

From our correspondent in

INDIA



As many seem to associate India with horror stories about toilets (or lack of them), it's given me all the literary license I need to begin this dispatch with a particularly gruesome tale of such a subject, but one which illustrates – however graphically – the economic madness of India.

Andrea (my partner) and I continued our journey across the Himalayas from Nepal eastwards into India and the Himalayan town of Darjeeling, thereby avoiding the blazing summer heat of the north Indian plains. Needing a special permit to venture further north into the state of Sikkim, we swanned into the regional government building and there came face to face, in a manner of speaking, with the very worst example of India's legendary lavatories.

But, dear reader, before our bladders give out and we take our fateful footsteps into that black hole, let's

first stroll around – as Andrea and I did – this sprawling, semi-dilapidated building dating back to the days of the British Raj. You've probably all heard and understood the derisive term "public service mentality", but nothing can ever prepare you for the institutionalized torpor that reigns supreme here.

Perhaps two or three hundred people work (and I use that term loosely) in this centre, but not a single person seemed to have any real work to do, much less any pressing deadline. Everybody was lounging around, reading papers, preparing or making tea, chatting idly, dozing off in their chairs, picking their noses or, in a way somehow evocative of the Indian outlook, contently staring at the ceiling. Nobody seemed to care that we walked through endless corridors poking our noses into offices, although we made some effort not to laugh too loudly at the farcical nature

of it all. At times, it seemed we had wandered into some sort of giant street theatre taking the piss out of the Indian public service.

The other thing that elicited much merriment on our part was the record keeping system in place. Andrea and I had both been beanies (i.e. beancounters, accountants) back in the days of manual bookkeeping, but what we saw here was a bookkeeping system dating back to at least the early 20th century. Massive, yellowed, fading cash books, journals and ledgers were literally piled up all over the place, with no semblance of order. Indeed, as most of them were covered with a thick pile of dust, it was obvious that they fitted into the whole vibe of the place.

Such comical slackness was encountered throughout India, a living relic of its close ties with the former Soviet Union and its socialist past. A few weeks later, in Calcutta, we nearly had to bush-bash our way through what were once one of Asia's most resplendent botanical gardens, such was the neglect evident in these overgrown gardens. Yet, in a far corner of the gardens stood a high-rise accommodation block which housed the families of the hundreds of workers who sat around literally doing nothing. Similarly, Calcutta's Museum of India was a huge semi-dilapidated national disgrace, with not even a lame attempt to dust the exhibits, much less apply any effort to get the place into some semblance of order.

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Meanwhile, back at Darjeeling's government offices, we were amusing ourselves by watching someone sitting at his desk, and quietly observed his little ritual of rearranging four books on his desk, which was repeated countless times until we were almost driven mad. This, we surmised, was analogous to how caged birds repetitively hop from one perch to another in a valiant struggle to inject some stimulus into

its life in order to stop going stark raving bonkers. But the tea that a few kind folk had given us had finally kicked in, and so we followed the directions to the building's toilets out the back.

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Dear readers, if you had stepped into those toilets and seen what I had seen, I doubt that you'd ever be the same again. By holding your breath and bracing yourself against the eye-stinging methane, you'd probably have some idea of what conditions on Venus are like, or perhaps have a better insight into life on Earth after runaway greenhouse gas emissions will render our poor planet uninhabitable. After decades of use and Krishna knows how many deposits, the ungodly concoction that has spilled out of long-blocked drains is not for the faint-hearted.

This gratuitously lengthy and graphic introduction has a point, believe it or not. Since the death of serious socialism in the West, we have almost forgotten its intrinsic and almost comical lack of incentive for state employees to do a half-decent job, so assaulted are we on other fronts by the obscene wealth of the rent-seekers that naturally arise out of any neoclassical economic system. And, despite both lowly clerk and senior bureaucrat being forced to use these same toilets, there's no sign of any of these idle workers being put to work where they're obviously needed.

Later on in our 3-month journey around India, we made friends with various locals and actually resided for short periods in both government and corporate "rest houses", which are accommodation quarters for out-of-town middle-level managers. While the toilets were mercifully much cleaner, the level of activity and initiative was little better – why bother if you've a job for life, no matter what?

For even in India's private sector, there is often little incentive to do a half-decent job. Things are polarized between cottage industries and mega-corporations, the latter also a legacy of Soviet influence. While India has finally opened its doors to some competition, there is still much inefficiency and wastage due to what remains of its highly protectionist economic policies. When you secure a job in either the public service or a giant Indian corporation, you know you pretty much have a job for life (which makes you that much more eligible in the Indian marriage market, but that's another whole story). For that reason, we were told that to secure a base level job will require a bribe of around one year's salary – and once you've shelled out that sort of money, you're not going to be in a hurry to quit to find something with better promotional prospects. Both Darjeeling and Calcutta are located in the state of West Bengal, which has for decades been one of India's two communist bastions.

When India followed a strongly socialist model in the 1950's, some attempt at land reform was made, but with the predictable lack of success. The few who received decent plots had some cause for celebration, though the valuable urban locations were never subject to reform. But most missed out altogether, and we'll explore what land reform Gandhian economics proposed in a future dispatch.

It's worth mentioning India's own brand of communist revolutionaries who still make sporadic uprisings and terrorist attacks, called the Naxalites. Though the name would

perfectly suit an alien species in an upcoming sc-fi movie, this term is used for various communist groups who continue to wage a violent struggle for land reform against landlords and India's power base on behalf of landless labourers and Adivasis (tribal people). During the spring of 1967, peasant cadres occupied land and staged a bloody revolution in northern West Bengal village of Naxalbari, and from that

day the guerrilla terrorists were termed Naxalites.

To break up the big estates (a similar motivating force behind Australia's Georgist movement in the early 1900's), maximum land holdings were declared by most Indian states. But, as we saw in the last correspondence from Nepal, such land restrictions can be easily evaded, whether through splitting large estates among extended family members or by the national pastime of bribing politicians and bureaucrats. As mentioned above, the really valuable urban land was never parcelled out – the excuse used then was that the poor rural landless need land the most! Of course, the state needn't have confiscated the land but could have taken the much easier and effective means of simply collecting the economic rent of land. Why didn't India adopt what should have been the obvious policies? - sorry, but I never received a satisfactory explanation as to how our message was buried in a conspiracy of silence, Indian-style.

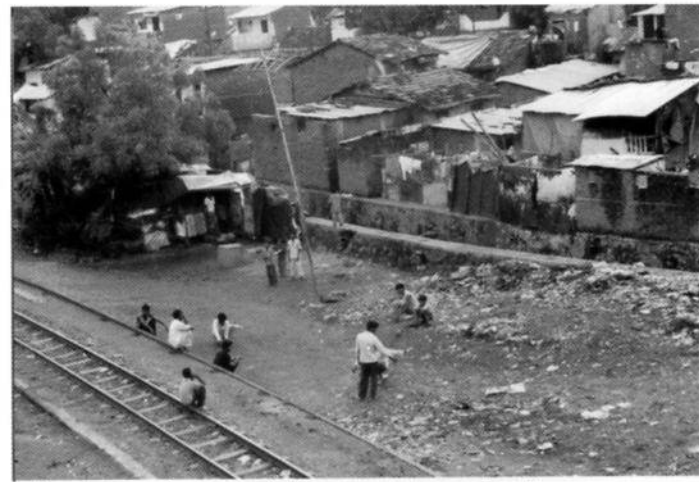
And how much of the rent from land does India collect? One only has to glance at soaring real estate prices to confirm that there's very little, if any, collected. Indeed, Mumbai (or Bombay, as it used to be known) has some of the most expensive real estate on the planet, sucking up the wealth of the nation and setting off rounds of feverish speculation that diverts attention and wealth away from productive investment – the accompanying article I snipped

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echoes with the same rent-seeking sentiments from developers that plague the most of the rest of the planet.

On the subject of Mumbai and landed interests, I read a fascinating article in *India Today* (basically, a *Time* lookalike) on August 8, 2007 which detailed how the so-called Mumbai land cartel meet monthly to set rents together to extract the absolute maximum possible – rack-renting

made into an art form, no less! Their long term strategy is to take over Mumbai's "informal housing" (a euphemism



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for squatters living in slums), where over 50% of Mumbai residents live. While any slum clearance is controversial, the cartel are going to publicly lead with their strongest spin card, which is that squatters waste land as their tiny shacks are only single storey. As the article reports, the cartel's goal is take over the land and build more profitable high-density but low-quality high rise buildings, turning horizontal slums into vertical slums. While we frequently hear of how India is following China in terms of rapid economic success, now you know the reason why no people whom we met claimed to have received any benefit from India's so-called economic boom.

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