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Come on, liberals: Let's change India!

Unbridled capitalism?

[Sanjeev Sabhlok](#)

This month I want to focus on a topic on which great confusion prevails in India: the issue of capitalism. I wrote to an eminent Indian economist seeking comment on my draft manuscript of *The Discovery of Freedom* (sanjeev.sabhlokcity.com/discovery.html). Without yet reading the manuscript, he wrote to me that “completely unbridled capitalism has rarely been followed. I am not sure whether it should be followed. It needs an overarching architecture based on local culture, traditions, history and legal system, among other things.”

I though this response was unwarranted. My manuscript already discusses the institutions of freedom at great length. So that couldn't possibly be an issue. We both agree that good institutions like tolerance, democracy and justice are crucial. Thomas Hobbes showed why we need a strong state to defend our life and liberty; capitalism is therefore founded on the rule of law and the enforcement of justice. But I find unwarranted and gratuitous the suggestion about not following “completely unbridled capitalism”. Since this perspective reflects widely held misconceptions, I thought it might be worthwhile to examine it more closely.

Whatever else is true about capitalism, this much is clear that *never* did John Locke, David Hume, Adam Smith, J.S. Mill, Ayn Rand, F.A. Hayek, or Milton Friedman advocate unbridled capitalism or freedom. It seems that socialists like Marx and Nehru have badly sullied the reputation of liberty. The socialists have repeatedly alleged that capitalism caters to so-called ‘capitalists’ and gives them unbridled powers to exploit the weak. But that is totally false. Philosophers of liberty have always insisted that freedom comes with responsibility and justice. Adam Smith opposed mercantilism and monopolistic industrial interests. David Ricardo wanted more competition and free trade. Adam Smith and J.S. Mill advocated labour unions to face the economic power of the owners of industry.

By repeating lies against liberty long enough, socialists have made it appear that the system of natural liberty encourages corruption and things like the sub-prime crisis. But what are the actual facts? Capitalism begins by looking at human nature. The fathers of capitalism, Hobbes and Locke, pointed out that since human nature is far from perfect, some people will always try to cheat, mislead, and misuse their powers. So if anyone cheats, then systems of justice should catch and punish the cheats. Thus everyone must be held equally to account and no one is to be above the law. In this manner, by ensuring all crimes are punished, capitalist societies are today among the most ethical on this planet.

Capitalism is also a system of continuous improvement. Lessons from events like the sub-prime crisis are quickly learned and such events prevented from happening again. Some events are complex and finding their causes can take time; but overall, capitalism is a political and economic system founded on democratic choice, law and order, and continuous improvement. And since the governance of capitalist societies is built on the system of checks and balances advocated by Montesquieu and Thomas Jefferson, the concept of capitalism being unbridled simply does not arise!

We know from history that the rulers of the West did not like capitalism one bit since it insisted on equal freedom for all. Many people like Locke, Voltaire, Burke and Mill had to fight the vested feudal interests to win freedom for ordinary peoples everywhere.

And so our quarrel cannot possibly be with capitalism. Our quarrel must be with socialism. In socialist societies, based as the spurious concept of economic equality, state-sanctioned corruption is the norm. After having worked in the Indian and Australian bureaucracies for a total of 26 years I can say with confidence that there is almost no corruption in the West today. On the other hand, corruption is endemic in socialist India, where not one politician is completely honest and few bureaucrats completely so. For very fundamental reasons, no society can run ethically on the ideas of socialism. But did this eminent economist express concerns about ‘unbridled’ socialism? No! For capitalism has become the customary whipping boy. Protect the criminal and point fingers at the saint: that seems to be the norm.

Consider and compare, for a moment, how life is defended in India and in the West. Employers in India are, for all practical purposes, unaccountable for the safety of their workers. Hundreds, if not thousands of lives are lost in India every year in preventable workplaces ‘accidents’, even as capitalist societies like Australia have astonishing low rates of worker injury. While working for the safety regulator in the state of Victoria I found that not only are safety laws in the West strongly focused on employer accountability, but negligence is punished severely. If I was a mine worker I would be scared to work in socialist India but would happily work in capitalist Australia where my life is well protected.

So who is *really* unbridled? Who is *really* immoral? Is it socialist India – where the governments are totally corrupt, where industrialists are gifted monopoly powers by the corrupt state, and where lives of workers are treated with disdain – or is it the capitalist West where governments wage a systematic battle against all forms of corruption and irresponsible behaviour? Clearly, it is not capitalism but socialism we must be afraid of.

It is time that India looks at the facts. We must not be afraid to use the system of natural liberty which was invented by the Englishman John Locke just because it was invented in England. After all, the West happily takes advantage of Indian thinking by using the number system we invented. So let us listen to what Locke said.

Freedom Team of India

Without security of life there can be no freedom. One of the strongest indicators of a free society is therefore the absence of organised killings of citizens. The endless

spate of killings in India is telling us that we are not yet free. When Muslim and Maoist terrorists momentarily pause their mayhem, fascist Hindus appear on the scene to kill Christians; and so on... until it has become hard to distinguish what is happening and who is killing whom. Life and liberty are on the back foot, fighting for survival.

Our education system has clearly failed to imbibe the basic virtues of good citizenship. In a democracy those who have grievances should participate in the political process and change things they don't like. If that doesn't work, they can lodge their protest through non-violent civil disobedience. But there is a total absence of good leaders in India today to guide the people. In this situation, if liberals don't unite to lead India then they or their children could well get caught in the crossfire of misgovernance. Why is it that in 1959 an old man aged eighty could start a major political party (Swatantra Party) and give battle for our liberty, but people today have given up without trying?

I would like to thank those who have written to me in support of the Freedom Team (<http://freedomteam.in>). For those who have not yet got involved, I suggest that you do so. Working together, we can defend life, liberty and the pursuit of happiness for everyone in India.

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