every eye."[3]

Indian leaders quickly established a nation based on high principles. The Constituent Assembly enacted the Indian Constitution, which gave every adult a vote and established the essential institutions of a modern democracy. A determined effort brought more than five hundred previously disjointed princely kingdoms into the Indian union. India's early leaders emphasized religious tolerance. The goals of national unity and a secular democracy soaked into the national psyche and influenced the outlook and values of many Indians across generations.

Independence also brought material gains. After stagnating in the half century before the British left, average incomes of Indians increased, gradually at first and more rapidly after the mid-1980s, when millions of Indians emerged from severe poverty.

Yet the gains were tenuous. While poverty fell alongside high GDP growth rates achieved after the mid-1980s, a question mark hangs over the extent of the achievement. The difficulty arises in defining *who* is poor. Analysts had long followed the World Bank convention that a person was

poor if he or she was unable to spend even $1.90 a day on consumption needs. By that definition, 22 percent of Indians in 2011 were poor. But by then India had graduated from a low- to a lower-middle-income country. And with the rise in income and life's complexities, the social benchmarks of humane existence had increased, which meant that $1.90 per day was no longer sufficient to buy minimally acceptable necessities. In 2017, the World Bank acknowledged that people living in lower-middle-income countries needed at least $3.20 a day to meet their essential needs, and it computed new poverty estimates for previous years. By that more reasonable definition, India's poverty rate was 60 percent, rather than 22 percent, in 2011.[4] I refer to the 38 percent of Indians who lived in the zone between the two poverty lines—the old $1.90/day and the new $3.20/day—as the precariously poor. Such families were typically one illness or one job loss away from falling back below the miserly $1.90/day poverty threshold. In India's precarious zone lived hundreds of millions of farmers, construction workers, and low-skilled service-sector workers. Over time, matters became worse. An official 2017–2018 survey—which the government tried to suppress—showed that even the share of those living below the dire, $1.90/day line had crept up.

By my analysis, the illusion of economic dynamism burst in August 2018, when the finance-construction bubble deflated. Soon after, Indian democracy also suffered a grievous, possibly irreversible, blow, when money, muscle, and Hindu nationalism won the vote in the 2019 election.

In January 2020, a new coronavirus entered India: SARS-CoV-2, which caused the disease known as COVID-19. On the evening of March 24, 2020, Prime Minister Narendra Modi announced that, starting at midnight, the country would be locked down for the next three weeks. Severely restricting the movement of people was necessary, he insisted, to prevent the spread of the highly contagious and lethal coronavirus. On April 14, Modi extended the lockdown. By now, the virus was unforgivingly exposing an India in 2020 that had troubling echoes from Bengal in the 1940s.[5]

As in Calcutta then, cities now were inhospitable to rural migrants. Now, the scale was much larger and made horrifying by the lockdown. Even in Delhi, one of India's richest cities, migrants from rural areas

"survived in the nooks and crannies, picking up whatever [job] came their way—construction, plumbing, loading goods, pitching tents for events." They earned a wage on the days they got work. Since the lockdown began, they had yet to earn a rupee. They had no social safety net and wanted to return home to their villages and families. But the lockdown prevented travel. The "garbage- and excreta-laden banks" of the river Yamuna on the outskirts of Delhi filled up with "men who could not go home."[6]

Delhi's trapped migrants were but a small fraction of India's one hundred million "temporary" migrants, about 20 percent of the nation's workers. Such rootless Indians were mostly men who had moved from their villages to cities in the hope of beginning better lives. Often as many as seven shared a single room to sleep at night. Whenever they could, but especially at harvest time, they returned to their village families and homes. The luckier migrants, who had moved as families to places such as Mumbai's iconic slum Dharavi, congregated—commonly between five and ten of them—to live and work in one room. They queued up in long lines to use public toilets located alongside open sewers. Now, as work and incomes vanished, about 150,000 of Dharavi's one million residents joined the swelling reverse treks from hostile cities to far-flung villages.[7]

As reports of panicked migrants spread, the government turned on its media critics, accusing them of spreading "fake news." Prime Minister Modi summoned owners and editors of print media organizations and asked them to publish "positive stories" of the government's efforts to contain the crisis. The Supreme Court echoed the government's narrative that the media's "fake news" was a "menace." Most journalists followed the court's instruction to shade the dark reality with the upbeat official accounts.[8]

On April 10, 2020, the government of Uttar Pradesh ordered the police to press criminal charges against Siddharth Varadarajan, editor of the online news portal *The Wire,* for reporting fake news. *The Wire* had mistakenly attributed a statement to the chief minister Yogi Adityanath. Although Varadarajan quickly corrected the error and reposted the article, Uttar Pradesh police served him with a notice of criminal investigation. The flutter about misquotation distracted attention from Chief Minister Adityanath's COVID-related transgressions. Two weeks earlier, he had

twice violated social distancing guidelines, both times in the cause of Hindu religious priorities.[9]

The Hindu-Muslim divide of yesteryear had reemerged in virulent form. Even as the Yogi (as he was commonly known) displayed an assertive Hindu religiosity, Hindu fanatics—backed by the state—targeted the Tablighi Jamaat, an Islamic evangelical organization whose members had met in various parts of the country in February and March. On March 23, the day before Modi's lockdown directive, they had convened at a seminary in Nizamuddin West in Delhi and in the following days some members of the Jamaat died from COVID-19. The police accused Jamaat members of causing a spike in COVID-19 cases and arrested some of them. The virus of hate spread. Across much of the northern belt but also in the southern state of Karnataka, attacks against Muslims surged. In the eastern state of Jharkhand, a pregnant and bleeding Muslim woman was beaten and turned away from a hospital. She lost her child. In Ahmedabad, Gujarat's largest city, a government-run hospital segregated coronavirus patients by religion.[10]

And economic inequalities now had become much wider. With exquisite timing, on April 22, four weeks into the lockdown, *Vogue India* invited its readers into another Mumbai world, the twenty-seven-story Mumbai home of Mukesh Ambani, India's reigning business tycoon and one of the world's richest people. The Ambani home, located eleven kilometers (seven miles) away from cramped Dharavi, has ceilings so high that the structure is tall as an average sixty-story building. It is equipped with three helipads, a theater that can accommodate eighty guests, a spa, and a garage for 168 vehicles. The "sun-kissed living area" offers a "breathtaking view of the sea."[11]

In the India of 2020, the Hindu-Muslim divide and egregious economic inequalities were reverberating echoes of Bengal in the 1940s. And disconcertingly, despite decades of economic progress, the echoes also sounded in the economic desperation of the reverse trek from the city to the village. The ongoing reverse trek revealed the continued risk of sudden income loss, health catastrophe, and the loss of even woeful living spaces: it revealed an India that was broken for hundreds of millions of Indians.[12]

This book is my attempt to explain why India, for so many, is broken.

Losing the Red Queen Race

In Lewis Carroll's *Through the Looking-Glass,* The Red Queen says, "It takes all the running you can do, to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"[13] As India's population increased, the Indian economy, far from harnessing potentially valuable young workers, could not keep up with the demand for jobs. This was the economy's essential failure.

In making the lack of sufficient jobs this book's central thread, I depart from the convention of using GDP—the sum of goods and services produced—as the measure of an economy's success. GDP is a misleading metric of a population's welfare because it skirts the all-important issue of *who* benefits and ignores the costs to future generations arising from reckless natural resource use. My emphasis on the well-being of people leads me to focus on the availability of jobs and, more broadly, on human development, livability of cities, environmental degradation, and the quality of the judicial system. The choice of well-being as the focus leads to a wholly different interpretation of modern Indian history. Recent spells of high GDP growth, although unsustainable, have engendered optimism about the future. Metrics of well-being tell a more consistently and ominously dispiriting story.

To follow the evolution of jobs, it is helpful to understand that few Indians can afford to be "unemployed" in the conventional sense of the term. Instead, they are "underemployed": they work fewer days in a year and hours in a day than they would like to. The underemployment is hidden in millions of family farms, small businesses, and casual wage laborers. On farms and in family businesses, struggling families create "make-work" to give everyone something to do. Many of these workers produce little, if anything, of value. If they stopped working, national output would barely decline. Casual wage workers work on the days they are given work to do and are idle on other days.

Unemployment as traditionally understood in advanced economies—so-called "visible," "open," or "explicit" unemployment—has mainly afflicted college graduates in India. Proliferating substandard colleges grant degrees but do not teach skills for gainful work. Such graduates are among the limited numbers who can afford spells of unemployment.

Using a methodology developed by Ajit Kumar Ghose, India's preeminent labor economist, I estimate that in 1955, India required about twenty-five million more jobs to fully employ its underemployed workers and about 1.5 million jobs for the mainly college graduates who were openly unemployed (chapter 3). Given the imprecision in such estimates, it is safe to say India was short between twenty and twenty-five million jobs. India's population then was about 360 million people. Over subsequent decades, as the population grew, this backlog of unfilled demand for jobs also grew.

The pace of job creation improved in the years of high GDP growth, which were approximately from the mid-1980s to 2011. A tiny glamorous cadre of Indians in the upwardly mobile information technology business and the financial sector did amazingly well. However, the quality of the new jobs was generally poor. The vast bulk of new employment originated in construction, with more modest additions in the low-productivity retail trade and transportation services; such jobs paid poorly and provided no social security. Construction jobs also exposed workers to serious health and safety risks. Eventually, the bubble that held up GDP growth began deflating. The overall jobs shortfall increased, especially between 2011 and 2019 when the numbers employed actually fell, such that in 2019 the Indian economy employed fewer people than in 2011.

Thus, over the longer arc of time, the jobs shortfall increased from approximately twenty-five million in 1955 to at least eighty million in 2019. The true shortfall in 2019 was almost surely much larger. Over the years, millions of rural Indian women stopped looking for work. They were neither the unemployed nor the underemployed, for they were no longer in the labor force. In 1955, 39 percent of Indian women were in the labor force—engaged in some kind of work or seeking employment.[14] By 1990, that proportion had declined to 32 percent (Figure 1.1). After 2005, the female labor force participation rate declined so steeply that the total numbers of women employed actually fell. Meanwhile, in East Asian nations, female participation rates were either high or rising. In Bangladesh, the rapid expansion of garment exports attracted women back to work.

For some scholars, India's women withdrew from the workforce because they had increased educational opportunities and their husbands

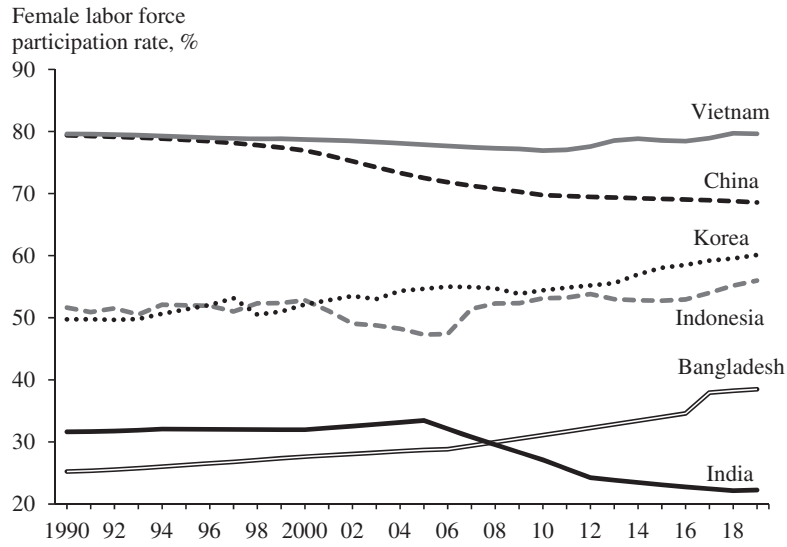

FIGURE 1.1: Growing numbers of Indian women have stopped looking for work. (Females in the labor force as percentage of the female population, ages 15–64)
Source: World Bank, World Development Indicators, estimates obtained from the International Labour Organisation, https://data.worldbank.org/indicator/SL.TLF.CACT.FE.ZS.

earned larger incomes. However, the majority of Indian women who stopped looking for work were older than twenty-five years old. They were typically from low-income families and had previously worked on family farms or in family businesses as "unpaid labor." Mechanization of agriculture had displaced them, and they had few work options once their husbands migrated to the cities to work on construction sites, in restaurants, or as street vendors. If jobs suited to their abilities had existed, jobs like the ones offered by Bangladesh's garment factories, as many as fifty million Indian women sitting on the sidelines might have taken up such work to supplement their meager and unstable family incomes. Women also faced increased violence, which deterred them from seeking work outside their homes.[15] Thus, if we add the women who had dropped out of the labor force, by 2019, India needed possibly 130 million additional jobs to fully employ its working-age men and women. I will, however, use the lower number of 80 million as the backlog of employment demand in 2019.

In addition, Ghose estimates that for the foreseeable future, India's growing population will require at least seven million more jobs per year, a number that could go up to nine million new jobs a year if the labor force participation rate (the share of workers looking for jobs) increases from its horrifyingly low level. Hence, seen from the vantage point of 2019, even if India needed only 80 million jobs to erase its backlog, adding in the new job seekers set up the nearly impossible economic challenge of generating between 150 and 170 million jobs in the decade to follow, against the reality of no addition to jobs in the immediately preceding years.[16]

COVID-19 added to that alarming outlook. About twenty-five million of the jobs lost during the two COVID-19 years may never come back, and another fifteen million new job seekers joined the queue in those two years. With that addition of forty million, at the end 2021, India needed between 190 million and 210 million jobs to fully employ its people over the next decade. This assessment of Indian job needs is likely to be an underestimate because it continues to anticipate low rates of labor force participation and does not fully factor in the jobs lost in the second and third COVID waves.

Independent India began on the wrong foot by adopting a heavy industry development strategy that could not create enough productive work for the country's rapidly growing youth population. Ever since, even in periods of high GDP growth, the composition of production has constrained the demand for workers. Despite many windows of opportunity, India has failed to emulate East Asian-style employment creation through labor-intensive manufactured exports.

The recurring inability to use exports to generate jobs represents India's most vivid failure of the Red Queen test (Figure 1.2). Strange as it may now seem, in the early 1950s, India's share of world trade in manufactured goods was slightly higher than Japan's. Although Japan had much superior industrial capabilities, it was dealing with the destruction it suffered in World War II. But despite their struggle in meeting international quality standards, Japanese producers quickly rode the postwar world trade boom, selling products such as textiles, garments, bicycles, and toys—all of which used relatively labor-intensive

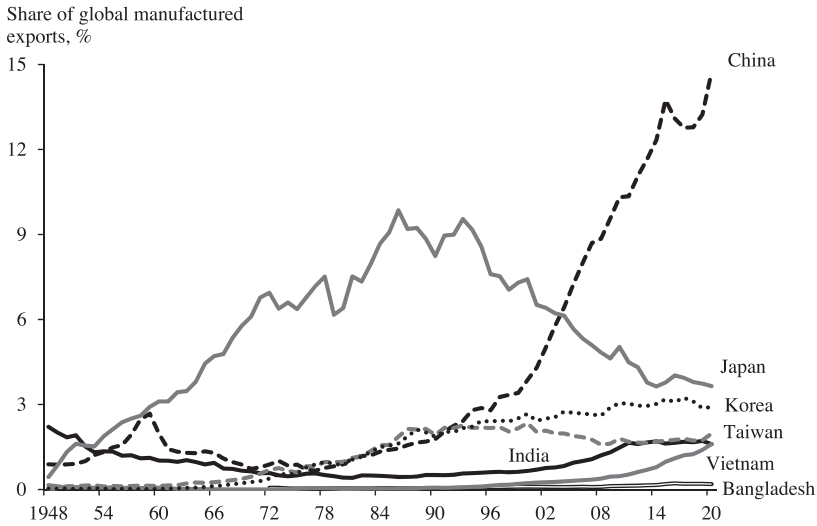

FIGURE 1.2: India has repeatedly lost the international competitiveness race. (Country exports as a percent of world manufactured exports)
Source: WTO Merchandise trade values, https://data.wto.org/, the data corresponds to UNCTAD statistics, https://unctadstat.unctad.org/wds/TableViewer/tableView.aspx?ReportId=101.

manufacturing techniques. India missed its first, admittedly narrow, window of opportunity.

In the 1960s, South Korea and Taiwan made impressive advances in the export of labor-intensive products. But perhaps India's most decisive competitive loss in international markets was to China. Chinese producers soon also quickly began selling in the Indian market, causing many Indian businesses to abandon manufacturing. In the past decade, as China ceded ground, Vietnam—a country of not even one hundred million people—has filled that space. And even though Bangladesh does not have the product range of East Asian exporters, it has been exporting a larger value of garments than India since 2006 despite having a much smaller economy.

A popularly held view of modern Indian history says that the socialist policies of the Nehru and Indira Gandhi governments stunted economic growth. The assertion also is that lingering socialism continues to damage Indian economic prospects. This simplistic view misunderstands the

essence of socialism and deflects India from pursuing a more inclusive, social democratic development strategy.

Socialism means the creation of equal opportunity for all. In this sense, India never implemented socialist policies. A common mistake is to identify central planning or big government as socialism, but these are tools of economic policy, not socialism. Even if assessed narrowly by these tools, Indian planning and size of government have been similar to those in a broad range of Western capitalist economies and a far cry from the former Soviet Union.[17] Governments large and small can be distinctly anti-socialist when they promote the powerful and the elite, as was true under both Nehru and Mrs. Gandhi. Public policy did not work for the general welfare during the so-called socialist years or later. Modern India's propellant force then and ever since has been its deeply unequal development process.

The bogeyman of the alleged socialist legacy has given India's market-friendly "liberalizers" license to pursue an economic path that generates ever more inequality while continuing the neglect of public goods necessary for shared progress. Leaders and public intellectuals—irrespective of their rhetoric and professed ideologies—have always paid only lip service to public goods. Particularly worrisome, they have pursued a mythical "development" that causes possibly irreparable damage to the environment, a public good essential for current and future generations of Indians.

Public Goods: The Foundation of Fairer Growth

Economists refer to education, health, urban infrastructure, clean water, clean air, and a fair and responsive judiciary as "public goods." These public goods address human livability priorities. They make an economy more productive and create the basis for growth that benefits all. Fairer growth acts as a glue that holds societies together.

The different public goods enhance one another. In well-functioning cities, workers learn from one another in industrial and business districts; community residents enrich one another's lives. Good schools flourish in stable urban communities. Children perform better at school when clean water and air prevent the spread of illness. Well-planned urban

areas and community parks keep the air clean. These are all examples of "positive externalities." In contrast, a negative externality occurs, for example, when, lacking sufficient clean water, individuals excessively deplete groundwater.

Because no individual—or indeed collection of individuals—can provide public goods on an adequate scale that accounts for positive externalities, and few individuals can be bothered about the negative externalities they generate, governments either directly provide public goods or actively regulate their provision to ensure fair availability with acceptable quality standards.

In this introductory chapter, I place the evolution and status of Indian education and cities in an international context. I defer a discussion of the other public goods to later chapters, where the main narrative unfolds.

Early achievement of universal primary education for girls was a particularly remarkable East Asian accomplishment. By now, several studies have documented that a big push to educate women is not only necessary to create an industrially literate workforce; it is essential also in reducing fertility rates and improving child health. Perhaps most important, as the historian Robin Jeffrey has so eloquently stated, an educated man typically has an educated son; an educated woman has an educated family, ensuring intergenerational transmission of learning capabilities.[18]

Japan reached universal primary education of girls by the 1920s (Figure 1.3). Taiwan achieved that goal in the mid-1950s; South Korea, a latecomer, caught up with Taiwan about a decade later, and China, which stayed at the bottom of the league with India through the mid-1940s, eventually raced ahead. Vietnam does not report school enrollment rates, but several metrics show that it has achieved education levels that are nearly the equal of most industrialized countries.

This national sequence of reaching universal primary education for girls, with emphasis everywhere on high-quality education, matches closely the sequence of global entry into the export of labor-intensive manufactured products and the durability of that global presence. East Asian female labor force work participation rates have been high, as we saw earlier in this chapter, and women have been the majority of the workers in industries such as electronics assembly, textiles, garments,

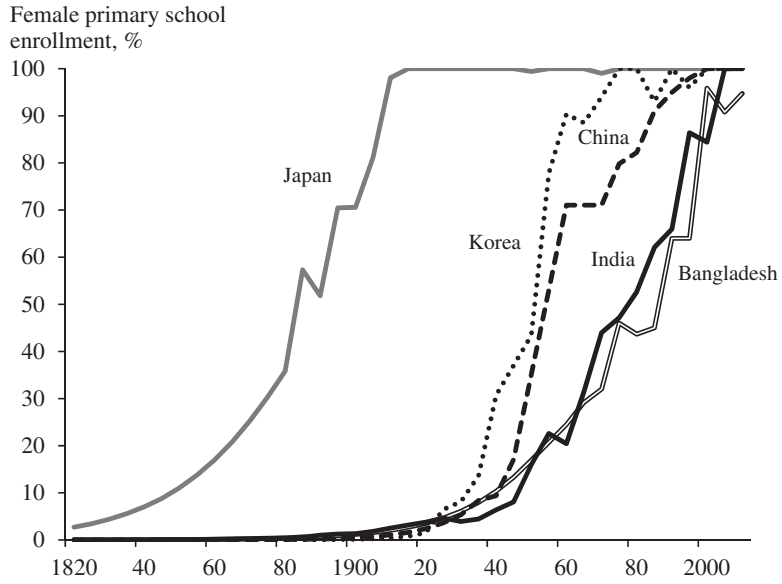

FIGURE 1.3: India fell behind in educating girls. (Female primary school enrollment, percent)

Source: Barro, Robert J. and Jong-Wha Lee. 2015. *Education Matters: Global Schooling Gains from the 19th to the 21st Century.* New York: Oxford University Press.

and footwear. As women in East Asia increased their work participation, they delayed marriage and had fewer children. And along with female education and increased work participation, son preference (measured by excessive boys at birth) disappeared in Japan after 1939 and in South Korea and Taiwan after 1990.[19]

There is reason to applaud India's recent achievement of universal female primary education enrollment. But as the Red Queen warned, you must run twice as fast as you can if you want to get someplace new. The world now demands increasingly higher education quality. The quality of school education in India remains abysmal. Indian students perform below grade level from their early years, and the gap in their performance relative to grade level increases as they go through school. Thus, they enter college largely unprepared for a university education. This characterization of schooling quality is true across the entire country, including in the more advanced states, such as Tamil Nadu. Bangladeshi women

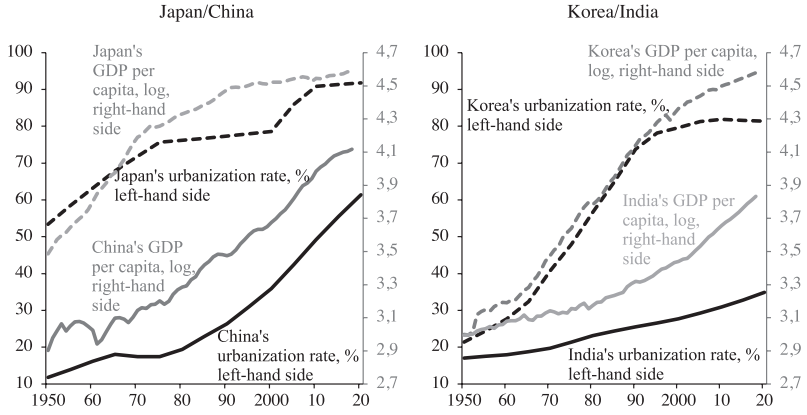

FIGURE 1.4: Indian cities never became engines of growth.
Source: Urbanization rate, Japan—The Asian Population and Development Association for 1900–1945, Table 2, p. 24, https://www.apda.jp/pdf/p04_jinkou_series/popdev_series_3_en.pdf; for 1950–2015, United Nations Department of Economic and Social Affairs, https://population.un.org/wup/Download/. GDP per capita—Angus Maddison Project Database, https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/maddison-project-database-2013.

are in a virtuous circle of increasing and improved education alongside rising work participation. Besides investing in the education and health of their own families, women in Bangladesh actively contribute to the education, health care, family planning, and other public services offered in their communities.[20]

As with education, East Asian countries offer superior city infrastructure and amenities that help manufacturers and their suppliers enhance one another's capabilities. Following an international pattern, East Asian urbanization has advanced in lockstep with economic growth (Figure 1.4).

Rather than acting as engines of productivity growth, Indian cities fell behind the rise of GDP in the late 1980s. Indian GDP growth has depended to an extraordinary degree on the financial sector, which squeezed itself into posh city areas, demanding little by way of expanded city size or amenities. Satellite images show a penumbra of urban townships and villages outside the administrative boundaries of officially designated cities. Such unplanned and unauthorized "urban" spread—rarely factored into urban design—accommodates a growing

population unable to afford rising home prices and rents in cities. The spread keeps pushing further out from official city limits every year, creating stressed and unstable communities.

The simple truth is that from the Industrial Revolution in the late eighteenth century to now, no country has achieved manufacturing prowess and broad-based prosperity without continuous investment in education, health, and cities. India's attempt to make progress on the cheap by unconscionably delaying these investments has taken its toll. Indian economic growth has depended heavily on finance and construction, generating mainly low-quality jobs while hastening erosion of norms and accountability. Recurring scams have plagued the financial sector. Powerful criminal networks associated with construction have infiltrated politics.

The question arises: if public goods are so essential to achieving broadly shared economic growth, why has Indian democracy failed to respond to that need? Politicians in a democracy, even at the best of times, have short horizons. As British prime minister Harold Wilson frequently said, "A week is a long time in politics."[21] Where elected leaders work mainly for personal gain, their horizons shorten even more to severely undermine the public's long-term interest.

How India's Democracy Betrayed Its People

James Madison—constitutional scholar, American founding father, and later an American president—warned more than two centuries ago, "Men of factious tempers, of local prejudices, or of sinister designs, may, by intrigue, by corruption, or by other means, first obtain the suffrages, and then betray the interests of the people."[22]

Madison was warning that in a representative democracy, the winning political party does not always reflect—or work to fulfill—the people's views and aspirations. For this reason, I do not regard the mechanics of democracy—regular elections and the peaceful transfer of power—as sufficient indicators of democratic health. The question I pose throughout is whether Indian democracy has worked to serve the interests of the people. As with my shift in economic focus from GDP to people's well-being, the shift from the mechanics of democracy to its role in improving lives tells a much gloomier story.

One reason representative democracies do not function according to an idealized view is that the wealthy and privileged use their money and power to influence election outcomes in a manner that advances their narrow goals, thus neglecting—indeed, undermining—the interests of the majority.[23] Especially in the Nehru years, the Congress Party relied heavily on political funds and "vote banks" provided by large landlords, a dependence that made land reforms difficult if not impossible. Nehru-era controls on imports and industrial operations—triggered by the unsustainable foreign exchange demands of the ill-conceived heavy industrialization strategy—promoted an oligopolistic industrial structure within which a corrupt bureaucracy flourished.

Hence, despite high Nehru-era tax rates, Indian income and wealth inequalities remained large (and, very likely, increased). Following the tentative start of economic liberalization in 1985, inequalities ballooned. The philosophy of economic liberalization celebrated individualism, which, in practice, meant a greedy rush for access to privilege while the marketplace struggled to work its magic. As election campaign expenses mounted, wealthy businessmen such as the liquor baron Vijay Mallya became Members of Parliament, where—as members of parliamentary committees—they had an advanced preview of forthcoming policies and the ability to influence the policies.

As has been true elsewhere in the world, rising Indian inequalities hindered the provision of public goods for the general population. Rich Indians ceased to be a voice for widespread availability of public services. They hid themselves in gated communities that extended sometimes to homes in London and New York. They had little interest in urban or judicial reform, because they had what they needed. They sent their children to elite schools in India and abroad. Where they did not exit, their behavior was worse. They used their power and privilege to grab rather than create. They dug deeper wells to extract groundwater and diverted public water supply to their swimming pools and water parks. They perpetrated enormous and long-lasting damage on the environment.

A second factor that undermines a representative democracy also played a major role in India. Charismatic politicians—those who connect with voters through their words and manner—bypass normal

accountability checks, allowing them to use the state's resources for their favored purposes. Jawaharlal Nehru, the first of India's charismatic politicians, was a beloved leader who won repeated election victories for the Congress Party. Nehru did not seek personal gain or prestige, but, driven by an idealism and nationalist fervor, he put all his chips on heavy industrialization, a strategy that fared poorly in employing the large numbers who wanted jobs. When Nehru lost his heavy-industry gamble and pushed the country to the edge of international bankruptcy, U.S. President John F. Kennedy—animated by his own idealism, his high regard for Nehru, and his fear that communism would take root in India—helped Nehru double down on his bet. Jobs grew anemically, high inflation rates eroded incomes, and dire poverty persisted.

Mrs. Gandhi, Nehru's daughter, who became prime minister in 1966, also benefited from a charismatic connection with Indian voters. Her task was to deal with social anger at the lack of jobs and recurring bouts of inflation she inherited from the Nehru era. She understood the anger. As she said to a journalist, post-independence idealism had given Indians a glimpse of a future they could not reach. But she had little appetite to work in a sustained manner for a better Indian future.

Instead, in that era of bitter jockeying for political power, Mrs. Gandhi established herself as a cynical, slogan-peddling politician, intent on holding on to power that she expected to pass on to her son, Sanjay. For her, the personal and the political were deeply intertwined.

She elevated corruption to the highest political level. She clamped down on the growing social anger with the heavy hand of the state, establishing a pattern of strong-arm actions for those who followed her to use and abuse. Her charisma ensured that her slogans won her elections. Even after Indian voters threw her out for the brutality of her Emergency Rule, her mystique as a champion of the poor persisted, and in 1980 she returned a triumphant victor for her last term.

And with her reliance on criminals for electoral success, Mrs. Gandhi established a new benchmark for Indian political success. Criminals, with their muscle and money, gained a foothold in Indian politics. Seduced by the rich possibilities, many politicians themselves became bosses of criminal enterprises. Criminals entered politics for quick financial gain

and had little incentive to prioritize long-term investment in public goods. To the contrary, they benefited from scarcity of services, which they could then dole out as benefactors.

Mrs. Gandhi is pivotal to our story because of the intense damage she inflicted on democratic norms. For when norms break, democracy goes into a "death spiral."[24]

Norms are people's beliefs in the *right thing to do*. When those norms are anchored in a personal morality, they become a social asset because they foster the trust necessary for well-functioning markets and political institutions. When norms break down—become morally unanchored—people have license to pursue even small personal gains at the expense of others. Democratic cooperative action with long horizons becomes impossible. Education and health infrastructure suffer, cities fall into disrepair, abuse of the environment goes unchecked, and justice is no longer blind. Moral norms and trust are easy to destroy because any breach makes it uncertain that they will work in the future. Following Mrs. Gandhi's example, cheating in economic and social life became habitual because as more people began to cheat, everyone felt the need to cheat.[25]

As the norms broke down, the institutional prerequisites of a democracy frayed. The parliament and the judiciary became less effective in holding the executive accountable. In public and private life, violence to settle matters—and settle scores—became more common.

With corruption and crime in politics strengthening their hold and economic inequalities widening through the late 1980s and 1990s, Indian democracy veered into dangerous territory. The national bond born of freedom from colonial rule had disappeared in the rear-view mirror. The mutating social anger gravitated to a new focal point: Hindutva—Hindu nationalism—a powerful us-versus-them philosophy that claimed its legitimacy from a mythical Indian past. The "angry Hindu" became Hindutva's foot soldier.

Hindutva attracted a winning majoritarian movement fired by mob violence and bolstered by nationalistic zeal. Narendra Modi ascended to power in 2014, and the forces undermining democracy coalesced. "Angry Hindus," ever ready for combat with Muslims and others perceived as

opponents, became agents of xenophobic nationalism. As the political theorist Robert Dahl explained, rootless mobs charged by charismatic leaders "destroy whatever stands in their way" but have no capacity to create "a stable alternative."[26]

Exponentially growing election campaign expenses increased the reliance on muscle and money in Indian politics. In Prime Minister Narendra Modi's cabinet, formed in July 2021, twenty-four of the seventy-eight ministers (31 percent) had serious criminal charges—including assault, murder, attempted murder, rape, and kidnapping—pending against them.[27]

Ever larger amounts of dark money flowed from rich Indians to politicians through shell companies and, after 2017, through the opaque device of electoral bonds, a notable innovation of the Narendra Modi government. This money flow and the influence it seeks are, by design, impossible to trace. However, election watchdogs have estimated that the aggregate sum of money spent in the Indian 2019 election exceeded that of the U.S. presidential and congressional election in 2016.

The combination of Hindutva, criminal-politicians, and dark money—in a context of broken norms and virulent social media—mounted a merciless assault on democracy.

Rather than a virtuous circle in which economic development and democracy reinforced each other, India's economy and democracy unraveled together. Disregard of public goods continued. Avenues for job creation on the scale needed seemed all but closed. Damage to the environment seemed irreparable. As India ran out of long-term sources of sustainable growth, politics became big-money business. Politicians focused on vote-buying, headline-grabbing policies, and flashy rollouts of "visible" projects and glorious monuments.[28]

The Dangerous Consequences of Focus on the Visible

Independent India quickly eliminated famines but did much less to fight chronic hunger, which kills a startlingly large number of the country's citizens. Each year, between two million and three million fewer Indians would die early deaths if nutrition (and hence life spans) rose across the country to the levels seen in the southwestern state of Kerala.

But while the media flaunts the visuals of famine deaths, which enforces political accountability, journalists rarely pay attention to the less conspicuous deaths hunger brings.[29]

Reducing hunger is a long-term and multifaceted task that does not make for easy headlines. Besides food, a hungry child needs good health (parasites and other diseases make food absorption and retention hard). Children and parents need good education to make better-informed decisions. Families need clean water and basic sanitation.[30] For these reasons, improving nutrition requires multiple players who persist with baby steps forward despite suffering repeated setbacks. But politicians see little payoff in such complex long-haul efforts.

The same logic applies to education, where politicians typically rely on "the doctrine of salvation by bricks." Inaugurating school buildings places political leaders in the limelight. Appointing teachers wins votes in the community. But buildings do not educate students. Teachers must show up to school; if they show up, they must teach; if they teach, they must address the needs of the students. Headline-grabbing solutions do not work. In the 2011 election for the state legislative assembly in Tamil Nadu, Chief Minister J. Jayalalithaa indulged in a "great laptop giveaway" to high school and college students. However, because of their financially precarious condition, many students preferred to sell their laptops and use the cash to pay urgent bills.[31]

High-quality education requires commitment of the local bureaucracy, training of teachers, cooperative teachers' unions, prestige in the community for teachers, and involvement of parents in the education of their children.[32] Schools are also creatures of their neighborhoods. As urban activist Jane Jacobs wrote, "In bad neighborhoods, schools are brought to ruination, physically and socially; while successful neighborhoods improve their schools by fighting for them."[33] Good education requires official and community coordination. Flashy individuals are no help.

For the same reason that nutrition and education standards lag, cities decay and the water and air become more polluted. They all require "dealing simultaneously with a *sizeable number of factors which are interrelated*

into an organic whole."[34] Each circumstance is unique. General principles are insufficient. Knowing and acting on the particulars are essential.

The bottom line: efforts that advance economic development are doubly unforgiving. They require intense, long-term cooperation and their heroes are unsung. For politicians, headlines and slogans that enhance their brands are surer paths to electoral success.

"Business as Usual" Will Not Work

Indian and international pundits remain committed to a business-as-usual technocratic approach. They propose more economic "liberalization" and "governance" reforms. Historians, however, warn—and the narrative of this book powerfully reiterates—that political leaders disregard worthy ideas and instead are drawn to policies that serve their own financial and electoral interests. Even when India implemented bad policies, the problem was not the lack of good ideas for progress. The much deeper problem has been steadily eroding public norms and accountability. That erosion has thwarted the restoration of accountability and placed India in a Catch-22.[35]

Because achieving accountability in a democracy is hard work, the Indian discourse has perennially toyed with the temptation of an "authoritarian transition." The proposition is that India cannot afford the "luxury" of democracy: a "savior" with dictatorial powers must first establish the basis for sustained growth. The autocratic temptation, however, is fraught with grave risks. Modern-day saviors have too often done great damage—in India and elsewhere.

India needs more democracy through decentralization of authority to city and village governments. Despite its own perils, decentralized governance offers the best—possibly the only—prospect of morally anchored political accountability. Under successful decentralization, accountability arises from the blending of civic consciousnesses with formal structures of local self-governance. An individualistic "me-me-me" culture gives way to a "we" society, one that builds trust and cooperation from the ground up. Therein arises a long-term commitment to socially valuable investments in public goods.

In the fruitless business-as-usual scenario, India will stay in its trap. Indian democracy will fail to deliver the public goods necessary for economic growth that benefits all. Good jobs will remain scarce. The lack of jobs will generate more social anger, which will further increase the political incentive for the quick-fire provision of visible goods and undermine democracy's ability to work for a long-term jobs-rich future.

It all began with Nehru, although it nearly didn't.

Part I

FAKE SOCIALISM, 1947–1964

Chapter 2

AN UNCERTAIN BEGINNING

By the rules of the Indian National Congress (the Congress Party), Vallabhbhai Patel should have been the party's president at the time of independence. If that had been so, he might well have been India's first prime minister. However, in August 1947, Jawaharlal Nehru, not Patel, became prime minister.

Patel and Nehru differed greatly in their economic and social philosophies and in their approaches to the use of government authority and power. Patel, however, lived to see only the first three years of post-independence India. As deputy prime minister and home (interior) minister, he left a lasting legacy. Even during those few years, he and Nehru fought bitterly on the priorities for India's political and economic future. If Patel had become India's first prime minister or if he had lived longer as Nehru's deputy, post-independence India would have taken a very different shape.

Two Leaders—Two Worlds

Patel was born to a peasant family in October 1875 and was raised in a modest two-story home. As a young man, he observed that fame and fortune came easily to barristers educated in England. As he later explained, "I studied very earnestly" and "resolved firmly to save sufficient money for a visit to England."[1] Patel became a British-trained lawyer

and, upon returning to India, established a very successful criminal law practice.

Patel made his initial mark in politics in the first half of 1928, when he led peasants in Bardoli, an administrative area in the current state of Gujarat, in their fight against the British government's onerous demands for land revenue. Despite its peaceful nature, the contest with the powerful British Raj became, in the popular imagination, the "battle of Bardoli." Patel's protest won the battle of Bardoli against British might, a victory for which Bardoli's people conferred on him the title "Sardar," chief or general. Vallabhbhai Patel has ever since been known as Sardar Patel.[2]

Nehru was born in November 1889 to one of India's most prominent families. His father, Motilal Nehru, was a wealthy lawyer and senior Congress Party leader. Anand Bhavan, the stately Nehru family home in Allahabad, now houses a historic museum and a planetarium. Jawaharlal studied at Harrow, the elite British public school, before attending the University of Cambridge. He qualified as a barrister in England, although he barely ever entered a courtroom. In August 1942, after Gandhi launched the Quit India movement, the British threw all Indian leaders in jail. Interned at the Ahmednagar Fort, Nehru grew a rose garden and played badminton with other prisoners. In a five-month period between April and September 1944, Nehru wrote his magnificent and timeless history *The Discovery of India.*

Patel was as much a man of action as Nehru was a historian and philosopher. As Gandhi pithily observed, "Jawahar is a thinker, Sardar a doer."[3]

Gandhi Chooses Nehru

In late 1945 and early 1946, India's British rulers held elections for the central and provincial assemblies in preparation for the transfer of power. The Congress Party won large majorities in these elections, aided in part by campaign funds Patel helped raise. In a gushing profile, *Time* magazine wrote that Patel had no "pretensions to saintliness." The magazine described him as, "in American terms, the Political Boss. Wealthy industrialists thrust huge campaign funds into his hands."[4]

In late April 1946, the Congress Party was ready to select its next president. Since India's freedom was imminent, the choice of the party's

president was critical. The Congress Party president would lead the party, and hence India, into independence. Under the established process, twelve of the fifteen Provincial or "Pradesh" Congress Committees nominated Patel; three abstained. As the veteran Congress Party leader Jivatram Bhagwandas (Acharya) Kripalani would later write, the party favored Patel because he was a "great executive, organizer, and leader."[5] Provincial leaders also felt beholden to Patel for the campaign funds he had raised. The Pradesh Congress Committees were not necessarily endorsing Patel as India's first prime minister. They understood that Nehru was popular with the Indian public. But they recognized Patel's leadership qualities and his contributions to the Congress Party. So they placed Patel in a position of prominence from which he could well have emerged as India's first prime minister.

Gandhi, however, stood above the rules, and he made the decision on who would be the party's president. Just as he had in 1929 and 1937, when Patel and Nehru competed for the presidency of the Congress Party, Gandhi chose Nehru, knowing on this last occasion that no Pradesh Congress Committee had nominated him. Gandhi saw Nehru as "a Harrow boy, a Cambridge graduate," who would represent India in international affairs more effectively than Patel. Nehru also had a stronger connection than Patel did with India's Muslim community. Above all, Nehru was fifty-six years old and like a son to the seventy-six-year-old Gandhi. Patel, whom Gandhi thought of as a younger brother, was seventy-one and in poor health.[6]

The British viceroy, Lord Wavell, had set up an Executive Council as the midway step to India's independence. As the Congress Party's president, Nehru became vice president to the viceroy in his Executive Council and, hence, India's de facto prime minister until the country became independent. Once so established, in addition to the huge popularity he enjoyed with the Indian public, Nehru also had the incumbent's advantage to become independent India's first prime minister.

Gandhi believed that Nehru and Patel would be like "oxen yoked to the governmental cart. One will need the other and both will pull together." According to Patel's daughter, Maniben, Gandhi expected that Patel would prevent Nehru from "making mischief."[7]

The Oxen Pull Apart

Prime Minister Nehru and Deputy Prime Minister and Home Minister Sardar Patel began the post-independence years entangled in a stormy relationship. They fought about the most consequential matters that defined India back then and continue to do so today.

With Pakistan partitioned as a Muslim nation, a question on people's minds was what the role and place of Muslims in India would be. Within that broader context, an immediate issue arose as the horrors of religious hatred continued after partition in both India and Pakistan. In the Indian areas marked by Hindu-Muslim tensions, the government's machinery had collapsed or become "fiercely partisan." A rumor spread that Patel, as home minister, was protecting and aiding Hindus but not Muslims. Nehru seemed to buy into the rumor, even though it had no basis. The historian Rajmohan Gandhi, grandson of the Mahatma and Patel's biographer, writes that Patel "was unquestionably roused more by a report of 50 Hindu and Sikh deaths than by another of 50 Muslim deaths. But his hand was just."[8]

Patel, in turn, was impatient with Nehru's soft approach toward Pakistani leaders, who were making only half-hearted efforts to contain the violence against Hindus and Sikhs on their side of the border. Patel insisted that the news of this violence was triggering a "mass psychology" of resentment and anger among India's Hindus and Sikhs.[9] Nehru and Patel never resolved their differences on how best to deal with India's Hindu-Muslim issue.

They also sparred over Kashmir. On October 22, 1947, a contingent of about five thousand armed tribesmen from Pakistan drove into Kashmir. The maharaja of Kashmir, Hari Singh, was a Hindu, but the Kashmir Valley had a predominantly Muslim population. The maharaja had avoided choosing between Pakistan and India, but on October 24, he desperately appealed to the Indian government for help. On the morning of October 26, Hari Singh signed the instrument of accession to India. That evening, an Indian infantry battalion landed in Kashmir and halted the tribesmen.[10] Pakistani authorities gave the name "Azad Kashmir" (Free Kashmir) to the land west of where the Indian Army stopped the tribesmen. Indians called that area "Pakistan-occupied Kashmir."

Patel, as minister of states, directed the Kashmir operations. But in early December 1947, he found to his surprise that Nehru, as prime minister, had taken control of India's Kashmir policy. Patel complained that he had been blindsided, and the two exchanged acrimonious letters.[11]

With Nehru and Patel evidently at loggerheads, Gandhi in late December delivered an ultimatum to Patel: "Either you should run things or Jawaharlal should." Patel wearily replied, "I do not have the strength. He is younger. Let him run the show. I will help him as much as I can from the outside." Gandhi, who had kept Patel and Nehru together for so long, agreed that it was time for Patel to step aside but said that he wanted to think the matter over.[12] Fate, however, intervened. On January 31, 1948, a Hindu nationalist named Nathuram Godse shot and killed Gandhi.

After Gandhi's death, in their moment of shared grief and to quash the swirling rumors of their imminent split, Nehru and Patel came together. In a radio address, Nehru said, "We have had our differences. But India at least should know that these differences have been overshadowed by fundamental agreements about the most important aspects of our public life." On March 3, Nehru wrote to Patel that the crisis required them to work together as "friends and colleagues." He ended graciously: "this letter carries with it my friendship and affection." Patel replied with equal grace: "I am deeply touched, indeed, overwhelmed. We have been lifelong friends and comrades in a common cause." All talk of Patel's leaving was forgotten.[13] The twists of history continued, however. On March 8, 1948, while eating lunch at home with his daughter Maniben, Patel had a massive heart attack.

Patel Integrates the States

Patel returned to work quickly after his heart attack and poured his energies into a monumental task that he had begun but not finished. That task was to integrate the princely states into a unified India.

When the British left India, the Indian government in New Delhi did not have authority over the entire land area known today as India. Scattered all over the country were more than five hundred princely states ruled by hereditary princes. All together, the princes ruled over one-third of India's land area and one-fourth of its population. They had survived

as princes because, after the 1857 mutiny of Indian soldiers in the British army, British authorities stopped annexing new territories. They feared that more annexation would trigger another mutiny. Instead, the British Crown established the Doctrine of Paramountcy, which granted the British authorities control over the princely states' foreign policy, defense, and communications, leaving, at least in principle, administration of the states to the princes. At independence, the British transferred to the new Indian parliament full control only over "British India," the part annexed before 1857; the British also transferred their paramountcy powers over the princely states. In independent India, therefore, the princely states could determine their political relations with the rest of India and set their own commercial policies. India risked becoming a politically and economically balkanized nation.[14]

In November 1947, an opportunity had arisen to begin merging princely states into the Indian state, the "Union of India." The prince of Nilgiri, a tiny state in Orissa, faced a domestic rebellion he could not handle, so he quickly surrendered his princely rights and powers to the Indian government. Patel took his cue from that early assimilation of a princely state into the Indian Union, and starting in mid-December, he used a vigorous combination of threats and inducements to bring other princely states into the Indian fold. He offered the princes and their heirs generous tax-free "privy purses" (pensions) and continued ownership of their personal properties if they handed over their authority quietly. If they did not, they might get nothing.[15]

The task lay incomplete when Patel had his heart attack in March 1948. But by mid-1948, the "birth and beginning of a unified India" was in sight. The last holdout was the nizam (ruler) of Hyderabad. At dawn on September 13, Indian Armed Forces began rolling toward Hyderabad. On September 18, the Hyderabadi commander surrendered.[16]

In a rare celebratory moment, on October 15, 1948, Patel wrote to the premiers of all Indian provinces (renamed chief ministers of states after India became a republic in January 1950). Patel reminded the premiers that the integration of states into the Indian Union began in earnest in December 1947 and had ended with the removal of the "Hyderabad sore." India had achieved, Patel wrote, "a measure of unity which it had never

before attained in the last so many centuries."[17] That was Patel's inestimable legacy to India.

The Conflict Resumes

The conflict between Nehru and Patel resumed in early 1950, triggered by the large inflow of Hindu refugees from East Pakistan. Although not as gigantic as the migration across the Punjab border in August-September 1947, when as many as 5.5 million people crossed in each direction, "more than a million people abandoned their homes" during the great Bengal migration. Patel was again upset with Nehru for not pushing the Pakistanis to protect Hindus. He angrily called for an Indian policy of "ten eyes for an eye," expelling ten Muslims from India for every Hindu the Pakistanis pushed out. Nehru rejected this tit-for-tat strategy. India, he said, must live up to its standards of equality for its citizens and fairness of treatment.[18]

Nearly simultaneously, a controversy arose over the goals of Indian economic planning. Patel did not oppose the Planning Commission itself. But like other ministers in the Nehru cabinet, he objected to a technocratic commission that might usurp the role of the elected representatives of the people. The ideological point of conflict arose when a draft Congress Party resolution stated that the Planning Commission would seek to eliminate "the motive of private gain in economic activity." We don't know the author of these words, but they bear a striking similarity to the language Nehru used in his presidential address at the Congress Party session (convention) at Lucknow in 1936. Then, Gandhi, "without uttering a word," had ensured that Nehru's language did not filter into the party's resolutions. Now, when that language reappeared, "right-wingers" such as Patel demanded that the offending paragraph be struck out.[19]

The real tussle, however, took place on a third front: the election in 1950 of the Congress Party president. Patel backed Purshottamdas Tandon. Nehru backed Acharya Kripalani. The Tandon-Kripalani contest was a Patel-Nehru rematch.

By universal agreement, Tandon was a man of unimpeachable integrity. Such integrity was a particularly valuable virtue amid the growing corruption in Indian politics. "The spoils of power were now [being]

distributed with a feverish intensity," Nehru's biographer Michael Brecher wrote. Nehru agreed that Tandon, "an old friend," was an upright man.[20]

Tandon, like Patel, was "staunchly anti-Pakistan." But he went further. He opposed changes to Hindu customs and traditions, which meant that he opposed the Hindu Code Bill that gave Hindu women rights to divorce and property inheritance. Tandon also promoted a classical (Sanskritized) version of Hindi as India's national language. He did not wear shoes of cowhide because slaughter of a cow, an animal sacred to orthodox Hindus, was a sin.[21] Tandon's prominence was a reminder that a narrow-minded Hinduism was entrenched in the Congress Party in the earliest post-independence days.

For Nehru, an important concern was Tandon's aim of subordinating the cabinet to the Congress Party's High Command.[22] Nehru was right: the Party could not micromanage the elected government.

Patel actively lobbied for Tandon, helping him win the presidency in mid-September 1950. But Tandon's election was Patel's last victory. The Sardar died on the morning of December 15. He was seventy-five years old.[23]

The Colossus Finally Rises

Without Patel to support him, Tandon resigned as Congress Party president in August 1951. Nehru held the position until 1954, after which he made sure the president he handpicked would not be overly assertive.

With Patel gone and other rivals neutralized, Nehru faced a disorderly Congress Party. It had become a "cockpit of factions," as Patel angrily said before he died, and was being pulled in many different directions. The glue, in the form of the ideals of the independence movement, had dissolved. In June 1951, just months before the first general elections in independent India, *Time* magazine commented on the party's unruly nature and the corruption that had seeped into it. The party had become a "sprawling conglomerate" that lacked "a unifying purpose." It had grown "fat and lazy." It harbored many "timeserving officeholders" and well-known "black-marketeers."[24]

Though disruptive, the factional leaders, typically large landlords and other rural notables, brought with them valuable "vote banks" that

FIGURE 2.1: On the eve of India's first election, Nehru towered like a colossus. Source: Gopal, Sarvepalli. 1979. *Jawaharlal Nehru: A Biography, Volume One 1889–1947*. Bombay: Oxford University Press, 163.

consisted of peasants working for them and caste affiliates. Nehru shied away from establishing structure and discipline in the Congress Party. Instead, he relied on his connection with the Indian people. He campaigned relentlessly, dispensing platitudes to crowds that idolized him.[25] In November 1951, with the balloting in progress, the cartoonist R. K. Laxman showed Nehru riding a campaign cart, towering above both party members and the Indian public (Figure 2.1).

The elections held between October 1951 and February 1952 were the first test of India's democracy. Out of 175 million registered voters, 108 million voted, amounting to a turnout of 62 percent. Although lower than the turnout rates common at the time in advanced industrial democracies, it was a remarkable performance, given that only about 17 percent of the Indian population could read and write. Even more impressive:

less than 2 percent of the votes cast were declared invalid. The gigantic election machinery worked stunningly well. On the day after polling was completed, the *Times of India* wrote, "Although there had been a few cases of impersonation and tampering with ballot-boxes, by and large, the elections were fair."[26]

The result, however, was not necessarily a victory for democracy. As Sarvepalli Gopal, Nehru's most important biographer, concluded, the Congress Party's easy victory was "a personal referendum in Nehru's favor, overriding all other issues." The affection Nehru enjoyed with the Indian people made him an uncontested national leader. He remained above the disorder in the Congress Party and ruled without a rival in any other party.[27] India's democracy was now in the hands of one person. India's problems were Nehru's problems. The conflict with Pakistan over Kashmir remained unresolved. At home, Hindu-Muslim tensions simmered. Despite Nehru's own commitment to communal harmony, pro-Hindu sentiment infused even senior Congress Party leaders. Above all, India's deep poverty and illiteracy needed immediate attention. Could Nehru the thinker also be a doer? Could he shape, as he had promised, an India that worked for all?