

THE FUTURE
OF THE
NEW SUPERPOWER

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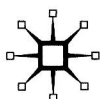
*The Future of
the New Superpower*

Daniel Lak



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India Express

Also by Daniel Lak

Mantras of Change: Reporting India in a Time of Flux

*For Katherine Helene and Robert Liam,
who've shared so much of this with me.*

The simple and astonishing truth about India and Indian people is that when you go there, and deal with them, your heart always guides you more wisely than your head. There's nowhere else in the world where that's quite so true.

—Gregory David Roberts, *Shantaram*

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INTRODUCTION

BY THE SIDE of a leafy suburban street, in the South Indian city of Chennai, an old man plies his trade. He bends over a wooden plank suspended between two piles of ragged bricks, wielding an old-fashioned iron. His name is Ram, which means "God" to most Indians. It's a common name here. Dark skinned, wizened and wearing a white cotton loin cloth, Ram is what Indians call a *press wallah*: press, as in iron, *wallah*, an all-purpose Indian word that means someone who does something.

As Ram works, a pot of charcoal smolders beside him, even in the steamy summer heat. The coals go into a compartment in his ancient iron. Ram himself provides the steam to smooth the wrinkles from the clothes. He fills his mouth with water and sprays it between pursed lips at the most stubborn creases and ornery fabrics. Then he whips the hot iron onto the wet cloth, producing billows of steam and the hissing of a hundred snakes. Beside him, a makeshift clothes rack displays his finished work: crisp cotton shirts that sparkle in the sunlight, trousers with creases like knives, dark skirts with no pleat out of place, sari blouses so finely ironed and starched they seem to stand up on their own. These are the workaday uniforms of his white-collar customers, pressed and ready for another day at the computer console or the sales counter.

The press wallah at work is a common sight in India. Even now, as the country hurtles down the path to modernity, surprisingly few families own ironing boards. There is simply not enough time in the day for a working woman to slide an electric iron over her husband's shirts. She takes them to the press wallah. Most urban neighborhoods have one. They stand and work outside in all weather, with just a rickety wooden lean-to for protection against monsoon rains

and the relentless summer sun. But Ram is no ordinary street worker. He is a part of the new India, a society that's bucking eons of tradition to raise itself out of poverty, already showing the developed world how to be an economic and political superpower. Even as he spits water onto wrinkled fabric and wields a ten-pound iron full of glowing chunks of charcoal.

Ram gets it. He understands what's needed to make changes in a society that regards him as a lowly, if useful, menial worker. Ram's customers probably assume, more or less legitimately, that his sons will be press wallahs, too. Or the equivalent in another line of work: tea shop waiters, domestic servants, ditch diggers, truck washers, *dho-bis* or laundry men, assistant mechanics in a greasy roadside auto-repair shop, office boys or "peons," as Indians know them. These are the jobs to which Ram's lowly status in the Hindu caste system traditionally confined his progeny. It was ever thus.

But Ram had a different plan, and the guts to go for it. Not for him the tedious, unending cycle of poverty perpetuated by the caste structure. No, this press wallah pressed for change. One of Ram's most loyal customers tells the story of how the old man broke out of the caste system. A journalist by profession, the customer—call him Sujeev—stands close by Ram's ironing spot, at the end of his own driveway. Ram is intent on the pair of white linen trousers stretched tight beneath his iron. He pays no attention to our conversation, for he speaks only the local language, Tamil, and is illiterate.

"One day about ten years ago," Sujeev begins, while Ram's iron hisses in the background, "my wife dropped the clothes off with Ram, and he smiled and made a remark about the weather, as he always does. Then as she was turning to go, he asked for a moment of her time and told her about his plan for his two boys. He wanted to send them on a computer course, he said, at night school. They'd keep on attending day classes at the government high school and helping him with deliveries. But they would be learning another trade at night. They would be studying to be 'software men.' That's what he called them. Software men."

Back then, in the early 1990s, computers weren't at all common in India, outside of major institutions and big businesses. Today's well-known information technology companies were just starting out. There was no outsourcing of white-collar jobs from the West, no

billionaire computer geniuses, no Hotmail, Google or Netscape. But Ram had heard of computers, and his plan was to borrow some money from his regular customers to pay for the boys' education.

"Not much, about a thousand rupees from each of us," Sujeev says. "About fifty dollars back then. But that was a lot for Ram to repay, and he was offering interest as well. We gave him the money and wondered a bit if we would see it back."

Sujeev said he and his wife considered the money they'd given Ram a gift, not a loan. They did the math. At the rates he charged for ironing, even with the quantity of work he processed, there seemed no viable way for the old press wallah to repay them. In all, he borrowed money from nineteen of his best customers. Tuition fees were expensive then at the relatively few computer schools that offered classes. There was no competition, as there is now, when India boasts a "software institute" on every city block. But Ram proved his doubters wrong. He worked harder than he had ever worked, Sujeev said. He came to his ironing board earlier and stayed late into the evening. He didn't take Saturday afternoon off. He took on extra work from other streets and local businesses. He pressed towels and sheets for hotels, uniforms for hospitals and restaurant tablecloths. His sons came on weekends and delivered his work on their bicycles. It was a scene of furious activity, and Sujeev and his wife were amazed. After a time, Ram's clients noticed there was something about the two boys that was different. They held themselves more upright, seemed a little less deferential, a little more professional.

"They were very confident," said Sujeev, "for low-caste boys."

This went on for nearly two years, and then one day Ram came to Sujeev's front gate accompanied by two tall, beaming young men wearing short-sleeved white shirts, with knotted ties and dark slacks, each with their father's trademark knife-edge crease. The press wallah had a small dog-eared notebook in one hand and a plastic shopping bag in the other. Each of his sons—the two businesslike young men by his side—carried what looked like a painting or a photograph in the crook of an arm. Ram was politely insistent that he needed to see both Sujeev and his wife.

Proudly, he presented his two boys and talked about their graduation. "Already they have jobs," he said, "in real offices where they wear clothes like these," gesturing to the heavily starched white shirts

and narrow black ties. Framed diplomas were held up for inspection and passed around. Then Ram's sons consulted their father's notebook while the old man reached into the paper bag and counted out the money that he had been loaned, plus interest. Sujeev's wife tried to tell the press wallah that they didn't want to be repaid, but he was as firm as they'd ever seen him. Not impolite, but determined that they accept their repayment. Especially the interest. They saw that they must, so Sujeev and his wife took the money, chatted for a while, and then watched as Ram walked down the street and repeated the same scene at every household from which he'd been given a loan. Flanked by his two officially trained software engineer sons, the old menial laborer exuded pride and hope as he spoke to the upper-caste, professional folk on the street where he'd wielded his hot, heavy iron for more than twenty years. From a caste perspective, it was a once-unthinkable scene. The elderly lower-caste ironing man talking about his sons with Brahmins—people like Sujeev and his wife, at the pinnacle of the Hindu hierarchy—and proudly repaying the money they had loaned him. "It would not have happened twenty or thirty years ago," Sujeev says, still full of admiration for the two boys and their determined father.

In a sense, Ram represents India's arrival on the world stage. His is the story of an underdog, faced by more challenges than natural advantages, who manages to realize a dream. India really was once the underdog. It certainly was when I began visiting in the 1980s. At that time, the glory of winning independence from Britain forty years earlier was waning. For many Indians, that residual pride in besting the British was little compensation for the tenuousness of daily life. Poverty, overcrowding, disease and frequent outbreaks of religious or communal violence were not making it easy to be a citizen of the world's most populous democracy. Even the Green Revolution of the 1960s—when Indian farmers used new strains of wheat and more efficient agricultural technologies to banish famine and make their country self-sufficient in food—was old news. But the freedom struggle and the victory over famine were still being touted by the government as achievements to be proud of. Among the poor, both urban and rural, and the working classes, such barely remembered achievements were all too intangible. Decades of democracy were all well and good, but mere day-to-day survival was challenging. Politi-

cal leaders told the masses that they were fortunate to live in a land of ancient culture and modern progress, but the poor were too busy staying alive to notice. Those who passed as middle class in those days didn't have a problem with survival. But they, too, struggled—with finding a job, decent housing and medical care and, most of all, with believing that the future held promise for their children.

The vast machinery of an all-powerful, central government employed many more people than a barely nascent private sector—from the graduates of top universities to the lowliest laborers. There were government-run oil companies, steel mills, banks and retail stores. Tens of millions of Indians worked for the state. India's private enterprises had all the employees they needed and then some. Starting your own business was unthinkable with a huge state regulatory apparatus waiting to pry loose concessions and bribes and often setting terms that all but guaranteed bankruptcy. What businesses there were survived largely by collaborating with the system because it shielded them from competition and gave them monopolies for largely inferior products and services. For a highly educated professional, or for an entrepreneur, going abroad was often the best option. Many of the estimated two to three million people of Indian origin living in the United States today either emigrated during the long years of state-dominated economics or are descended from people who did.

That was then. This is now. It's not easy to pinpoint exactly when India began to wake up from decades of post-independence slumber. Perhaps the period of figurative rest was necessary. Long centuries of invasion, oppression, colonial rule, and then the trauma of independence and its bloody aftermath, all had left deep scars. Perhaps India needed time to recover and find itself before it began to realize its potential.

Discerning the tipping point when that started to happen isn't easy. There are several contending narratives. In the late 1980s, the government decided to allow the import of telephone-switching devices that had been kept out of the country previously by prohibitive tariffs and duties. The technology was primitive by today's standards, but the decision to introduce it made an enormous difference in people's day-to-day lives. It led eventually to the establishment of a pay telephone office in almost every Indian village. These offices put a country in touch with itself for the first time ever. Parents could speak

to children at boarding school, wives to husbands who had migrated to find work. Farmers could call agents to find out the market price for their produce instead of depending on venal local buyers.

Then again, the moment of truth for Indian modernization might have been the explosion in software companies in the 1990s, which made Indian firms such as Infosys Technologies, Wipro Technologies and Tata Consultancy Services famous in Western corporate circles. A country once renowned for exporting people was reprogramming the computer networks of the world. That led to the boom in call centers and Indian-accented voices guiding Westerners through their bank accounts, computer operating systems and cell phone invoices.

But most economists, commentators and even ordinary Indians identify a different moment as the time when their country began to move decisively forward. In April 1991, a new government was elected. The country's balance sheet was an utter disaster. Public spending was out of control. Tax revenues were a joke. But worst of all, India faced a balance-of-payments crisis. Heavy borrowing from foreign markets had left debts high and liquidity low. There were fewer than a billion dollars left in the kitty, barely enough to cover the bill for a month's imports. The country was poised to do something it had never done before: default on loan repayments. What emerged as the solution to the problem also bordered on the unthinkable. Put simply, it was decided to remake India's economy. Ministers and advisers drew up an audacious plan to allow the free market to flourish. This was entirely counterintuitive. From its inception, India had regarded itself as a socialist country. Its first prime minister, Jawaharlal Nehru, felt capitalism was too harsh and fervently believed that a benevolent socialist state would lift hundreds of millions out of poverty while developing an industrial base in a land of farmers and peasants. In the middle years of the twentieth century, as the Cold War intensified and nations were expected to choose sides, India allied itself more closely with Moscow than with Washington. Although still firmly democratic politically, Indian economics tended to favor a tough regulatory state that planned everything and licensed the private sector to do what it couldn't do itself.

This approach made some sense at the time. British colonialism left India with relatively little in the way of industry. The country was

a source of raw materials that had to be processed abroad, in England mostly. Today, India has steel mills, oil and gas terminals, heavy machinery manufacturers, automotive plants and ports that might not otherwise have been developed. A small cabal of homegrown capitalists also benefited mightily from their government's distaste for the private sector. Huge family-run conglomerates stood astride the Indian economy, unchallenged by international competition and rarely troubled by competitors at home. Products were shoddy and customer service all but nonexistent. It was hard to tell the difference between the government-run companies and the private ones, as an Indian acquaintance once wryly observed.

What become known as the economic reforms of 1991 were introduced cautiously. Import restrictions were barely relaxed. Tariff barriers were lowered slightly. The vast Gordian knot of regulation on business and commerce was eased a bit. But enough was done to convince creditors to reschedule India's debt repayments so that the new policies could take effect.

It worked. Even the country's battle-hardened, unreformed Communists, who enjoy a solid if minority position in the Indian parliament, admit that the policy changes of 1991 represent the crossing of a Rubicon. There can be no going back. The balance-of-payments crisis went away, never to return. The economy picked up steam and soon growth was averaging more than 5 percent per year, often much higher. Indian consumers began to access the goods that the rest of the world took for granted. In almost every economic sphere, the country began to outperform expectations. Even poverty alleviation accelerated as jobs were created and the education sector was able to provide more school places in both public and private classrooms. Witness Ram's two sons.

If 1991 was India's wake-up call, then today the country is out of bed and on its way to the office. Metaphors aside, the pages that follow will be a journey through a vast land and society unlike any other in the world. Western urban civilization has come to pride itself on being a melting pot, a mosaic of cultural aspirations and shared values. India pioneered this concept thousands of years ago and continues to improve on it today. This is a country in which hundreds of millions of people speak one or more of the twenty-two major national languages, observe the rituals of dozens of religions and live in

conditions ranging from unspeakably primitive to magnificently luxurious. This extraordinary diversity gives the country immense tensile strength while posing an often insidious challenge to civil order and national unity. The market system melds with this brew of ethnic, linguistic and religious heterodoxy to make individual Indians inveterate problem solvers and multitaskers. Indians confront immense challenges, from chronic power shortages to pollution, from impossible overcrowding to extremes of climate. Daily life is a constant process of negotiation, reassessment and acceptance of hardship that makes people tough, resilient and focused. Indians succeed because if they don't, there is no safety net to catch them. There is no second chance.

And it's not just the business sector that's thriving on diversity and challenge. India is proud of calling itself the world's largest democracy. Canada and the United States both have larger landmasses, but even together they can't muster an electorate of more than 670 million people. Nor does either have to hold elections on several days over a period of a month or more because of the massive logistical needs of getting hundreds of millions of voters to the polls. Democracy is one of India's great accomplishments, perhaps still its greatest triumph as a nation. It may be flawed, chaotic and corrupt, but democracy flourishes in India and has done so, almost without interruption, since shortly after the last British rulers left in 1947. With a powerful central government, twenty-eight state administrations and thousands of municipal, district, town and village councils, elections are a crucial part of Indian life. Voter turnout is almost always high, and the intensity of tea shop debate over the political crisis of the day has to be experienced to be believed.

The ever-expanding network of satellite television news channels in India has only added to the strength of its democracy. The frequent exposure of fraud and corruption in the system, as reporters thrust their way into political backrooms with hidden cameras and bundles of marked cash, has been a welcome bonus. Democracy thrives in India in part because it is the only way to run such a vast, diverse society. People who are denied the freedom to despise and criticize their government can be expected to revolt. There has never been a large-scale uprising in India, even among the lowest of the low, however grim their prospects. Arguably, this is because democracy provided

the outlet for frustration, if not always the means for redress. Governments change with regularity, coalitions of parties form and reform, and the people gaze in wonder at the spectacle.

Not every Indian is an enthusiast for the free market or believes that his or her country is sufficiently democratic. With India possessing the largest number of poor people in the world, there's ample scope for antipoverty activists, along with their colleagues in the environmental, legal reform, human rights and other movements. Fueled by technology and the globalized media environment, Indian activism is growing in national and international clout. The people who speak and work for the poor have thrived as the country modernizes. Many are powerful, passionate voices against market economics and the changing nature of society, and their arguments have had an impact on perception and policy. Indians bring to social activism all the focused skills of the marketplace that they've nurtured in their cities and rural bazaars for thousands of years. Dr. Vandana Shiva, Arundhati Roy, filmmaker Anil Padmarjan, Palagummi Sainath, Swami Agnivesh—all are names that the world's activist community knows and respects, but their native land nurtured them and gave them their sense of outrage.

In this book I argue that India has arrived at the world's top table, and is awaiting its due recognition. Buddhism, a religion that began in India, postulates that human beings must discover their potential and find enlightenment, success if you will, within themselves. It is said that Prince Siddhartha Gautama, who became known as the Buddha, was "awakened" when he sat under a tree and discovered the way to end suffering and attain an enlightened state of being. For practicing Buddhists, all questions can be answered by drawing on inner resources, by contemplation and focused reflection. The Buddha's revelation was that the seeds of enlightenment already exist inside us. So it is with India's quest for development and status as a player in the contemporary world of politics and economics. This quest is based on qualities of character, toughness, problem-solving ability and tolerance of diversity. Imported notions such as Western-style democracy, legal systems, free markets and social activism only enhance Indian society's innate strengths. For too long, the outsider's view of India has focused on its weaknesses: the poverty, frequent natural catastrophes and social inequities. Or on the mistaken notion