



Towards a Great India

A magazine of the Freedom Team of India

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Want change? Then lead.

India's governance can be reformed, but first Indian at least 1500 citizen-leaders must come together and agree to a common policy platform. **Join the Freedom Team of India.**

Target/ achievement

Year	Number of leaders wanted	Number of initial FTI members
2008	100	38*
2009	500	91*
2010	1500	109 [#]
2011	2500+	

*Including *Observers* who have since been transitioned to Freedom Partners.

[#]Less than a third of FTI Initial Members are expected to become full members. **Only about 35 members are reasonably active at the moment.**

Join the White Force in its war against corruption and mis-governance

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Message from the Team

Dear Readers,

In the last issue when I took over from Sanjeev as the editor of TAGI, I had set some goals for myself and the magazine. One of the goals was to increase the circulation of TAGI. I need your help in achieving this goal, please share TAGI with all your friends and acquaintances.

For the first time readers of TAGI, Freedom Team of India (FTI) is an attempt to bring a breeze of fresh air to the Indian politics – a team of leaders with highest level of integrity and impeccable record. India not only needs top quality leaders but also needs informed, interested and aware citizens. Problem is, Indian middle class, the biggest stakeholder, has no interest in actually doing something about the existing dire situation. What India needs is a revolution, a political revolution from the burgeoning middle class. The day Indian middle class refuses to be a silent bystander to the whole political process, India will change, forever.

The fact that you are reading these lines proves that you are an informed citizen. Now choice is yours. You can close your eyes and ignore the scams uncovered every day, be it CWG, 2G Spectrum or Adarsh housing and move on with your daily life like most of us do, or do your bit for India by supporting FTI either by joining as a potential leader, Freedom Partner or by widely sharing TAGI and disseminating information about FTI.

With regards
Anupam Sarwaikar

Editorial by Sanjeev Sabhlok

A bold prediction about the future of the world 10 years from now

I have seen the evolution of the internet as a medium of communication on human liberty from feeble internet efforts by people like me in the late 1990s (with the India Policy Institute) and relatively more robust 'ground-based' efforts like the Centre for Civil Society, to a shift predominantly to the internet. This is a successful model and its results are already there to see (e.g. the Tea Party movement – whatever its policy limitations).

Ultimately ideas matter and one doesn't need to sit personally with people to explain the ideas of liberty to them. The internet can do a pretty good job at that.

What has now happened that the great works of liberty which were earlier not available in the public libraries of socialist nations like India or China, or Muslim dictatorships like Iran, are now readily available in every corner of the world. As books by Adam Smith, John Locke, von Mises, Rose Wilder Lane, Murray Rothbard, and many others become freely available, blocking liberty through censorship simply cannot work.

I therefore expect people across the world will soon realise their sovereignty.

The influence of ideas spread through the internet is unstoppable. It has

reached a point when even the greatest tyrant will have to bow before the force of individual freedom. China cannot control the forces that are bubbling below the surface nor can Iran or North Korea.

All it takes to overthrow dictatorships is one person who wants liberty. I expect a handful of powerfully motivated citizens to emerge even in the world's most established dictatorships and use the might of the pen to overthrow tyranny. The release of Aung San Suu Kyi is just one of the many signs that the world is rapidly shifting towards greater freedom.

I know I'm being a bit foolish when I say this, but I am more confident than ever about the powerful influence of the internet. I believe that the rate of expansion of liberty will quicken rapidly in the coming ten years. By 2020 I predict that China, Iran, and North Korea - among others - would have had their peaceful revolutions and become democracies. The world will then become a much safer place for everyone.

The only question now for us to focus on is India. Is India ready for freedom?

Become a Freedom Partner!



Freedom Partners are supporters of freedom and well-wishers of the Freedom Team of India. See more details at: <http://partners.freedomteam.in/>. We need at least 1500 members to join the Freedom Team and 2 lakh Freedom Partners before the movement for freedom can *really* take off.

Freedom Partner groups have started in a few cities in India and abroad. Local meetings and activities are being organised. Join and help grow the movement.

Give me liberty or give me death! - Patrick Henry

1. What is development?

GDP or Happiness or Healthy people or Equality or Freedom or..



Dipinder Sekhon co-founded KritikaL Solutions in 2002. KritikaL took birth as a campus startup while he was completing his M.Tech./B.Tech. from the Indian Institute of Technology, Delhi (IIT-D). He recently completed a Masters in Public Administration in Public and Economic Policy from LSE, London and Sciences-Po, Paris (07-09). After leading the growth of the company as the founding CEO for the first five years, he is now its Director, Planning and Strategy. Contact details: <http://kritikal.in> and <http://freedomteam.in/blog/contacts>

All of us want India to be a developed country. But what is development? How can it be measured? If we can all agree on these questions, we have a better chance of working together as a team for India's development. Here are some common ways of thinking about and measuring development:

1. **Economic development measured as GDP (nominal)**: India's GDP is USD 1.2 Tn and we have the 11th largest economy in the world (IMF, 2009)¹. We are slated to become the third largest economy in the world by 2030 after China and US (Goldman Sachs, 2011). However, GDP (nominal) does not best reflect relative development across countries, as foreign exchange rates do not reflect local purchasing power. For example, while USD 1 is INR 50 (approx) in terms of foreign exchange rates, INR 50 has much more purchasing power than USD 1. One can buy more milk in India with INR 50 than one can buy in USA with USD 1 (same for other common goods).
2. **Economic development measured as GDP (PPP)**: India's GDP measured in Purchasing Power Parity (PPP) terms is 3.5 Tn, and we rank 4th in the world after USA, China and Japan (IMF, 2009). We will overtake Japan in the next couple of years to become 3rd. However, while our GDP (PPP) is large,

¹ I have acknowledged sources of data in brief. If you need, I will be happy to provide more details for your research. This is an original work. I have drawn from course work during my policy studies at the London School of Economics and Sciences Po (Paris), 2007-09.

we have a very large population and Indians on average are not very rich in terms of personal wealth and prosperity.

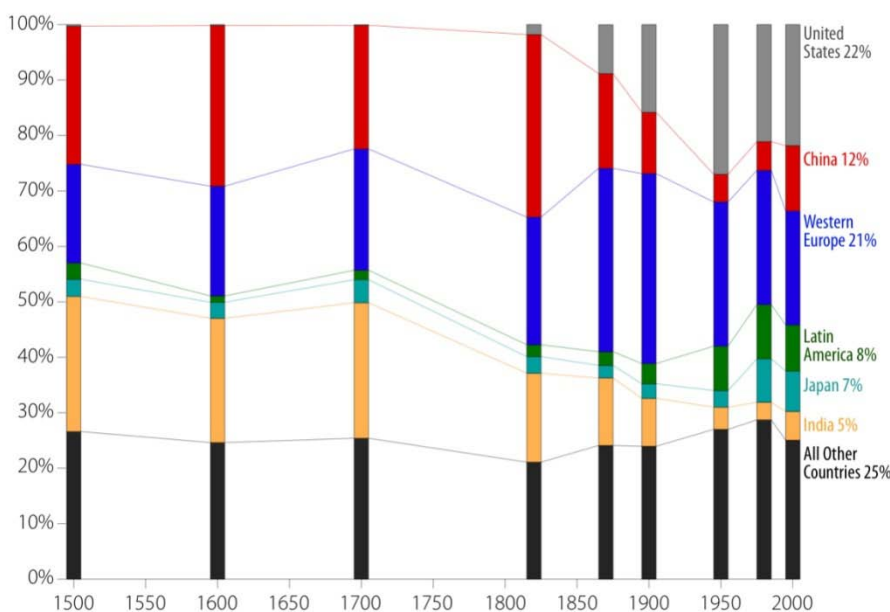
- Economic development measured as GDP (PPP)/capita:** Our GDP (PPP)/capita is USD 3,015 and we rank 127th in the world (IMF 2009). This has been improving steadily with economic growth. GDP has been growing at 6-9% for last many years, and population has been growing at 1-2% - GDP/capita and GDP (PPP) / capita have been growing steadily. However, is it possible that all this growth is in wealth of the rich at the cost of the poor? This is true to an extent but not quite – while economic equality within India has been increasing slowly, this is much slower than the rate of economic growth. Income of both the rich and the poor has been growing, though that of the rich is growing a bit faster in relative terms.
- Economic development measured as % of population below poverty:** The only Millennium Development Goal (MDG, adopted by UN) which may be achieved in time is that of reducing world poverty by half by 2015 (compared to 1990 levels). This is largely because China and India have managed to lift huge numbers of people outside poverty in the last few decades (Mahbubani, 2008). 42 % of people in India lived below \$ 1.25/day (international poverty line) in 2005. This has been declining steadily. It was 60% in 1981.

Lets pause here and analyse these four measures of development.

If our idea of development is that of India becoming a 'superpower', then GDP or GDP (PPP) are better measures. Consider % share of India in World GDP.

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Percentage of World GDP (last 500 years)
China, India, Japan, Latin America, Western Europe, and United States



Source: Angus Maddison, University of Groningen

'India' (in the form in which it existed 500 yrs ago) contributed ~ 25% to world GDP. This declined to just 2.5% by 1980. It is increasing back and is about 5% now. In an 'equal world', it should be proportional to the population ie more than 15% given that we contribute more than 1 Bn people to the world population of around 6 Bn.

Being a superpower is not the same as having a prosperous population. If we are concerned about social welfare, then the 4th measure - % of people below the poverty line – is perhaps better. Strictly speaking, we would like to reduce the 'number of people' below the poverty line (and not just % of poor, which may reduce even when the absolute number increases due to population growth).

But, what use is income if one is not happy? Healthy? 'Free' and liberated? Some measures of development better suited to capture these are:

- Gross National Happiness (GNH)** is a measure of development based on happiness and quality of life. Former King of Bhutan believed in this, and promoted this as the measure for his Nation's

development. European countries routinely survey 'happiness'. Denmark, Finland, Sweden and Switzerland had the highest average happiness in Europe in 2002 (ESS1-2002), while Italy, Poland and Hungary were the 'least happy'. However, this measure of happiness is not foolproof. For example, consider this. A is anti-social and his happiness increases if he kills B. A killing B may lead to an average increase in happiness, but this is not what we want in terms of development!

6. **Average life expectancy at birth or morbidity rate or infant mortality on birth** are health related measures. These are important. If one dies on birth or does not survive long enough, it may not be very useful to have a high average happiness. Good health condition is important for an individual to 'live life fully'; one may be brilliant and very talented, but may not be able to enjoy life fully if suffering from diseases, especially at a young age. Morbidity can seriously hamper an individual's development and his or her chance to achieve the best in life. Average life expectancy at birth in India is 64.7 (rank 139 in the world, below world average of 67.2 yrs. Japan, Hong Kong and Iceland rank the highest with life expectancy above 81 years). There are large disparities within India though. For example, the state of Kerela ranks much above any other states in terms of health indicators. Life expectancy in Kerela is 75 years, similar to that in US!
7. **Human Development Index (HDI)** is a composite measure which takes into account economic prosperity, literacy, standard of living and life expectancy. It was developed by Prof. Amartya Sen and others in 1990. India ranked 134 in the world in terms of HDI in 2007 (HDR, UNDP, 2009).

We have discussed seven different ways of thinking about and measuring development. They capture different aspects of a nation's development - the relative power it wields in global affairs to health and prosperity its citizens enjoy.

Where does this leave us? Do we have a chance of working together for development if I am more concerned about economic development and you are concerned about happiness or health, and someone else is more concerned more about India's 'superpower' status. YES! These different aspects of development are correlated and go hand in hand. For example, one can hope to be healthier if one has more economic resources to take care of one's health and sustenance. A healthier person is also likely to be more productive and generate higher income. So income and health are correlated and reinforce each other. Even happiness and economic prosperity seem to be positively correlated on average! Richer countries in Europe also seem to be happier compared to poorer countries in Europe (Ref: http://sites.google.com/site/dipinder/Happiness_Economy_Indicators_Goals_D.pdf . This was a bit surprising for me. I did not expect any strong correlation. I will be curious to know if this has been studied for countries globally. Let me know!).

GDP growth seems to be the most popular measure of tracking progress towards development, of a country or a region as a whole. This is fine, as it is positively correlated with most other indicators of development which we have discussed.

Happy to have your comments, and discuss further! Please write to me at dipinder@gmail.com

2. India needs a non-interfering agriculture policy



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All that a government is required to do in for farmers, as it is required to do for others, is to ensure security (including biosecurity in this case), strong property rights, and justice. Justice, in the case of agriculture, includes minimising harm to the environment (see my *Freedom First* article of May 2010 for how this can be achieved.)

In addition, a government can legitimately undertake a few other functions for agriculture, such as maintaining a strategic reserve of foodgrains; facilitating agricultural research through (private only!) universities and the private sector; ensuring infrastructure such as irrigation canals through private enterprise and public-private partnerships; and supporting the re-skilling of agricultural workers who want to move into more productive vocations. Beyond that, the free market should operate. That, in essence, should be the agriculture policy of India.

Freedom is vital to food security

Innovation is a direct outcome of freedom. As a result, free nations manage to produce huge quantities of food, cheaply. I love the story about a young couple, Craig and Helen Elliott, who started with virtually nothing in their pocket in 1995. Without any government assistance, they built a farm in New Zealand which generates 26,000 litres of milk per day. Between the two of them they milk 900 cows each day!²

Similarly, just 3.5 lakh farmers, representing four per cent of Australia's workforce, produce food not only for Australia but export it in huge quantities. So also, in free societies the share of food in family budgets has declined to less than 10 per cent while in unfree nations like India up to 70 per cent of the family budget is spent on food³.

The Indian farmer is bound and gagged

Markets, operating through the price system, allocate resources optimally to the production, supply and distribution of all commodities, including food. But socialist India has never tolerated markets. The *Essential Commodities Act* (ECA) enables the government to "control of the production, supply and distribution of, and trade and commerce, in certain commodities". As a result, every aspect of agriculture is whimsically distorted in India, making agricultural investment a game of chance.

Input and output prices are distorted by fertiliser and electricity subsidies which can only be exploited by wealthy farmers, by the price support system, and by compulsory procurement. Subsidies on fertilizers have increased over the past decade, as have the number of states that supply electricity free of charge to farmers. This has under-priced ground water and reduced incentives for efficient water management.

Opportunities to develop private crop insurance have been blocked, and logistics and trade (including exports) literally strangulated. By blocking markets in forestry and wildlife products these resources are now grossly undervalued and hence over-harvested. The loss of habitat due to socialism is almost irreplaceable.

Zoning of agricultural land prevents farmers from receiving the true value of their land, and efficient farmers are prevented from expanding through the imposition of land ceilings. Reservations for small scale industry in agro-processing and restrictions in foreign direct investment in the food supply chain destroy incentives for innovation, destroying huge quantities of perishables.

Not happy with strangulating the farmers, the corrupt public distribution system (PDS) creates huge deadweight losses and destroys massive quantities of food. Corrupt politicians use the farm sector (which pays almost no land revenues, and no income tax) to launder black money. Confused environmentalists like Vandana Shiva attack the use of science and technology. By blindly opposing pesticides and biotechnology including GM crops (I'm only referring to those that have been fully tested), agricultural potential is significantly impacted. And not to be outdone, Hindu fanatics – who don't seem to know their own religion and culture – prevent farmers from using cattle in the most productive manner.

With all this, and more, it is a miracle that any food gets produced at all. One thing is sure, that no farmer's child wants to work on the farm. And our system doesn't allow well trained agriculture experts to buy and operate large farms, which is how the Western farming sector works.

The reform package

Indian agriculture can't be liberated without first ensuring that no farmer or his family goes hungry. Poverty must be eliminated first, using methods outlined in my May 2009 article in *Freedom First*. There should be *people support*, not price support, for those below the poverty line. Once poverty has been eliminated, a range of liberation policies can be introduced.

Agricultural subsidies would need to be phased out quickly, and barriers to agricultural trade eliminated by abolishing the ECA, the *Agricultural Produce Market Committees Act* and the PDS along with all shades of compulsory procurement. Modest strategic reserves can be procured at market price, and stored privately.

Property rights must be absolute, subject *only* to strongly demonstrated public purpose. Long diluted by Indian socialist governments, these rights must be strengthened so that farmer who own land must have *full*

² John Dyson, 'A Rich Harvest and No Handouts', *Reader's Digest*, January 2008.

³ A 2003 report by Economic Research Service of the United States Department of Agriculture. [http://ajol.info/index.php/jfec/article/download/52867/41469]

rights to its use (including when and whom to sell). It is legitimate for a government to acquire land to prevent public roads from bending at the boundary of each farm. But nothing beyond obvious public purpose can be used as ground for land acquisition. Ceilings on land holdings would necessarily have to be abolished, allowing the more efficient farmers to buy out their less efficient neighbours. Similarly, by abolishing land zoning and encouraging strong local governments, small towns will boom, reducing the pressure on large cities.

A well-regulated insurance industry would then provide high-quality crop insurance, with futures markets allowing farmers to hedge. Farmers will study the markets carefully for relevant signals and if their crop fails, both crop insurance and, in the worst case, the social minimum (frugal subsistence) will protect them.

Agricultural regulation motivated by religious interference would have to be repealed. It should be possible, given the great diversity of religious beliefs in India, for those who do not wish to slaughter cows to sell them to those who will. What is needed are, instead, are laws (with strong enforcement) to prevent cruelty to animals, as part of the justice system.

Finally, we should stop worrying about WTO matters. If foolish Western nations want to destroy their taxpayers' wealth through agricultural subsidies, by all means let them. We should exploit such foolishness by buying their products at throw-away prices. We must, however, insist on selling our agricultural products to them freely, and insist that foreign aid, which comes tied to insidious objectives, come to an immediate halt.

With these policies India will become a powerhouse in all sectors, including in food production. Lack of freedom today has meant that our farmers are one of the least productive in the world. Over half of India's workers, over 20 crores, are engaged in agriculture but produce only 17% of our GDP. *Free India* can produce sufficient food with less than 1.5 crore professionally qualified expert farmers.

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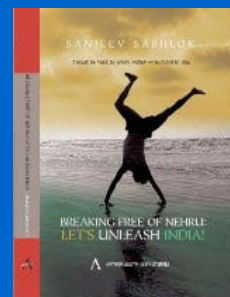
Recommended readings

1. **Capitalism and Freedom** by Milton Friedman
2. **Capitalism: The Unknown Ideal** by Ayn Rand, Nathaniel Branden, Alan Greenspan and Robert Hessen
3. **The Ultimate Resource II** by Julian Simon
4. **Breaking Free of Nehru** by Sanjeev Sabhlok
5. **Economics in One Lesson** by Henry Hazlitt
6. **The Use of Knowledge in Society** by F.A. Hayek
7. **The Constitution of Liberty** by F.A. Hayek
8. **India Unbound** by Gurcharan Das
9. **On Liberty** by John Stuart Mill
10. **The Law** by Frédéric Bastiat

11. **Liberalism** by Ludwig Von Mises
12. **Two Treatises of Government** by John Locke
13. **The Triumph of Liberty** by Jim Powell
14. **Growth Triumphant** by Richard Easterlin
15. **Roots of Freedom** by John W. Danford
16. **Good to Great** by Jim Collins

Breaking Free of Nehru – Let's Unleash India! NOW AVAILABLE FREE

This book (December 2008, Anthem Press) introduces the idea of a Freedom Team of India, and proposes policies that such a Team could consider. Now a **free e-book**: <http://bfn.sabhlokcity.com/>



Key FTI documents

- FTI Brochure
- FTI Trust Deed
- FTI Rules & Code of Conduct
- FTI Strategy
- How to join FTI
- FTI Basic Principles

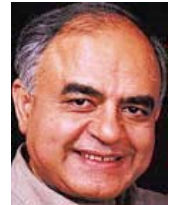
FTI's Speakers Panel



Swaminathan S. Anklesaria Aiyar



Pavan Choudary



Gurcharan Das



Barun Mitra



S.V. Raju



Ramesh Ramanathan



Parth Shah



Atanu Dey



Mohit Saytananda

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Cause: We want Freedom and Good Governance in India

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Group: Boycott the corrupt politicians of India (New!)

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Page: F.A. Hayek, the great liberal

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Let's join hands to break the cycle of apathy among educated Indians.

Supporting FTI is very simple: Just pass on this magazine to all your friends and relatives in India so they can help us find the leaders India needs. Surely, India has 1500 leaders who believe in freedom!

