

EXPERT OPINION Deepak Lal

# The anarchical society

*Only Panchayati Raj will help improve service delivery as it goes with the grain of Indian society*

Ever since Gunnar Myrdal's *Asian Drama*, which castigated India as a "soft state", western observers, as well as many members of the Nehruvian wing of Macaulay's children, have failed to understand the anarchical society which has existed in India for millennia. A recent review (*Journal of Economic Literature*, September 2009) by Lant Pritchett (a former World Bank official in Delhi) of *Financial Times*' former India correspondent Edward Luce's book *In Spite of the Gods*, reflects a similar unease of both with the Indian reality. Both find it puzzling why a country with a firmly-established democracy and many world-class institutions and firms, and which is an emerging superpower growing rapidly, should in many dimensions of human well-being have a worse record than many sub-Saharan African countries.

"Measures of the administrative capacity of the state on basics like attendance, performance, and corruption reveal a potentially 'failing state' whose brilliantly-formulated policies are disconnected from realities on the ground (Pritchett, p.771, emphasis added)". There's the rub. For these observers too fail to grasp the "realities on the ground", which have an ancient lineage and are part of the unique set of Indian cosmological beliefs governing its political and social habits, which make it, in many ways, *sui generis*. I had tried to delineate the origins and nature of these cosmological beliefs in *The Hindu Equilibrium* (OUP, 2005), and it is only by recognising them that one can make sense of the Indian reality, and offer cures for its continuing ills.

India, for millennia, has been par excellence an anarchical society held together by its unique cosmology. Hindu civilisation was born in the vast Indo-Gangetic plain, which no single political authority could hope to conquer for any substantial period of time. This geographical feature was responsible for two important institutional features of the Indian socio-political system. First, endemic political instability. I estimated the probability since 300 BC of pan-north-Indian political stability as 19 per cent (ps.55-56, *The Hindu Equilibrium*). Second, the caste system, which saved the mass of Indians being inducted into the deadly disputes of its changing rulers, in return for a customary share of the village output to the current overlord. Democratic practices introduced by the British fit these ancient habits like a glove.



Illustration by BINAY SINHA

The ballot box has replaced the battlefield for the hurly burly of continuing political conflict, whilst the populace accepts with a weary resignation that its rulers will — through various forms of "rent-seeking" — take a certain share of the output to feather their own nests. In the decentralised and apolitical social and economic system, which emerged as a Hayekian "spontaneous order", local public goods were provided by the semi-autarkic village communities. Thus, the decentralised civil society which developed did not need a state for its functioning. So, even if state authority collapsed — as it did periodically — ordinary life, particularly economic, continued to flourish, as detailed in Christopher Bayly's important study about the aftermath of the collapse of the Moghul empire in northern India in the 18th century (*Rulers, Townsmen, and Bazaars*, Cambridge, 1983). The state was seen as predatory, apart from the beneficence expected of an enlightened emperor in building various national public works like roads and canals.

Independent India inherited a largely Platonic Guardian State from the British Raj with the steel frame provided by the ICS/IAS. But with time, the political system has reverted to its traditional form, with state functionaries reverting to ancient predatory practices, and human well-being dependent upon the actions of civil society rather than the state. Thus, as

compared with the centralised authoritarian state established in China for millennia, which subordinated society to the state, India's ancient civil society has had greater independence from the state. It has not suffered the breakdown of social order as in China, when the Mandate of Heaven was removed from an existing dynasty. Thus the Chinese have always been more dependent upon the state for their welfare, and still rightly fear the social disorder from a state breakdown. The primacy of civil society in India over the state is its great strength. It is the failure of those expecting a necessary synergy between state and society to understand the *sui generis* Hindu social and political system, which leads to their puzzlement about its success, and means to deal with the seeming warts in its performance. For, in this ancient anarchical society, statist solutions will always fail, as these go against its historical grain. The only wise course is to intervene, if needed, by utilising the decentralised social channels which have maintained social order for millennia.

This shows the relevance of Rajiv Gandhi's vision, furthered by Mani Shankar Aiyar as the former minister for Panchayati Raj. Trying to improve various human development indicators through state functionaries is bound to fail. The answer is to devolve these areas with their finances to the localities. An important recent study by Kaivan

Munshi and Mark Rosenzweig based on the data from a rural household survey by NCAER finds that, at the ward level, the "parochial (caste) politics (of Panchayati Raj) appears to simultaneously increase both the competence and commitment of elected leaders, as indicated by the characteristics of the elected representatives and their enhanced delivery of local public goods in response to constituents' preferences".

Reservations, except for women, are inefficient, as they "reduce the likelihood that a numerically-dominant caste will emerge in a constituency, exacerbating the commitment problem". But reservations for women do not effect the probability of a caste equilibrium emerging, and they find that "women leaders are significantly more competent than men in that equilibrium". (*The Efficacy of Parochial Politics*, NBER WP. 14335, September 2008). Given state failure in providing health and education, even the poorest have "gone private". Instead of trying to suppress them, the state needs to redirect its substantial expenditures away from its own agencies towards a system of vouchers for deserving individuals and households to use these private markets. The vouchers are best administered by local panchayats at the ward level. For, "Panchayati Raj" remains the only channel to get the improvement in human development indices, as it goes with the grain of India's anarchical society.