

FOUR WHEELS FOR ALL

The Case for the Rapid
Automobilisation of India
by
SAUVIK CHAKRAVERTI



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OCCASIONAL PAPER

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CONTENTS

The Case for the Rapid Automobalisation of India	1
In Praise of the Automobile	2
The Dreary Old Days of Socialism	5
Enemies of Prosperity are Enemies of Poor People	7
The Case for Used Car Imports	10
The Huge Gains to be Made in Productivity	14
Railways, Highways, Civil Aviation – and the Konkan Coast	16
Universal Car Ownership as a Cure for Urban Congestion	21
The Automobile and the Environment	27
Roads Without Cars? or Roads and Cars?	30
Roads, Cars and Real Estate	32
But Who Will Build these Roads?	34
Against a “People’s Car”	37
In Praise of the Automobile, Once Again	41
Cars – and the Death of Indian Socialism	47
About the Author	49

Four Wheels for All

The Case for the Rapid Automobilisation of India

Man does not come rooted to the spot like a tree. Nor does he draw his sustenance from the ground below him. He survives through ‘economic achievements’; and to make these achievements possible he must move – to markets: to sell, to buy, to exchange. To help him in these tasks so essential to human survival, man invented the wheel millennia ago. It has been so great an aid to human productivity they say ‘the wheel is an extension of the foot’. From those humble beginnings, the wheel evolved into the car over a hundred years ago. Yet, through most of independent India’s history, her people were denied access to proper wheels: especially four wheels – the car.

To those educated in the idiom of ‘poverty’, universal car ownership in India is unimaginable. The car has always been a ‘luxury’, and taxed as such. But why are some countries rich? This is a question rarely asked by those of the poverty school. If we ask ourselves this important ‘Why?’ we find that the citizens of these countries possessed Liberty – and consequent to that, it was only natural that numberless entrepreneurs stepped in to make cars for them. That is, the car was produced in an economic system popularly known as Capitalism.

Exactly a century ago, in 1908, the Ford Model-T put ‘America on wheels’. The assembly line technique (which was dubbed ‘Fordism’) increased productivity so much that a worker could afford to buy the car with four months’ worth of wages. From universal horse ownership, the Americans moved quickly

to universal automobile ownership. This helped to raise the productivity of every American – and the country became richer: the blessing of the ‘invisible hand’, or *Shubh Laabh*.

Of course, very early on, widespread car ownership focused political attention on roads, and so the ‘freeways’ were built. Since we in India have never contemplated universal car ownership, nor encouraged it, we are yet to build proper roads. Roads do not matter much in Indian politics only because car ownership is still quite limited. There are only 7 cars per 1,000 Indians, one of the lowest car penetrations in the world, with even Sri Lanka and Pakistan having 12 cars per 1,000 people. According to a recent study by the Society of Indian Automobile Manufacturers (SIAM), Delhi has 85 private cars per 1,000 population. Ludhiana, which has the largest concentration of two-wheelers in the country, comes second in terms of private cars with 56 per 1,000, closely followed by Chennai at 51 per 1,000. America had 812 cars per 1,000 population in 2002. This gap exists because of 60 years of socialism and isolationism, and the doctrine of poverty that ‘development economics’ is. But this gap is also the potential and the promise. In 2007, over 1.5 million passenger vehicles, 8 million two-wheelers and half a million commercial vehicles were sold in India. General Motors and Toyota, in the same year, each sold 9 million cars worldwide. India is a nation of 1,000 million+ people. We are talking ultimately of about 800 million+ cars being owned. That is the promise of capitalism.

In Praise of the Automobile

What exactly are the benefits the car delivers to its owner? To understand this, let us consider the ‘geographical opportunity circle’ that each individual confronts every day, representing the geographical area that he can traverse in order to make his ‘economic achievements’. Man walks at about 4 miles an hour, cycles a bit faster – but cars can propel him at incredible speeds today. On a German autobahn, where there are no speed limits

on certain stretches, I managed to clock 235 kmph in a Porsche Carrera – and felt like James Dean; that too, surviving to tell the tale.

If we wish to compare the car with the horse, I have this evidence from history:

In an age when twenty-five to thirty miles a day was the normal distance on horseback, Henry II once covered one hundred and seventy miles in two days.¹

What took a great 12th century Angevin king two days (and many horses) can now be done in two hours by any ordinary man. That is the power of the automobile.

Thus, for a man on foot, a man on horseback or a man with a cycle, the ‘geographical opportunity circle’ is extremely limited, while for the car owner it is considerably larger: according to one estimate,² the area of this circle is 56 times larger for the car owner compared to a man on foot. This is Progress – and it has been consistently denied to our people by government policy. It still is – as this paper will show.

The benefits of one man’s mobility also trickle down to those without. For example, I live in one of a cluster of small villages in South Goa. Catering to this district are two small private hospitals owned by two local GPs. However, specialists from the faraway town – a cardiologist, an orthopedist, a dermatologist, a surgeon – visit these hospitals once or twice a week to see local patients. The people of these villages have access to these specialists, all of whom live 40 km away in Margao, because of the cars these specialists own. The fact that they own cars is of course in their self-interest, but there are huge indirect benefits of their mobility

1 Hogue A. R. *The Origins of the Common Law* (Liberty Fund, Indianapolis; 1998) citing C. H. Haskins, *The Normans in European History* (Boston, 1915), p. 92.

2 Ted Balaker, *Why Mobility Matters to Personal Life*, Reason, July 2007.

which filter down to the relatively lesser-off rural folk in this area. The bigger 'opportunity circle' benefits buyers and sellers both, of any product or service.

But the car delivers to its owner much, much more than just a wider geographical territory upon which to traverse. The car is personal space. It is personal mobility. It is autonomy and self-directedness. It is the epitome of one's individuality. In an earlier age a man's home was his castle; today, it is more likely that his car is his castle.

The 'geographical opportunity circle' is not limited only to buying and selling; it determines the places we can hang out, socialize, go on dates or picnics, take our holidays, and so much more. The larger the area, the greater the opportunities for a far higher standard of personal living. The automobile, it must not be forgotten, shaped American sociology by showing how personal mobility greatly enhanced personal autonomy. The automobile revolutionized what going on a 'date' was all about. Car ownership is an individual achievement that delivers individual autonomy. When driving one's own car, a man is self-directed, going where he feels like, on his own (which is 'autonomy'). He does not travel in 'convoys' anymore. He is liberated, free as a bird. This is the ultimate gift of the car to its owner: Freedom. He can 'hit the road' as no man before him ever could.

The history of transportation is also the history of the expansion of the personal zone. From caravans and convoys, where people traveled together for security, to ships and railways, which also meant traveling together with others, we have finally come to the archetype of private personal transport: the automobile.

Exactly a hundred years since Ford's 'Tin Lizzie', India's Ratan Tata has just unveiled his Tata Nano priced at 1,00,000 rupees or \$2,500. Billed the 'world's cheapest car', it has aroused

mixed reactions, from wild applause to unadulterated horror. The promise of universal car ownership in India that the Tata Nano represents is unwelcome to many. The nay-sayers must be reminded of India in the 60s and 70s, when car ownership was virtually impossible. Do we want those dreary days back? Or do we move forward, embracing the automobile as the best friend a man ever had?

The Dreary Old Days of Socialism

I came of age just when ‘socialism’ in India reached the zenith of its idiocy. I was an undergraduate student of Economics in Delhi University when Indira Gandhi declared Emergency. I graduated and started a small business in an economy that was totally and completely dominated by the socialist State. That was a time when Indians did not possess wheels, or phones. Without these essentials it was difficult to succeed in business, and that is putting it mildly.

Looking at it another way, that was a time when the state commanded the economy; the state was supposed to produce wealth, enough to share with all the people. But the people were not given the freedom to produce wealth, and the basic equipment to get going on the highway to prosperity – like wheels and a phone – were unavailable. Today, everyone is talking about the 3C’s: Computer, Cellphone and Car – as essentials for personal economic success. Those days, the personnel at the ‘commanding heights’ had no such vision. They were all busy making steel. The government grew and grew, the economy didn’t.

In those days, a second-hand Fiat 1100 commanded a premium because the new one came with a decade-long waiting period. Five-year old Fiats were sold at more than the cost of a new one. The streets of New Delhi were virtually devoid of car traffic. Housing colonies built by the Delhi Development Authority for the ‘middle class’ were equipped with ‘scooter garages’ – not that

a scooter was easy to get either. Only the diplomatic corps from all the embassies located in Delhi had modern wheels – and how we lusted after them. Senior bureaucrats hankered after foreign postings so they could bring back a modern car.

The same idiocy marked every other good supplied monopolistically by the socialist State: Telephones, for instance, came with a 10-year waiting period; and since Members of Parliament had a telephone ‘quota’, the only way to get a quick phone was to approach an MP with a *quid pro quo*. Gas connections were hard to get without ‘contacts’. And every big firm cultivated senior personnel of Indian Airlines because that was the only way to get airline reservations quickly.

Mercifully, we have come a long way from those dismal decades. Phones, airline tickets, scooters, motorcycles and cars are all available off the shelf today – because of entrepreneurs and markets. (Electricity and gas are problems still, as are railway reservations – and we know why.) Not only that, hire-purchase schemes have made car, scooter and motorcycle ownership easy. Yet 993 out of every 1,000 Indians still don’t possess a car, and it is indeed regrettable that many an Indian continues to ferry his wife and children dangerously about crowded city thoroughfares on a scooter.

While India in 2008 is witnessing an automobile revolution that cannot be turned back – especially with the launch of the 623cc Tata Nano – there are many eminent voices calling for a halt to automobilisation, especially for ‘environmental’ reasons. To both RK Pachauri of TERI (whose chairmanship of the Inter-Governmental Panel on Climate Change won him the Nobel Peace Prize in 2007) and Sunita Narain of the Centre for Science and Environment, and to others of their ilk, other people’s cars are a curse. To them, higher levels of car ownership in India are undesirable.

Does India go forward or back in automobilisation? – that is the question. This paper argues that the only way to go is forward,

which means accelerating the pace of automobilisation. Just as our telecom policy is aimed at maximum tele-density – ‘a phone for every home’ is BSNL’s ad-line today – so too must our automobile policy aim at universal car ownership.

If this should sound overly optimistic as a ‘dream’ for the common people, allow me to recount the vision John Lawrence (of the East India Company’s civil service) had for the ordinary Punjabi peasant when he and his brother Henry – the ‘Titans of the Punjab’ – took over the administration of the province after the death of Maharaja Ranjit Singh. John Lawrence’s ideal was:

*A country thickly cultivated by a fat, contented yeomanry, each riding his own horse, sitting under his own fig tree and enjoying his rude family comforts.*³

Over 150 years have passed since Lawrence wrote that, and the ‘each riding his own horse’ must be replaced with ‘each driving his own car’. I am sure every Punjabi peasant would agree that this is an eminently realizable and highly desirable prospect.

Enemies of Prosperity are Enemies of Poor People

Dr. RK Pachauri and Sunita Narain have both used extreme words in their emotional outbursts against the prospect of universal car ownership in India – as represented by the Tata Nano. Pachauri has said the car is giving him ‘nightmares’; while Narain has asked for the car to be ‘taxed like crazy’. Both reactions are bizarre. Pachauri’s TERI is an ‘energy research institute’ and they should be aware that what really eats up megatons of fossil fuels in India are pot-holed roads and unscientific traffic management. Similarly, Narain should be told that we are already taxed like crazy: for every 45 rupees we pay for a litre of petrol, 22 rupees is tax;

3 As quoted in Mason, P. *The Men Who Ruled India* (New Delhi: Rupa, 2000). Emphasis added.

and for every 30 rupees for a litre of diesel, 8 rupees is tax.⁴ The Society of Indian Automobile Manufacturers (SIAM) has recently lamented the fact that as much as 35 percent of what a customer pays for a car goes as tax, and that this colossal level of tax impedes the growth of the sector. I fail to see how the environment, the jungles, the tigers, the ozone layer and all that is good and green can be better protected by higher taxation. Should we now expect to see “Thank you for protecting the environment” stamped on every receipt issued by the Tax Collector? Those who call for higher taxes to reduce consumption, and deny the people access to modern amenities, are enemies not only of prosperity; they are actually the enemies of poor people. This is ultimately where all environmentalists invariably end up, because their concerns are for the betterment of things other than the human condition. People, to them, are ‘the population problem’.

I fail to understand why the promise of human betterment in one’s own country should give nightmares to any citizen. Efficiency in energy use is a worthy goal – and it requires proper roads and traffic management, apart from modern vehicles built with sound technology. This goal cannot be pursued by reducing the vast majority to inefficient wheels.

As an example of ‘local warming’, I can recount my own experience while driving on Delhi’s Ring Road some time ago. My car has a dashboard readout of the outside temperature, which stood at 39 degrees Celsius. Inevitably, I was soon stuck in a huge jam. As I watched, the temperature outside rose in a few minutes to 49 degrees. Bad roads and inept traffic management are the biggest enemies of the environment in India – not modern cars, which use energy far more efficiently today than they ever did before. The ‘Tin Lizzie’ gave its owner 20 hp and 9 km to a litre; the Nano delivers

4 This high ‘indirect tax’ is also ‘regressive’ and rich people pay less as a percentage of income than poor people. A salesman with a salary of Rs 4000 may buy Rs 1000 of petrol every month for his Hero Honda, paying Rs 220 in petrol tax, or over 5 percent of his income. A senior manager with an income of Rs 1,00,000 may buy Rs 10,000 worth of petrol for his Skoda Octavia, paying Rs 2,200 as petrol tax, or just over 2 percent of his income. This is outrageous.

33 hp at 20 km per litre. The car has progressed. The roads, the PWD and the traffic police have not. It is widespread state failure that wastes fuel and causes pollution. But environmentalists are always friends of the state, and all their 'solutions' involve increasing the sphere of state action – like higher taxes or forest guards.

If we look at this 'predatory state' that socialism has bequeathed to us Indians, we find that it too does not aspire for universal automobile ownership. There is a recent document prepared by the Ministry of Heavy Industries called the *Automotive Mission Plan: 2006 – 2016*, in which the ministry's 'vision' is stated as follows:

To emerge as a destination of choice in the world for design and manufacture of automobiles and auto components with output reaching a level of US\$ 145 billion or 10 percent of GDP and providing additional employment to 25 million people by 2016.

This is a vision tailored to manufacturing, but not owning, cars. The goals are all the old goals of the ministry – to 'develop domestic industry' and to 'generate employment' for the masses. Just as our trade policy is all about promoting exports, neglecting imports (which should matter more), this vision too is all about manufacturing and producing, saying naught about consuming. Are we to produce cars and car components worth \$145 billion but not consume cars ourselves?

This vision is also dangerously deceptive in that it lulls us into thinking that some laudable 'social objectives' like 'industrialization' or 'export promotion' or 'employment generation' can be achieved by 'policy'. It will later be argued here that a 'policy-less government' is the best one. But even if there was to be some policy, I do believe universalizing car ownership would be the best one, just as universal telephone ownership has now become the goal of telecom policy.⁵

5 A recent Hindi cartoon, published to mark the arrival of the Tata Nano, has the common man asking for *roti, kapda, makaan* – aur car!

It is because the ministry of heavy industry's vision is so defective that the parallel ministry of surface transportation has no roads' vision for the country. We can add to this vision deficit that of the urban development ministry, which does not have any idea of urban traffic management. Along with our environmentalists, all these ministries are enemies of prosperity. This may not be their intent, but this is precisely where they end up, because they have never examined social issues from the viewpoint of prosperity. They are stuck in the old socialist poverty paradigm: neck-deep in the errors of 'development economics'.⁶

In this paper, we will soon examine environmental issues in greater depth. For now, let us stick to the vision we have of universal car ownership in India. How can this most easily be achieved? There is, of course, Tata Motors with the Nano at just a little over one lakh rupees. But there is one other option: to allow in second-hand cars, trucks and buses at zero duty – or a 5 percent duty dedicated to the Central Road Fund. I will argue that the latter option is the better one.

The Case for used Car Imports

Let us once again return to our miserable car-less past, and reflect on some significant observations Milton Friedman made on India in the 1960s. The extract is from his 'Indian Economic Planning', a paper he wrote in 1963, which has been republished recently in India. Milton Friedman, Peter Bauer and BR Shenoy were the only economists in those dreary days to oppose Nehruvian central planning and call for free markets.

Automobiles provide a striking example of the economic waste produced by this [import substitution] policy. In the name of restricting 'luxuries' to 'save foreign exchange', the importation of

6 The classic on the subject is Deepak Lal's *The Poverty of 'Development Economics'*, wherein it is proven that the subject itself is in grievous error, and these errors, when applied to practical policy, cause poverty.

automobiles from abroad is in effect prohibited, whether these are second-hand or new. But at the same time, new automobiles, copies of foreign makes, are being produced at very high cost in small runs⁷ under extremely uneconomic conditions at four different plants in India. These are available by one channel or another for the 'luxury' consumption it is said to be desirable to suppress. Many of their components are imported, and many of those [components] made in India use indirectly imported materials.⁸ The result is that not only is the total cost of the amount of motor transportation actually produced multiplied manifold, but even the foreign exchange cost is probably larger.

The results are most striking in the market for second-hand cars. A car that I sold for \$22 before I left the US (a 1950 Buick) was being quoted in Bombay when I was there at Rs 7,500 to Rs 10,000 or \$1,500 to \$2,000 at the official exchange rate and over \$1,000 at the free market rate. Clearly, the sensible and cheap way for India to get automobile transportation is to import second-hand cars and trucks from abroad. Aside from the direct saving through getting cars cheap, this would have the great indirect advantage of promoting technical literacy,⁹ using the abundant manpower resources of India, and conserving capital. But India in effect says, 'We are too poor to buy second-hand motor vehicles, we must buy new ones'¹⁰

My first car, bought in 1980 for 5000 rupees, was a 1954 Austin A-40 left-hand drive. My business required transporting my wares around the city, and a motorcycle was inadequate. The car was a lemon – but to call it that would be an insult to all lemons. It was a disaster. I lost money. But if there had not been a ban on

7 AUTHOR'S NOTE: Tata took 10 years to sell 1 million units of their small car, the Tata Indica. Toyota and General Motors both sold 9 million cars each in 2007. This huge scale of production allows them to be leaders in new technology.

8 The Tata Nano, for example, is heavily equipped with Bosch technology. Higher-end models of the car will be equipped with imported Fiat engines.

9 India's intelligent and energetic mechanics would have got a lot of useful knowledge if second-hand cars were imported then. This is a reminder of the fact that knowledge spreads with trade; and state education (like IITs) in a closed economy is a recipe for disaster.

10 From Shah, P. (ed.) *Friedman on India* (New Delhi: Centre for Civil Society; 2000) pp. 18–19.

used car imports, maybe 5000 rupees would have fetched me a 1970 Toyota pick-up – which would have worked, adding to my profits.

In 1999, I once again bought a second-hand car, a 3 years old Maruti Esteem, for Rs 2,50,000 – that too on hire-purchase, with a one-year warranty. This was no lemon. It was a better bargain than a new Maruti 800, which would have cost the same. I now had a 1300cc engine that could handle the air-conditioner without flinching – essential in the Delhi heat. The car was also very good at taking on the mountains of the northern Himalayas – a difficult feat for the 800cc car. Of course, once again, if used cars from abroad could have been imported at the time, I would have definitely got a better bargain: maybe an old BMW for the same money.

These are two very important points to keep in mind when the idea of a cheap, new “people’s car” is put forward, like the Maruti 800cc in its time (which debuted in 1983 at a little over 50,000 rupees) or the 623cc Tata Nano now. These cars may be great in their own way, but if imported used cars are allowed to compete with these new offerings, the buyer can obtain better cars with bigger engines. Further, the domestic market for used automobiles will deepen considerably with imported used cars also being allowed in, and the buyer will then get a relatively newer vehicle at the same price. Bigger engines should also not be sneered at, for large portions of this country are mountainous and little cars like the 800cc Maruti or the 623cc Nano are totally inadequate for such terrain. Then there are our wonderful roads – for which duty-free second-hand SUV imports are the best prescription.

When I was at boarding school in Darjeeling in the mid-60s, locally made Landmasters and Ambassadors could never make the climb to my school; however Austin Somersets and, of course, Land Rovers could. Every taxi in Darjeeling district was a Land Rover then. These were all WW2 surplus vehicles that had made

their way to these mountain areas. Thus, for the people in the Himalayan states – Kashmir, Himachal, Uttarakhand, Sikkim, North Bengal, Arunachal, Nagaland, Manipur, Mizoram, Tripura and Meghalaya – and for the people living in the Western Ghats or the Nilgiris, bigger engined second-hand cars at low prices are essential. The Maruti 800 and the 623cc Nano are unsuitable for mountainous and hilly terrain.

Further, even in the Gangetic belt, while the land may be flat, the summers are killing, and cars with little engines will never manage to run air-conditioning properly. Here too, bigger engines in imported used cars will serve to generate big gains for the consumer. Air-conditioning should also not be considered a ‘luxury’. If more and more Indian people are ‘comfortable’ despite the burning heat, then this represents a huge improvement in the human condition. Recall that car air-conditioning did not exist in India till the mid-80s – and now car owners here cannot imagine life without this basic comfort in extreme hot weather.

An added fact in favour of importing used cars is that there are no logical or moral grounds left for the ‘protection’ of an ‘Indian’ domestic automobile industry – because the industry is now dominated entirely by foreign firms. We have had Suzuki from 1983 as a major player (though in partnership with the state). Toyota is a big player now, along with Ford, General Motors, Hyundai, Honda, Renault, Skoda, Fiat; and even luxury cars like the BMW, Audi and Mercedes-Benz are assembled and sold in this country. We now have Volvo and MAN trucks and buses. Whom do we ‘protect’? Multinationals?

It seems to me that the only ‘moral’ approach to take is to allow second-hand BMWs, Mercedes, Toyotas, Hondas, Volvos et. al. to compete with new ones. I doubt whether BMW or Volvo would have any objection to that. Let Tata, Bajaj and Hero complain if they must. But the Tata Nano is entirely equipped by Bosch, and higher variants will come with imported Fiat engines. So why

can't used Fiats imported from the EU compete freely to satisfy the common man's needs? Further, every Indian manufacturer of automobile 'consumables' like tyres, coolants, lubricants and even fuels will gain from universal car ownership. Free trade – of both used as well as new cars, buses and trucks – is in the national interest. This means not only our economic interest, but also in the interest of business and political morality. The rent-seekers of SIAM, who sold us junk for 60 years in league with crooked socialist politicians, and who continue to demand tariff protection, should be given the heave-ho. India should institute free trade unilaterally.

The Huge Gains to be Made in Productivity

Whereas big noises are being made about the future potential of the BRIC (Brazil, Russia, India, China) nations as economic powerhouses, it is indeed worrying that among these countries it is India that possesses the lowest productivity as well as the lowest growth rates of that productivity.

Now, productivity is measured with reference to time, always. What matters is how much is produced in a given time period like, say, a working day. Simple observation reveals the sad truth that most Indians spend most of their working time attempting to get from Place A to Place B. Villagers struggle to get to their nearest city or town; and town-and city-dwellers struggle to get from home to work and back. If they are poor, they walk or cycle, or cling on precariously to buses or trains – to the extent of traveling on rooftops. Over 3000 people die every year traveling on the rooftops of Mumbai's suburban railway.

If universal automobile ownership becomes a reality in India, not only will the individual Indian be 'empowered' with modern wheels, but our chaotic traffic will also be easier to regulate as each and every inefficient mode of transport (like the auto-rickshaw) is junked or, better still, banned.

Actually, auto-rickshaws, even if run on ‘clean fuels’ like CNG, cause more pollution and waste more fossil fuels by transferring the costs of their inefficiency to others. For example, take an auto-rickshaw struggling up a Delhi flyover in the slow lane. It climbs the slope slower than the bus behind it, so the bus veers into the middle lane in order to overtake it. This forces the faster cars in both the middle and fast lanes to slow down and change gears – and the costs of inefficiency are thereby transferred. Not only does pollution increase, but productivity plummets.

Scientific traffic regulation is impossible in India because of the different speeds at which different vehicles move. With universal automobile ownership in India, not only traffic regulation, but also road construction, design and maintenance will get top priority. There will be an impetus from the people to get politicians to focus on these areas. All this will lead to huge productivity increases for the average Indian – and this is the only way by which sustained increases in individual incomes can be generated.

Imports of second-hand modern trucks and buses will also benefit productivity hugely. With the entry of Volvo it has become apparent that our domestic heavy vehicle manufacturers (like Tata) need competition too. Our pygmy trucks are underpowered – but invariably overloaded. With their single axles, they are the prime culprits behind the breakdown of our highways. Better highways must go together with better trucks and buses. Productivity gains will follow gains in efficiency.

It needs to be emphasized that productivity has always been neglected in independent India, even in theory. The Luddite *khadi* ideology of individual self-sufficiency, by which every Indian was encouraged to emulate the Mahatma and spin his own yarn, is actually anti-productivity. With a *charkha* a man may produce 20 spindles of yarn in a full working day. But in a modern spinning-mill, 100 workers can produce, say, 100 million spindles of yarn – with a productivity a million times higher than the *charkha*.

It becomes obvious why the *chowkidar* outside the gates of this spinning mill earns more per day than the dude with the Gandhian *charkha*: productivity.

In addition, the wages of the working class are always linked to productivity, and move up in a sustained manner only when productivity rises. Henry Ford paid his workers more than the prevalent market rate because the productivity gains from the assembly line system were huge. Ford also believed his workers should be able to afford the cars he wanted to sell.

So I repeat: There is no other way to achieve sustained increases in income other than through sustained increases in productivity. For this, a transportation revolution, led by the automobile (and good roads and scientific traffic management) is essential. While socialists stress the importance of their ‘education’, I have for long always been insisting that it is transportation that deserves top priority in contemporary India – and for that, personal transportation, in the shape of a modern car, is pivotal. Their education is actually damaging to the mind – as I have argued many times before.¹¹

Railways, Highways, Civil Aviation – and the Konkan Coast

Environmentalists always favour railways to cars. So let us look at the much lauded Konkan Railway that will be exactly ten years old in 2008. When completed, it was hailed as a great technological feat that would be a boon to this coastal area that comprises the region between Mumbai and Mangalore. For quite a few years now, I have been residing in this beautiful territory, first in Mangalore, and now in south Goa. I have used the Konkan Railway often; I have also used the highway innumerable times. In the process, I have learnt that a proper highway combined with widespread car

11 See the section “The Mised Indian” in my *Antidote 2: For Liberal Governance* (Macmillan India, 2003), which includes the Bastiat award-winning essay “Teacher! Don’t Teach Nonsense”.

ownership would have done much more for this area than the white elephant of a Konkan Railway has accomplished in a decade of its operation.

First, let us examine the topography and economy of the region. Here, the mountains of the Western Ghats meet the Arabian Sea, so we have a mountainous coast, crisscrossed with big, broad rivers. It is this topography that the railway engineers had to overcome, which is why they built hundreds of bridges across the rivers and hundreds of tunnels through the mountains to lay their single track. But what were the people of the Konkan using before the railway became operational? And what are they using now? The answer: The road, which is an apology for a highway – rutted, pitted and narrow. This is the NH-17 from Mumbai to Cochin which also happens to be the only arterial road of the region. For the whole of coastal Maharashtra, Goa and coastal Karnataka, NH-17 is the only road the people have. NH-17 also doubles as an urban thoroughfare whenever it passes through any town: it is ‘Main Street’ for all the small towns on its route – like Chaudi, my closest town. Some sections of NH-17 are highly urbanized, like the 60 km stretch between Udipi and Mangalore, which seems like one long, moonscape of a city street, with big commercial buildings lining both sides of the road.

Konkanis continue to depend on NH-17 because the railway does not offer usable short-distance shuttle services that ordinary people could use for their daily commutes. I now live yards from a Konkan railway station. Margao lies 35 kms north from here and Karwar is 35 km south in Karnataka. But no one, and not a single tourist, uses the Konkan Railway to get to either Margao or Karwar. They use the bus. If they own a two-wheeler, they use it for all their commuting – and this is risky on the highway. Not a single tourist uses the railway to get from south Goa to the ‘hot’ beaches of north Goa – like Calangute and Anjuna. It is inevitably upon NH-17 that everyone relies – usually the bus, but quite often the ‘motorcycle taxi’ that Goa is famous for.

The Konkan Railway offers some services like a daily direct train to Mumbai from Mangalore, which are useful it is true, but for regular commuting, the highway is what everyone, poor or otherwise, depends on.

Now, the Konkan is relatively prosperous compared to the rest of India. This is Peter Bauer country, where every peasant grows a valuable cash crop. There are no signs here of the extreme poverty we witness ever so often in North India. I frequently wonder what would have been the outcome if the railway had not been built, the highway had been suitably upgraded (at considerably lower cost) and the people allowed to access duty-free used car imports via the many deep-sea ports in the region. Of course, the Konkans would be much better off in the latter scenario. Coastal USA and coastal Australia do not have railways. A coastal expressway is what India needs.

Our Delhi-based opinion-makers have therefore grievously erred in hailing the Konkan Railway as a boon for this area. In reality, this single track railway line offers mainly 'through services': trains from Mumbai or Delhi going through to Kerala. From 2006, the Konkan Railway Corporation's freight earnings have exceeded passenger earnings. One interesting service the Konkan Railway provides is RORO (roll on – roll off) for loaded trucks. Loaded trucks are regularly transported down the coast by train! Only 35 million passengers are served each year. If this sounds like a good figure, do travel by this railway sometime, and you will find the platforms of all the swanking new railway stations vacant. But the bus stations are always bustling with activity.

The Konkan Railway has not been built for the people of the Konkan in mind: it has been built for the benefit of the railway authorities in New Delhi. It has been assumed that railways benefit poor people – because they cannot afford personal transport. But in this relatively prosperous region, cheap personal transport and a proper highway would have had a huge positive impact,

not only in the usual sense, but also in spreading the benefits of international tourism.

Lakhs of foreign tourists descend upon Goa every season – but few visit Gokarna’s famous ‘Om Beach’, barely 50 kms south of Goa, because of the roads. The highest waterfall in India, the Jog Falls, is about 150 km south of Goa, but no one goes there, again because of the bad road. Some tourists fly from Goa to Kerala, missing out on the fabulous Karnataka coast, because of the poor roads once again. I once traveled from Goa to Udipi by bus. The only foreigner on board was an intrepid, old German sailor, who confessed to having seen such horrible roads ‘only in some backward parts of Africa’.

Tourism is an industry that must never be sneered at, for it is the biggest industry in the world; far, far bigger than either software or automobiles. They say one tourist generates 12 jobs when he visits India. Tourists come to Goa in droves – but there are no roads to take them anywhere else.

Further, railway bridges cannot be used by ordinary poor people in the manner that road bridges can. More road bridges, which cost less to build, combined with cheap personal transport, would have ‘developed’ the entire area, especially the lush backwaters. I live close to a tourist attraction called Palolem beach. Just a few kilometers south as the crow flies is the lovely Galgibaga beach, an area that lies undeveloped and untouristed because the railway bridge over the Galgibaga River does not facilitate the movement of tourists from Palolem to Galgibaga. A road bridge would have been much better for the people. Combine that with personal transport – and you would see all-round ‘development’, including tourism as well as the building up of real estate and property. In sum: A good coastal highway and universal automobile ownership are what the people need. The Konkan Railway is a white elephant. With a good highway there would also have been good bus services – and these would have been of more use to

the poorer people (who do not possess personal transport). The Konkan Railway, as a government project, has failed to deliver any real benefits to the targeted population.

Let us now compare the Konkan Railway to civil aviation. We have many low cost airlines today that offer cheap fares from Mangalore and Goa to Mumbai, if you book suitably early. My neighbour, an elderly lady, booked a flight to Mumbai for just 500 rupees – but the taxes totaled 1,500 rupees. So she shifted her custom to the railway. Here, even with a senior citizen discount, her train ticket cost more than what the airline company was asking for, without the taxes. These high taxes on civil aviation are protecting the inefficient railways. The government is supporting the Tata Nano “people’s car” by giving them cheap land for their factory – but the same government is persecuting the ‘people’s airplane’! Indeed, if these taxes were rolled back, millions of poor people would simply fly – and it would be cheaper as well as safer. There are many accidents every year on the Konkan Railway, and trains are always late, particularly during the monsoon months. If India is to evolve to a higher level of civilization, our terrible railways have to be out competed by highways, buses, personal cars and civil aviation. This is precisely what happened in the USA, and what is slowly happening in China – another big landmass of a country where, for over a decade now, civil aviation has been displaying very high growth. This is the way forward. The Indian Railways are caught in a time warp. Only competition from all other modes of transportation will force this state monopoly to improve.

In precisely the same way, the Delhi Metro (built by the same engineer who built the Konkan Railway) will not solve the transport problems of this brand new ‘planned city’. In a recent interview, Professor Shreekant Gupta, who has dealt with both environmental as well as urban matters in an official capacity, said: “Even when the full system is in place with about 200 kilometres of track built at a cost of thousands of crores of rupees, about 80

percent of the population of Delhi and about 70 percent of its area will remain beyond walking distance of the Metro.¹²

No matter what the planner may think and desire, the people will continue to buy cars and there will be no real solution to Delhi's traffic congestion unless real highways are built into the surrounds, combined with a real Ring Road. This alone can reverse congestion, as only then will the population be able to spread out over the vast – and vacant – countryside. All attention is focused on the Metro now, just as some years ago it was focused on the flyovers. These flyovers solved nothing; and the Metro will not achieve much either. To really solve the problem we need to focus on highways – and what benefits universal automobile ownership can accomplish. We proceed to discuss urban congestion in greater detail.

Universal Car Ownership as a Cure for Urban Congestion

The greens, upon hearing of the Nano, have launched a diatribe against automobilisation by screaming that this will cause further congestion in our cities, multiply parking problems, and so on. They cannot survive without their own cars – but they hate other people owning them. There is no case made herein that the automobile should not face competition from other modes of urban transportation like tramways, buses and underground railways. But the fact is that, if the right steps are taken, our cities will decongest with a full-scale automobile revolution of the kind contemplated in this paper. It is in better transportation alone that the cure to urban congestion lies. The car is part of the solution, not the problem.

Further, congestion is a sign of demand outstripping supply – and this signals an opportunity for businessmen. If a shopkeeper

12 Tehelka, *January 22, 2008*
http://www.tehelka.com/story_main37.asp?filename=Bu260108Nothing_positive.asp

finds his shop always overflowing with customers, he will build a bigger shop. So too with congestion – it is a business opportunity for all the suppliers of transportation, including those producing cars, highways, tramways, buses, railways, and what have you. Just as the first explorer who went into Africa returned with the story that ‘there are no shoes in Africa’, so too with the congested arteries of India: just as the observation ‘there are no shoes in Africa’ meant a huge market for shoes in Africa, so too is there a huge market for transportation in India.

In other words, overcrowding and congestion in the cities and towns of India are not caused by ‘population’ (or a shortage of land); rather, it is poor transportation that forces people to live close to work. With good transportation links into the surrounds, suburbia would spread, cheap land would get colonized, and overcrowding would end. Our ‘habitat’ would be greatly improved. This point was first made by Peter Bauer in his essay ‘Population, Welfare and Development: Gloom Dispelled’ wherein he clearly said:

In any case, undesirable crowding in large cities [of India] is not a function of their size and growth, much less of the growth of the national population: it is the inevitable consequence of the pricing of housing and transport, unrelated to the scarcity of these resources.¹³

As an example, we can take the case of the newly developed suburb of Delhi called Dwarka, where the offices of Liberty Institute are located. This totally new township has become a ‘viable’ residential locality only because the Delhi Metro has extended a line to it (a proper highway is yet to come up). If private highway and tramway builders and private township developers joined forces, then, with widespread car ownership, many new suburbs would sprout around all our cities, and many satellite towns too would

13 Bauer, P. T. *Reality and Rhetoric: Studies in the Economics of Development* (Weidenfeld and Nicholson: London, 1984), p. 26.

see real estate development. This will ease congestion in the main city, lower the cost of housing and land, and spread ‘development’ (as well as ‘population’) outwards from the city-centre. All this is highly desirable from the point of view of those who suffer in these crowded cities today. Thus, the car must be seen as an essential component of the scheme by which our cities can be decongested.

Further, with this manner of suburban development powered by transport connections between the cities and their hinterland, other problems caused by overcrowding would lessen: the air will become cleaner in less crowded cities, traffic will move smoother and faster, and all the other benefits of efficiency in energy use will follow. The greens have got it all quite wrong, as usual.

Similarly, parking and other problems associated with the car will lessen as all the new developments would be built with universal car ownership in mind. Unlike the DDA localities for the middle class with their ‘scooter garages’, all new residential and commercial developments would be built factoring in the car – and an entirely new urban India will sprout. In China, this is precisely the direction in which they are moving, with new cities and new highways being built simultaneously, and with the phenomenal rise in automobile ownership – in a country once dominated by bicycles – powering the process.

Professor Dinesh Mohan of the Transport Department of the Indian Institute of Technology, Delhi (IIT-D) has another point of view.¹⁴ He says that the percentage of total land given to roads is the same in both Delhi and London (about 23 percent) and that roads are not the problem. His emphasis has always been on public transport, especially high-capacity buses with dedicated lanes.

14 Mohan, D. “The Nano Confusion”, *Business Standard*, New Delhi, January 20, 2008.
http://www.bsstrategist.com/common/news_article.php?leftnm=10&cbKeyFlag=BO&autono=311142

But this statistic that Professor Mohan throws up, of 23 percent of total city area given to roads in both London and Delhi, neglects the issue of road design. The most important roads of Delhi (like the Ring Road) are not properly designed. They were built in an age of scooter garages, for scooterists. The London Orbital Motorway is seamless, without any traffic lights.

Indeed, the Outer Ring Road passes just in front of Professor Mohan's IIT-D. A flyover was built at the IIT crossing a decade ago. But just 200m east of the flyover were two T-junctions. These became a source of congestion and another flyover has been built there now. But even that is not enough. At the western end of IIT, where the campus of the Jawaharlal Nehru University (JNU) begins, there are another two T-junctions – and they are blocking traffic now. Double T-junctions every 500m on 'outer' ring roads? Give me a break!

The same applies to Delhi's Ring Road proper. There are now a dozen flyovers between Dhaula Kuan and Azadpur – but the drive remains slow and risky. It becomes obvious that these roads were not 'designed': what the authorities are doing is 'fire fighting'. With every passing day their past mistakes show up, and they try and correct these. (Now, new flyovers are being built to connect the airport, which they had never thought of before.¹⁵) But, overall, there are too many mistakes to be sorted out. If these important roads are re-built, as grade-separated ring roads of the kind we see in all the world's best cities, the picture would be very different.

Further, and most importantly, the statistics on road deaths in India tell a story that cannot be refuted: over 1,00,000 deaths a

15 It is also noteworthy that they never ever considered linking the Metro Rail to the airport. The first line was from the Tees Hazari Courts to Shahadra. Strange choice. The second, completely underground section was from Delhi University to Central Secretariat. None of these are places where 'masses' transit. This is the problem with politicians dictating the routes – as is inevitable with a government project. In China, Mag-Lev links Shanghai Airport to the city centre. Our politicians and bureaucrats do not know how markets and cities work. They are ignoramuses.

year, mainly pedestrians, cyclists, scooterists and motor cyclists. In Delhi alone about 1,800 people die on the roads each year – about one-third of them on two-wheelers, while only 5 percent die in cars. This itself is testimony to the appalling fact that our road design and traffic management systems need to be drastically upgraded.

And as for London, this is an ancient city that took to underground railways as soon as Siemens invented the electric locomotive. Steam engines could not be put underground because of the smoke. Britain then had great civil engineers like Isambard Kingdom Brunel who were quite capable of building the tunnels – but the locomotive was lacking. As soon as it was exhibited, the London Underground began – at a time when car ownership was still distant. That is, the London Underground came before the car. The Delhi Metro is more than a century behind.

We must therefore think deeper about the causes of congestion. If this is done, the culprit appears to be the government which, in Delhi, under the guise of the Delhi Development Authority (DDA), is the monopolist of both roads as well as real estate. Like any textbook monopolist, the DDA has undersupplied both, and lowered quality as well. This ‘dual monopoly’ double whammy has squeezed the city dry, destroying its housing and destroying its transportation system as well. This is how our ‘habitat’ has been destroyed – in every urban area throughout India. This dual monopoly must go, not only in Delhi, but in every Indian city as well – for the other cities too have ‘development authorities’ modeled after the DDA. Once that is done, highways must be built in a ‘hub-and-spoke’ arrangement from the cities to the outlying towns. Only this will decongest the cities and ‘develop’ the hinterland and the satellite towns. Suburbs will blossom. The car will then become part of the solution – because high levels of car ownership will yield a total ‘geographical opportunity circle’ that will be many times larger than today’s. Private real estate developers will build new townships as well as suburbs with the

automobile in mind. Urban India will be built anew. It must be, or we are all sunk.

As one who has studied Indian urbanization and written extensively about it,¹⁶ I am extremely optimistic about India's urban future, unlike most of my contemporaries. India is an urban nightmare only because 65 percent of her urban population lives in the five metro cities: Delhi, Mumbai, Kolkata, Chennai and Bangalore. Yet all these are relatively 'new' cities, built by the British. New Delhi is almost entirely new. When I moved there in 1969, the whole of crowded and upmarket South Delhi did not exist. Of these five cities, three are coastal cities, built for the requirements of overseas trade. There is no reason why many more new cities cannot be built, particularly along the 2500-mile twin coasts. Where an English Madras co-existed with a French Pondicherry, a Dutch Tranquebar and a Portuguese Daman, the future of a free trading India can easily be one of many, many new coastal cities. On the Konkan coast itself, the histories of Karwar, Honavar, Mangalore and Goa tell of ancient glory via overseas trade. There is enough land and enough potential here to build many new cities, entirely from scratch, just as Madras and Bombay were built a few centuries ago. In my book, with unilateral free trade, there will be a 'California Gold Rush' kind of phenomenon in India, and economic incentives will propel millions to shift to the new coastal cities that will sprout. Instead of 'Dilli Chalo' (let's go to Delhi) the cry will be 'Dilli Chhor' (let's leave Delhi). The decongestion of our five crowded metros will immediately transpire with the building of many new cities and the development of satellite townships and suburbs – the 'Tiebout¹⁷ Effect'. This is the new urban vision – and it is centered around transportation: hubs-and-spokes highways around the five metros, two coastal expressways, and universal car ownership.

16 See my "Population, Urbanization, 'Vision' and Abundance" in *Population: The Ultimate Resource* (Liberty Institute: 2000), an award-winning volume edited by Barun Mitra.

17 After Charles Tiebout, an American economist, who proved that competition between local city governments for citizens is really what keeps these civic institutions on their toes.

The Automobile and the Environment

Having outlined the crucial role that highways and automobiles can perform for the decongestion of India's horribly overcrowded big cities, let us now turn our attention to those prophets of gloom and doom who come under various guises today: there are 'environmentalists', there are those who argue for 'sustainable development' (as though poverty is sustainable but prosperity is not!), and then there are the 'climate change' astrologers. Put them all together and you have a lobby that is totally anti-progress. To them, the very idea that every Indian should own an automobile someday soon is anathema. To them, bullock-carts are environment-friendly, sustainable and climate neutral. What about backward and inefficient?

However, 'green thinking' is devoid of consistent application of the same principle. For example, greens object to people eating beef hamburgers because large quantities of fodder are required to feed the cows for which many acres of rainforest will have to be cut down, and so on. But what would happen if all transportation in India were to go back to a dependency on bullocks? How many million acres of fodder will we have to plant? Thus, without in any way reducing our 'environmental footprint', we would be condemning ourselves to backwardness and inefficiency. Our half-baked civilization would relapse to Neanderthal times if the green agenda were to be adopted.

Automobiles are 'efficient' in this vital sense. Compared to a bullock-cart, they deliver far more services for far less fuel (even bullock-carts require 'fuel').¹⁸ Further, competition propels automobile companies to make their machines ever more efficient

18 Philip Mason's *The Men Who Ruled India* op. cit. repeatedly asserts that local famines in the 18th and 19th centuries in parts of India could not be tackled because there is a limit to how much foodgrain a bullock-cart can deliver to a famine-affected people – because the bullocks too will need food to cover both ways. Thus, railways were the best antidote to famines that the British could think of. Amartya Sen says democracy reduces famines – but a democracy that destroys transport linkages may actually be causing great hardship.

as the years go by. Compared to the Model-T of 1908, the Nano of 2008 is more efficient by a long way. Modern cars, buses and trucks use much less fuel today per horsepower produced than they did even 20 years back. The rising cost of automotive fuels also propels this trend, and the 'invisible hand' slaps those auto firms who do not make their engines leaner and meaner with every passing year. That is, without any government attention, competition among auto manufacturers is automatically producing the socially desirable effect of the 'economization' of energy use. Some modern cars available in India now, like the extremely fuel-efficient Ford Escort, deliver mileage per litre of fuel that is far in excess of what I used to get from my first motorcycle, a 250cc Jawa, in 1974. Thus, doom and gloom on the environmental front is totally unwarranted. Mankind on its own, without any instructions from any 'authority', is proceeding rapidly towards using fuels as carefully as possible, wasting none of it.

Already, many vehicles powered by alternative 'clean fuels' have made their debut. I saw 'fuel cell' cars at the Geneva Motor Show in 2000 – almost a decade ago. There are solar cars, bio-fuel cars, electric cars and even hybrids. All these are simply waiting in the wings to make their presence felt – and that will be when the increased demand for oil pushes oil prices higher and higher still. That will be the day when these alternative clean fuels will become economical. And that will be the day when the automobile will be totally removed from the environmental debate.

Till then, what do Indians do? Do we wait for that glorious new dawn to get our green cars? Or do we get 'dirty' cars right now? I believe we should proceed immediately. This is because, if we buy second-hand cars right now, we will produce more wealth right now. So when fuel cell cars make their appearance, we will be possessed of the means to buy brand new ones. If we continue as we are, with bullock-carts, bicycles, slow trains, auto-rickshaws, motorcycles and scooters, we will not produce more wealth, and when fuel cell cars finally arrive, we will still be poor, unable to

afford them. For India, then, the time is now. We must embrace progress without hesitation.

There is really no other way to go but ahead. All around Delhi, poor rural folk are using automobiles produced informally by village mechanics – and these are driven on ‘highways’ (but not in the city itself) without registration, without number plates, and without a driving license. These vehicles are called ‘jugaads’ – a typical Delhi word which symbolizes any makeshift arrangement created by the mechanic.¹⁹ Rural people are crying out for proper wheels – which high taxes and stupid policies are denying them. As far as rural India is concerned, central planning for 60 years has actually been a ‘scorched earth’ policy, enforcing a Gandhian ‘village self-sufficiency’ by ensuring that no village is organically linked to its nearest city or town; and further, that the people depend on bullock-carts for transport, unable to afford anything faster – till the jugaad came along. The jugaad demonstrates that for these poor people of rural India, imported used vehicles are the best prescription. It is also a living testament to the serious errors of India’s ‘economists’. They have scorched the earth of our homeland with their absurd ideas and dirigisme, their lack of comprehension of cities and markets, and deserve eternal damnation. In conventional economic theory – like the standard textbook by Samuelson and Nordhaus (1985 edition) – highways and roads are listed as “important examples of the production of public goods” and it is contended that “private provision of these public goods will not occur” (pp. 48–49, 713). But there is no economics textbook in the world that tells the government not to build roads – and invest in car, scooter and cycle factories instead. This is continued socialist idiocy.

In our own country, Sher Shah Suri cemented the prosperity of Mughal India by building the Grand Trunk Road from Peshawar

19 For more on the Jugaad, see Mitra, Barun S. “India’s ‘Informal’ Car,” originally published on the editorial page in *The Wall Street Journal* on 26 January 1995. The article is also available at: <http://indefenceofliberty.org/story.asp?storyId=884>

to Bengal. The Emperor Akbar went even further, and personally took 1500 workmen with him to build a road over the Khyber Pass smooth enough to carry wheeled vehicles. The British, as we will shortly see, focused on roads. Only our current socialist planners, unique in world history, believe in running a government that does not build roads.

Roads Without Cars? or Roads and Cars?

“Where are the roads?”

This is a question most people ask when the idea of universal car ownership in India is put forward. Well, the roads will simply have to be built, I say. For 60 ‘planned’ years, India has neglected public investment in roads. The British emphasized roads, as this quote from Philip Mason’s *The Men Who Ruled India* proves:

... it was to peace and unity rather than to freedom, that the effort in India was directed, to equal justice for all, roads, railways, canals, bridges. That was the mixture, very good for the child, to be given firmly and taken without fuss.²⁰

Roads, railways, bridges, canals – this was the medicine of the British. And it is in precisely this area that 60 years of central planning has failed. The result is the ‘rural-urban divide’ – an actual physical divide maintained by not connecting the village to the town by a good, motorable road. Rural poverty is the inevitable consequence of this scorched earth policy; and it may be useful to reflect on the ‘thinking’ that accompanied such disastrous measures. If we rule out the possibility that this was a deliberate effort to keep poor people poor, then the only alternative can be this:

20 Mason, P. *The Men Who Ruled India*, op. cit. “Introduction”.

Since they did not believe in the exchange economy, and idealized village ‘self-sufficiency’, the importance of physical connectivity between village and town never struck them.

Every manner of ‘welfare for the rural poor’ has been attempted, from generous fertilizer subsidies to free rice and free electricity to even free credit, loan repayment waivers and ‘employment guarantee’ – but no roads.

Why do roads matter so much to an exchange economy? Very simple: the biggest profits are made when tradables are taken to distant markets. The same profits cannot be made in the closest markets. For example, take apples. If the people of Kulu sold their apples in Kulu itself, profits would be non-existent. It is only when the apples are sold in Madras or Bombay, where apples do not grow, that fat profits can be booked. In the globalized world of today, such connectivity matters even more. Growers of exotic flowers in Coorg or Jharkand must be able to physically transport their highly perishable crop to the Amsterdam Flower Market if really big profits are to be earned. For that, there must be good roads in Coorg and Jharkand by which these flowers can be taken to the nearest international airport.

There are finally some voices being raised on the importance of roads and connectivity for the rural peasantry. Prominent among them is that of noted columnist Swaminathan Aiyar, who says: “If I had money, I would build roads. If I had more money, I would build more roads. And if I had even more money, I would build even more roads.”²¹ In a recent column he cites studies made all over the Third World which have shown that roads lift more people out of poverty than all other government programs combined, including education, healthcare, and all the generous subsidies on fertilizers, power, water and even credit.²²

21 He attributes this to the economist Robert Chambers, but he did say this more than once in the editorial meetings we enjoyed at *The Economic Times*.

22 Swaminathan S A Aiyar “Roads will bring in rural prosperity”, *The Times of India*, February 3, 2008. <http://indefenceofliberty.org/story.asp?storyId=924>

But while Aiyar emphasizes roads, what good are they without automobile ownership? Car ownership and roads must go together for maximum poverty reduction, because only then will productivity really rise. The song cannot be “I’m walking down the highway with a suitcase in my hand.” The song must be “Keep your eyes on the road and your hands upon the wheel.”

Roads, Cars and Real Estate

With roads and cars, the face of India will be transformed, and the entire land mass will gradually become a great piece of real estate. Already, especially on the outskirts of the big cities, landowners are getting rich. It becomes fairly evident looking at these developments that the farmer who owns a mustard field in Gurgaon prefers to sell it to the builder of a shopping mall. The land is worth much more as a shopping centre than as a place to grow mustard.

But then, there are mustard fields all over the country that could see the same, or similar, price escalation. This requires roads and cars. Once both these happen, rural landowners will gain hugely.

The fact of the matter is that farmers have become critically aware of their rights to ownership of their fields. After Singur and Nandigram, and the fiasco over Special Economic Zones (SEZs), and the fact that 20 years of ‘voodoo liberalization’ has also produced a vibrant real estate sector, every farmer now knows that his land may be his only ticket out of poverty. With roads everywhere, and with universal automobile ownership, his chances of making it big will improve dramatically.

Singur, where the Tata Nano factory is supposed to come up, is just 40 km from Kolkata. If there was a free market for land, and if excellent roads were in place, all the land in Singur would anyway be suburban real estate. The Tatas would in all eventuality have to buy cheaper land a greater distance away from the city on which to build their factory.

But the Tatas cannot buy land freely. The buying, selling and use of land are all over-regulated and hence politicized. Tatas took four years to develop the Nano – but could not finalise the buying of land for the factory in the same time. And anyway, why cannot a farmer also buy 1000 acres of land if he wants to? And why should the decision to use the land for agricultural or other purposes not lie with the landowner? All these regulations cripple the land market, and the development of real estate. The absence of roads, and the low ownership of cars, only worsen the plight of the farmer who owns what should be valuable land. Barun Mitra has rightly called for a free market for land in the aftermath of Singur.²³ What he has not mentioned, probably due to reasons of space, is that this must be accompanied by roads and universal car ownership. Without these, the land owned by the villager will never command a worthy price.

So let us paint a picture of the sort of India I envisage in 20 years, if free markets have their way. For one, our habitat will improve greatly as the old cities decongest, new ones are built, the surrounds of the cities see real estate development and suburbanization, and these beneficial effects are spread out to even the most remote villages, thanks to roads and universal car ownership. Private tramways and private railways should also be contemplated: government monopoly in this area must be ended forthwith. With all this rapid surface connectivity, there will be big improvements in the condition of smaller towns. A new urban India will be built, factoring in the car, while also making transport ‘multi-modal’. Shopping patterns will change with widespread automobile ownership, and supermarkets will attract car-owners who would be able to afford to buy a month’s groceries at a time. All these supermarkets will add to the new real estate that will be developed. I see an India that will be prosperous, with a prosperity that does not escape the rural people of today, but I also see an India that is beautiful. Today, urban India is ugly. No other word

23 Mitra, B. “Free India’s Land Market”, *Mint*, February 5, 2008.
<http://indefenceofliberty.org/story.asp?storyId=927>

for it. In 20 years, it should be much more attractive. There will be widespread urbanization, progressing at a rapid rate. There will be near universal ownership of phones, computers, cars and homes – exactly the sort of society that Margaret Thatcher wanted to see in Britain of her time.

If we build the roads, and good cars are available cheap, we can do it.

But Who Will Build these Roads?

But will these roads have to be built by the government? Or can private enterprise deliver? To answer that, let us look at the figure of 85 cars per 1000 population in Delhi, the highest in India, and compare it with the 600 + cars per 1000 people that developed countries show on average (it must be closer to 1000 + in the cities). With such a low penetration of automobiles, traffic projections are low and the possibility of making profits on toll roads is also low. Without widespread car ownership, private highway developers cannot flourish in India. Once car ownership booms, I am confident there will be immense potential for private expressways run on ‘shadow tolling’ of the kind envisaged by the British transport economist Gabriel Roth in his classic *Roads in a Market Economy*.²⁴

What is envisaged in that book is that entrepreneurs are free to build highways wherever they anticipate traffic. This traffic is measured electronically. A small roads secretariat runs a road fund to which specific streams of revenue are dedicated. This secretariat then pays the private highway developer whatever he has earned as reflected by the measurement of traffic. It is a neat solution: but traffic projections today are very low, and very few highways will therefore be built in India by private entrepreneurs. There is thus a big role that government must play.

24 Avebury Technical: Aldershot, UK, 1996.

An important insight that I managed to glean from reading Roth is that the existing highways of the western world which we Indians admire so much are relics of the 1950s. Therefore, if we build highways based on technology of the 21st century, we will leapfrog ahead of the rest of the world.

An area where private investment can definitely come in is in ‘truckways’: highways dedicated to freight. With modern technology, GPS and radio, these can be ‘open toll roads’ where tolls can be directly collected without requiring any truck to stop. Trucks account for the bulk of highway consumers, and truckways along trunk routes can certainly be economically viable as private investments. Highways for passenger vehicles can then be built by the government – and these can help expand tourism, the biggest industry in the world. All along these highways, innumerable facilities can be provided by private businessmen for the traveler and the holiday-maker. At some point of time in the future, perhaps these highways can be privatized. However, even now, private businessmen should be entrusted with the task of maintaining these roads, on the basis of ‘performance-based contracts’.

In 1998, when I was on the editorial board of *The Economic Times*, I had the chance to interview Gabriel Roth for my paper.²⁵ I specifically asked him whether rural and urban roads must be considered ‘public goods’ requiring collective (or government) investment. He replied in the affirmative. His new book, *Street Smart*²⁶, contains many articles on market solutions for roads, including congestion-pricing. Although there is precious little on roads policies in the Third World, there is much we can learn from the mistakes of developed countries. The story of New Zealand and its roads policies is particularly interesting. While much progress has been made there on using market forces for furthering efficiency

25 *The Economic Times* Tuesday Interview with Gabriel Roth, conducted by Sauvik Chakraverti and Mukul Chandra Gogoi, 24 February, 1998.

26 Transaction Publishers, New Brunswick and London, 2006.

and reducing waste in transportation, (critical for an economy hugely dependent on exports), complete privatization of roads is still far away – and this is a country with very high per capita car ownership. Here, 90 percent of the road network is managed and owned by 74 local councils. There exists a ‘common law right to a road’. This is protected by statute, as are the road access rights of pedestrians and cyclists. We in India have much to do.

Roth felt, back in 1998, that rural and urban roads are ‘public goods’ that will have to be provided by (local?) government. If we add to this the idea of a ‘common law road access rights’ (especially for ‘homesteaders’) then we in India will have solved the problem of settlement and habitation: it is with these policies and laws that our huge population can spread out over our vast sub-continent. As in British times, the government will have to build roads.

Today, in private townships and gated localities, internal roads are being self-provided. However, for overall connectivity, government provision cannot be immediately dispensed with. I am basing this opinion on the real situation on the ground, for which ‘abysmal’ is not a strong-enough word, while also conceding that in India government roads are built in a manner that makes it obvious that much of the money spent is siphoned off. Here again, widespread automobile ownership is what will force politicians to focus on roads – and voters as car owners will demand quality construction and scientific design. The car must come first. Good public roads will follow. Private expressways will come thereafter.

This is also the best argument for the total privatization of all public sector industrial units (PSUs), including the railways: the entire proceeds can be invested in roads, which are ‘collective property’ of a very real sort, that every Indian (and the visiting foreigner) can use; and what is more, can profit from. The public treasure, which is not inconsiderable, should be invested in such useful collective property alone. Further taxation will then be

unnecessary. The public roads will come to all Indians with zero ‘opportunity cost’, which is as good as free. We too can call them ‘freeways’. No private Indian will experience any ‘opportunity loss’ if each and every PSU is sold. And they will all profit if all that money is invested in the best road network money can buy. In *Street Smart*, a transport economist from the USA laments the fact that government spending on roads there proceeds in cycles of ‘binge and bust’. It was government bingeing that funded the US freeway network. I am arguing for such a binge on roads in India by the government right now.

The lamentable fact remains that the government’s roads vision is faulty to the core. The ‘Golden Quadrilateral’ is a 5-city vision. A ‘hubs-and-spokes’ vision would have benefited thousands of small towns as well. The five big cities, which comprise the hubs, would decongest if these spokes were built. The government has also not thought of a coastal expressway, essential in a free trading scenario. But then, the government of India is very far behind the times. Perhaps the first thing they ought to do is give up riding the outdated Ambassador.

Against a “People’s Car”

Socialists wallow in the idea of ‘people’. Their governments are always ‘governments of the people’ and their ‘people’s parties’ are supposed to be the only true representatives of these numberless people, upon whom all their nefarious experiments in ‘social engineering’ are to be conducted. Benazir Bhutto headed the Pakistan *Peoples’* Party – but after her death it turned out to be hereditary private property. More often than not, ‘We, the people’ has turned out to be ‘Wee, the people’.

Thus, the Volkswagen Beetle was a “people’s car” backed by Hitler and his National Socialist (Nazi) Party, and Professor Ferdinand Porsche was forced to design it. Volkswagen was a state-owned firm for decades. It is noteworthy that this car is not built in Germany

any more. Germans make great cars – Porsche, BMW, Mercedes-Benz, Audi, Opel and Volkswagen – and the Germans of today own cars far superior to the little Beetle. In India too, the Maruti 800 has not become a “people’s car” and we see that more and more Indians prefer bigger, better machines. This is because, like the Germans, we too are an extremely status-conscious people.

It is the socialist East Germans who had a “people’s car” – the silly Trabant, which is now an object of ridicule and a symbol of socialist error. That is precisely the fate the Ambassador and the auto-rickshaw would meet – if free markets had their way. Our unfortunate situation is that our rulers are not automobile enthusiasts – otherwise they would not ride the Ambassador. This is a car that looks absurd perched en-masse atop Raisina Hill, where the majesty of Lutyens is better suited to grand limousines like the Rolls-Royce. Actually, not so long ago, India possessed hundreds of rulers who took to fine automobiles like ducks to water. When the Chamber of Princes met in Delhi during the last years of the Raj, Kanhaiya Lal Gauba, a contemporary, noted with awe the sheer magnificence of their cars:

When the Chamber of Princes is in Session the display of royal cars which await their owners rivals that at the New York Automobile Show. All the most expensive brands are represented, Rolls-Royces of course, but also Mercedes, Cadillacs, Renaults, Fiats, Isottas and Hispano Suizas...²⁷

Today, we are witnessing the growth of a new class of ‘princes’ in India: the entrepreneurs. With globalization and liberalization, this class will outshine the princes of old in their magnificence. The other day a *paan masala* king bought a Mercedes-Benz Maybach limousine for 2 crore or 20 million rupees and presented it to his daughter on her birthday. There is no reason to believe that

²⁷ Gauba, K. as quoted in *Lives of the Indian Princes* by Charles Allen and Sharda Dwivedi (Mumbai: Eeshwar, 1998) pp. 15-16.

there will ever be a new ‘socialistic pattern of society’ and all ‘poor Indians’ will drive only Maruti 800s or the 623cc Tata Nano.

Never do we find in free countries today a situation like a “people’s car” – a market dominated by one model that most people use. In all these countries there are as many cars as there are categories of buyers. Sure enough, there are cars for poorer people just as there are cars for the really rich, but there is a tremendous variety and diversity of cars we see people driving on the roads. This is a healthy sign: that competition is open and free. To have the market dominated by any one company or model (as it was by Maruti Udyog and the M-800 for more than 15 years) shows the absence of competition, which indicates a hidden tyranny.

Small cars today are made by many companies, from the German Swatch and the Mercedes A-Class, down to the Japanese Daihatsu and Mazda, the Korean Hyundai, all the way to the Italian Fiats and Lancias, with French Citroens and Renaults and the very English Mini Cooper thrown in. All these are great small cars and should be allowed to compete in the Indian market – and may the consumer be sovereign, choosing what suits him best, taking into account what he could get second-hand. The Tata Nano may have delivered on price, but there are other important factors too, like durability, reliability, quality and so on, which time alone will judge. Only competition will make the Tatas deliver on these other, equally important criteria of a ‘good car’. A report on the 2008 Detroit Motor Show quotes a Chinese automaker, Wang Chuanfu, founder and chairman of BYD Co., which is selling its first model at the price of US \$8000: “Some Indian consumers may buy it [Tata Nano], but I don’t think Chinese consumers will. That car doesn’t have air conditioning, power steering, air bags and other features. Do you dare to buy that kind of car?”²⁸ Only time and intense competition can answer that question.

28 Jeff Green, “India’s \$2500 Car Stirs Detroit Show, But Isn’t There”, 15 January 2008. <http://www.bloomberg.com/apps/news?pid=20601091&sid=acHGVoFxur.Q&refer=india>

But the essential point must not be missed: there is no “people’s car” in the People’s Republic of China.

Maruti started off with state patronage, as has the Tata Nano, which has been stained with blood in Singur. The entire ugly business of the Tatas getting the Communist government of West Bengal to misuse ‘eminent domain’ to grab land from poor farmers and then hand that land over for the Nano factory smacks of rank cronyism – and this is a very real Indian disease. This ‘indirect use of force’ is also what protectionism is about, by which the government’s customs department keeps international competition out on behalf of the domestic crony. This disease of cronyism must be eradicated if Indian consumers are really to be the kings of the marketplace.

There is no moral basis upon which an entrepreneur can ask for government assistance simply because he is ‘producing for the poor’. Countless products are produced for the poor, from cheap soap to cheap cigarettes, and cheap black-and-white TVs to cheap mobile phones. The economic historian Sudha Shenoy, daughter of BR Shenoy, recounts that hundreds of manufacturing industries producing cheap consumer goods for the poor people of India and Africa flourished in Britain during the colonial period, producing goods as diverse as potato peelers and nail cutters, kitchen knives and pens. With isolationism in India, they died out – causing material losses to their poor customers. These simple necessities were impossible to procure in India during the decades of socialist isolation. Today, there are many cheap imports from China that are catering to the poor, from cheap toys to cheap lighters that also function as torches. If we want to boost the consumption of the poor, cheap imports are a must. Unilateral free trade, then, is in the best interests of the poor, because it will enable them to consume much that they cannot afford today – including cheap cars.

Indeed, long before CK Prahalad discovered the ‘gold at the bottom of the pyramid’, many corrupt rulers discovered that big money can

be milked by controlling something all poor people used – like salt. From the Romans to the Chinese down to the British Raj, control over salt made many rulers rich. Ironically, Tata also makes salt.²⁹

If Tata Salt can sell without any state aid, competing with all other branded as well as unbranded salts, so must the Tata Nano. As Frederic Bastiat revealed to our understanding, “Competition is Liberty and the absence of competition is Tyranny.” After the tyranny at Singur, let no further tyranny be inflicted on our people for the Tata Nano. Liberalism means consumer sovereignty through free and fair competition. The fact that the land was obtained cheap by the Tatas is an important factor behind the low price of the car – and this is, in effect, a subsidy paid for by the landowners of Singur. This is not Capitalism, which must be based on voluntary exchanges. And these exchanges must be based on free market prices, not artificially engineered ones that depend on state action. Thereafter, let consumers be kings. That is Capitalism.

The great thing about consumer sovereignty is that the consumer is no fool and usually makes the right choice. ‘The consumer is your wife,’ as David Ogilvy famously remarked. So let the consumer be free to choose; let not choices be made for him by any ‘authority’ – and the choices will by and large be the right ones. The automobile market is a very big market and there are many big international players. All these players also engage in selling certified used cars. Let all these players with all their offerings come to woo the Indian consumer. This consumer is the *aam aadmi* (and his wife!). Let them choose what is best for them. That is the best ‘automobile policy’ – in effect, no policy at all.

In Praise of the Automobile, Once Again

In conclusion, I would like to say why I love my car, and why most car-owners do so too. A car is much more than a horse, a

²⁹ There is also a Tata Tea – a poor man’s brew.

motorcycle or a scooter. It does much more for us than getting us from Place A to Place B. As the philosopher Loren E. Lomasky writes:

What is conspicuously left off the balance sheet of automobility is its intrinsic goodness of promoting autonomy. When compared with alternate means of transportation, the automobile is the prime vehicle of self-directedness. Its most strident critics are well aware of its relationship to autonomy, and that is precisely why they are so wary of it. People who drive automobiles upset the patterns spun from the policy intellectual's brain. They wish to drive, and their exercises of choice also have the effect of rendering the planners' conceptions moot.³⁰

Lomasky invokes Aristotle's concept of the 'self-mover' to argue that the ability to move about and see the world is the crucial distinction between higher and lower forms of life, and ultimately the source of what Immanuel Kant would later call the 'moral autonomy of the individual human'. We acquire a particularly important kind of 'knowledge by acquaintance' when we explore our environs in a car. The same knowledge of the city and its surrounds cannot be gained by traveling in a bus; and certainly not when traveling by underground trains. Cycles, motorcycles and personal cars are the best way of gaining local knowledge, without which we cannot function. But the personal car dominates as a local knowledge-enhancer and delivers its owner priceless local knowledge over a very wide area.

Lomasky asserts that the automobile is rivaled only by the printing press as an autonomy-enhancer. It is because of their cars that middle class Americans have their suburbia – because they like to live that way, and they have all individually arrived at this decision on how to live. If social planners had their way,

30 Lomasky, Loren E. *Autonomy and Automobility*, Bowling Green State University Press, 1995.

they would all be cooped up in cities, dependent on a mass transit transportation system.

Le Corbusier, Nehru's favourite architect, who designed Chandigarh, dreamed of cramming millions of urbanites into an array of huge towers in a meticulously planned community he called Radiant City. This is basically the Indian condition: 'planned cities' that are disasters. If we are to build ourselves a 'habitat' of the kind we personally like, we must have our own cars – because only the car allows us to live where our fancy suits us. We know, because of the car, we can live with open spaces and yet commute effectively. Without the car, we would be doomed, dependent on the social planner, the urban planner, and the transport planner as well. All these planners would take us on the expressway to doom. It is only universal car ownership that can save us. Cars are the escape button we all need.

The choice, as always, is between individuals making autonomic decisions – or a 'philosopher-king'. India as a nation chose the philosopher-king and his central plans – and suffered greatly. For the future, we must choose the other way – of Individual Liberty.

There are still many Indian socialists who oppose the individual autonomy that the automobile brings to its owner, and favour 'collective action' on the transportation front. Just as they used to see advertising as a 'waste' 25 years ago (when I began formally studying Economics), they see cars driven by individuals also to be a waste. In their thinking, socialist planners could produce all the goods people required without the waste of advertising. About cars too, they believe that they can design cities with public transport systems that would be much more 'efficient', reducing all this waste. Peter Bauer, writing in the early 60s about Indian economic planning, warned about the impending totalitarianism that many eminent Indian economists were rushing to usher in: some were quoted calling for the nationalization of all transport!

For example, Professor BN Ganguli, then Director of the Delhi School of Economics, in a memorandum entitled *Institutional Implications of a Bolder Plan*, wrote:

*All transport in India must be under the authority of a single State-owned enterprise which may be called the Indian Transport Corporation, which would sell transport of all kinds.*³¹

An example of such thinking nowadays is Praful Bidwai, who sees the Nano as a ‘false dawn’, and says: “Automobilisation of transport and society spells high social costs, resource waste, air pollution, global warming, and iniquitous use of road space. In most Indian cities, cars and two-wheelers hog 60 to 80 percent of space, but deliver 15 to 20 percent of passenger trips. By contrast, buses occupy under 20 percent of road space, and account for up to 60 percent of trips.” In his Utopia, the philosopher-king, who is the Head of State, is to be given full control over transportation choice, so that “public transport is given top priority and *people can be moved* in safe, efficient and environmentally sound ways and have equitable and affordable access to public transport.”³²

In Bidwai’s Utopia, as the italics show, people will be moved by the transport planner. In mine, they will move themselves, wherever they may desire, autonomously, in their own cars. Living in Goa, I now have the pleasure of going on a drive just for fun and relaxation – and no purpose higher than that. I wish every Indian too will soon be able to enjoy this great pleasure.

I sincerely doubt whether the predatory and corrupt Indian state can ever achieve Bidwai’s laudable objective, which requires ‘planning’ of cities, suburbs, satellite towns, commercial districts and, of course, ‘public’ transportation for the ‘people’. Many

31 Bauer, P. T. (1965) *Indian Economic Policy and Development* (Bombay: Popular Prakashan), pp.112-13.

32 January 30, 2008, Praful Bidwai “Ultra Cheap Car: A False Dawn”, *The Jang*, Pakistan. http://thenews.jang.com.pk/daily_detail.asp?id=93626,

Indians have some hopes now, since they have cars. Only this private instrument of autonomous mobility can deliver all the above – without any ‘planning’.

I do not wish to de-value public transportation but it is not just a coincidence that countries that have a decent public transport system also have very high personal car ownership – like Germany, with over 600 cars per 1000 people, but with buses, tramways and underground railways, the ICE trains, and the autobahns. High personal car ownership is a reflection of greater personal wealth – which means that the society is wealthy enough to build, and perhaps even subsidize, the public transport system. Secondly, high personal wealth and mobility also translate into greater political empowerment, leading to demand for services such as roads, and quality roads at that.

Further, car *ownership* does not exclude *usage* of public transport in this multi-modal world. We can use public transport to work and back – and still use the car for other purposes, like recreation, shopping and family outings. Life would be terrible with just public transport and no car – though some might like to choose it. But this choice must never be forced. What is essential is that urban roads and parking be properly priced to reflect actual costs – so that car owners can also choose to use public transport, especially for getting into and out of city-centres.

Therefore, we must undertake a deeper examination of the alleged ‘social costs’ of the automobile that Bidwai mentions. Of course, cars emit exhaust fumes, but this is just as horses left their dung on city streets, on which flies bred. Horse-dung caused disease. Sure, cars cause congestion. But then, ancient Rome barred carts from city streets in the daytime, to reduce congestion. The ‘noise pollution’ of carts moving about all night kept ancient Romans awake. And this edict of Julius Ceasar was based on similar statutes that existed in the cities of ancient Greece centuries earlier.

But what about the benefits of the car? Think of how sore your butt would be after a day in the saddle, and that too just to cover 25–30 miles. Widespread car ownership in the developed world is a sign of a huge betterment of the human condition. Would so many people carry out a love affair with the car if there was no personal benefit in it? Are the people not ‘voting with their tires’ – to show that they gain hugely from car ownership? Why are horses not making a comeback – even in the land of cowboys?

So let us not shun this great invention before all our citizens have made use of it, and enjoyed its benefits. Today, many environmentalists are calling for a ban on Edison’s light bulb, while in many parts of India there are innumerable hordes yet to see the light from one: Laloo Yadav’s electoral symbol is the kerosene lantern. In precisely the same way, Pachauri, Narain, Bidwai et. al. are calling to end automobilisation when it has scarcely begun, and its benefits have reached very few Indians: just 7 in 1000, to be precise. That leaves a vast majority of potential gainers from car ownership. It is in their interest to fight for the liberty to own a car of their own. If they see a benefit in car ownership, they must fight for this right, or these wrong-headed environmentalists and socialists will keep them poor and immobile. A car for every Indian – that is my vision.

I have always been an automobile enthusiast. When I drive my car, the experience I get is quite like being in a cocoon all of my own, that moves as per my will – traffic permitting. I have music and air-conditioning, I can carry heavy loads, take friends for a ride, go on holidays and tours, and more. Owning a car allows us to control our immediate environment in a manner that no other mode of transportation permits – like the music: and there is no better place to hear music than a car. We do not car pool precisely because we enjoy the very private environment of our own cars. For this reason, for the very private joy it gives its owner, cars will be always be bought and driven, irrespective of the views of

planners, policy intellectuals and environmentalists. If India does not adjust her urban planning, highway construction, road design and traffic management to the oncoming automobile revolution, she will lose heavily.

To the Indian planners and the class of policy intellectuals who hover around them, the car has always been a 'luxury' whose consumption should be discouraged. In spite of that their socialist government went ahead to manufacture a car – in collaboration with the very capitalist Suzuki of Japan. Some 20 years down the line, the scene on the streets of our cities has been so radically transformed that it has “had the effect of rendering the planners’ conceptions moot.” The ‘theory of the vicious circle of poverty’ lies in tatters as we witness the growing consumption of cars in India, and mobile phones too. To paraphrase Bauer: “If this theory was valid, then the DDA localities of Delhi with their ‘scooter garages’ would not be swarming with cars now.”

Where will all this lead? According to one in-depth study and forecast, which factors in per capita income growth, by 2030 India will have 110 cars per 1000 people, up from just 7 now. I do believe that we can – and should – double, or even treble, this. The USA, in the same period, will move from 812 to 849. Thailand is expected to have 592 cars per 1000 people in 2030; Malaysia 677.

Cars – and the Death of Indian Socialism

As with the East German socialist state and its Trabant, so too with the Indian socialist state – it is the cars of capitalism that will finally lead to the death of the false ideas of socialist planning. All the great cars come from capitalism. This is a fact. And every Indian now knows it. If Indian socialism is to be permanently buried, it is the very capitalist automobile that will do it.

In the ultimate analysis, the best capitalist government is a ‘policy-less’ one, a government that interferes naught with markets, and only administers justice. And for justice to reign, the government of the day must concern itself with, as John Locke himself put it, ‘the manner in which competition is carried out – not its result’. So let competition be free and fair, and let the consumer choose his car exactly as a king would. The results of competition cannot be predicted, and hence should not be aimed at. To do so would be unjust. No capitalist government should sully its hands by attempting it.

And let there be fairness in how foreign players are treated vis-à-vis their domestic counterparts. This is essential for the good reputation of the nation and its markets, more so in this age of globalization – which is the harbinger of capitalism.

So, as the greatest poet India ever produced put it, “Into that haven of freedom, Lord, let my country awake.”

About the Author

Sauvik Chakraverti is an author and award-winning columnist whose books, monographs and columns have for long been lighting the path of Indian liberalism.

His *Antidote: Essays Against the Socialist Indian State* (2000) was the first shout of intellectual revolt against Indian socialism. Its sequel, *Antidote 2: For Liberal Governance* (2003) revealed the breadth of the concerns before India's liberals.

His primer on political economy for schoolchildren, *Free Your Mind*, has seen translations into Hindi, Gujarati and Chinese. Undoubtedly, it will serve to teach children basic liberal concepts and values for many generations yet to come.

His most recent book is *The Essential Frederic Bastiat*, a compilation of select writings of the 19th century French liberal and economist.

His other great contribution to the renaissance of classical thought is a new Indian edition of *Self-Help* by Samuel Smiles, the great Victorian moralist. It is a book that has fired the minds of many young Indians.

Apart from writing books—and there are several in the pipeline—and the occasional article, Sauvik blogs at:
www.sauvik-antidote.blogspot.com.

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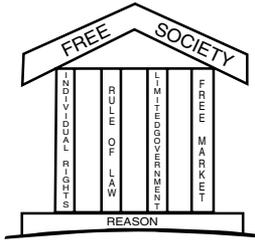
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India has been gradually liberalising the automobile industry and opening it up to international competition. Today, the streets are awash with foreign brands, made in India.

Yet, the launch of the Tata Nano has evoked horror from many environmentalists and town planners. They abhor the idea of universal car ownership in India.

In this important contribution to the debate, noted liberal scholar and author Sauvik Chakraverti challenges the readers to think of the wider impact of greater automobility, arguing for policies that will make cars affordable to all, lowering taxes and tariffs, including import of duty-free used cars.

Chakraverti looks at the issue from many angles. He places his reader between two options: as a successful individual owner of his own car, driving where he likes to go – which is self-directedness or autonomy – or being "moved in masses" at the whim of the "transport planner".

And so it emerges that the car is part of the solution – the escape button every Indian needs. But the roads must be built on a war footing. And greater automobile ownership will create a political constituency in support of better roads. With greater connectivity, choices and markets will enlarge, the economy will get a boost, and freedom will reign.

This paper is firmly on the side of progress – enhanced personal mobility will greatly empower the aam admi, the euphemistic common man.

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