

PREFACE

“Third and final call for passengers travelling to New Delhi.....” the public announcement system blared incessantly at the Chennai airport. Even as I was rushing to the boarding gate to catch my flight that evening, a book on display at the popular airport outlet caught my attention. The title of the book was indeed inviting: “Great Economists – How Their Ideas Can Help Us Today.” I instantly flipped to the first page where the author Linda Yueh had dedicated the book “To my family.” Logically, I assumed that a person who could write about the greatest of economists and simultaneously dedicate her labour of love to her family would certainly have dealt with how various economists - classical to modern - had approached the subject from the family perspective. I picked up the book for some serious in-flight reading. Within minutes even as the flight soared, my hopes from the book, rapidly evaporated. The reason for the same was not far to seek. Despite being a brilliant analysis of the work of twelve great economists, post that first page, the word “family” was conspicuous by its absence! This peculiar approach of disregarding family, civilisation, and culture from any discussion on economics had always left me befuddled. For too long this had been bothering my inner self too. Consciously I wondered, whether I should undertake an exposition on the link between family, culture and civilisation on one hand and economics on the other in the form of a book. By the time the flight landed in New Delhi, the idea of Retaining Balance – The Eternal Way had germinated in my mind.

At the outset I need to make an upfront confession to my reader. I was never formally trained in the discipline of economics. Nevertheless, economics, as a subject has always excited me. Each time I delved deeper in to the subject, I become more convinced about a fascinating fact surrounding it - that it has never been understood in all its dimensions even by the very experts who proclaim to have mastered it. Without meaning any offence to such experts, it appears to me that “The proverbial elephant in the room” was being explored by the visually challenged who never have got to know the elephant in all its completeness. From economists who looked at the subject from the angle of accumulation and distribution of wealth; to those who propounded welfare theories; to those who added the spice of communism and to those who politicised economics, it appeared to me that economists romanticised the discipline of economics by safely avoiding looking at it from the civilizational prism. In the process I would make it bold to say that they defied economics. Thus, in my understanding the subject continues to be examined and taught by ignoring the basic building block in every society viz., family. Therefore, I call family, culture and civilisation, in the study of economics, as the missing middle. In my view, this truncated vision of economists ultimately resulted in fatal flaws in their approach to the discipline of economics. In turn, this caused serious imbalances in their prescriptions. Retaining Balance seeks to look into these imbalances and attempts at providing appropriate prescriptions.

Lest it be misunderstood that I am critical of legendary economists, I must hasten to add that at appropriate places in the book, I have eulogised them for their perceptions too. Nevertheless, the incompleteness of the understanding of a complex subject is the issue on hand. Influenced by what I experienced on a daily basis I began assimilating my views on economics from cultural as well as civilizational standpoints. It is therefore natural that it appears to me that the discipline of economics, bereft of civilisational values, is fast imploding. Economists too of late have been near unanimous in their view that they do not have the necessary answers even to some of the most pressing challenges posed to their respective national economies. Retaining Balance attempts to seek answers for such convoluted questions.

Policy framers now realise that for too long, the “battle for the commanding heights of the economy” has been, at best, binary. In the absence of a viable alternative to the dominance of governments [socialism] or markets [liberalism], the world of economics has invariably alternated between the two grand ideas posited by Keynes and Hayek. The resultant oscillation in the macroeconomic policy formulation across the globe in the past fifty-years has been more out of sheer compulsion, than any conviction. In the process, the solution to every economic crisis contained the seeds for the next. It is in this connection in a recent article in the magazine “World Finance”, Charlotte Gifford, a UK based researcher writes as follows:

Towards the end of the twentieth century, economists began to see the pitfalls of imposing economic policies without paying heed to culture. The Washington Consensus, for example – a set of neoliberal policies presented to the International Monetary Fund in 1989 – is broadly seen as having failed to achieve its goal of bringing prosperity to Latin America. In the thirty years after the Washington Consensus was implemented, Latin America grew less than 1 percent per year per capita terms, compared to 2.6 percent annual growth between 1960 and 1981.

This shows that, while a certain kind of institutional reform may succeed in one country, it won't necessarily succeed in another, and culture may be the reason why. "One example is Italy," said Thierry Verdier, Professor of Economics at Paris School of Economics, "where you had reforms that worked in the north but not in the south. Why? People have begun to think that it's down to very long-term factors such as the development of cities in the north of Italy and the building up of social capital there that happened over a long period of time. It didn't exist in the south because of other historical developments."

There are many scenarios where economics alone cannot account for the behaviour of a certain group. For example, immigrants and their children often exhibit different behaviour despite being in the same economic environment as other citizens.

"Immigrant children of a certain origin systematically outperform US-born students in the country, even if they attend the same school. These differences hold after taking into account the income and the education of the parent," said Sapienza. "If the explanation for these differences in behaviour were economic

conditions or the quality of the institution, we would not observe these differences.”

By identifying the cultural beliefs that proliferate in more productive and innovative countries, we could advance our understanding of the conditions needed for economic success.

While dealing with these issues, I also realised that most modern theories, not merely in economics but also in several other “disciplines,” owe their origins to Christian theology. Consequently, several contemporary ideas emanating from the western world are built around a Christian idea of a “broken self” that constantly requires external intermediation for its “salvation.” That explains the importance to governments and markets in modern economics. Thus, what is predominantly a Christian view of the discipline of economics became over time the western thought or understanding of the world, which subsequently became the acceptable global order! And this idea is not merely limited to economics. It permeates the entire constitutional construct in the western countries which has been adopted in substantial measure by India too. Retaining Balance addresses this skew in our understanding of ourselves.

In contrast, I put forth the argument that *Bhartiya* civilisation has repeatedly emphasised on the individual, his actions, enterprise and his efforts. However, I must hasten to add that the individual in *Bhartiya* civilisation is not completely atomised without any regulatory or supervisory oversight. This is where the importance of family and

society comes to play – both as a functional and as an oversight, body. And this makes us culturally different and global economic order arising out of Christian theology, unworkable. Retaining Balance therefore argues that the macroeconomic policies pursued by the government of India needs to factor these differentials.

Simultaneously, I have argued that marriage – more particularly monogamous marriage as the first known institution created by mankind – has far greater influence on the functioning of economies. Monogamy brought with it a specific social order that has helped man to achieve individual peace, social harmony and therefore extraordinary all-round progress. Importantly, monogamous marriage taught us the importance of civilisational restraints. It is these restraints that make societies stable and economies functional. It is in this connection I also put forth the view that national economics, works on the four fundamental principles of production, consumption, investment and savings. Experiences demonstrate that excesses in one result in cycles of boom or depression in the economy. Modern economics is in a constant quest for an external balancing factor to prevent such excesses and the resultant cycles of boom and doom. In the absence of an auto self-correcting mechanism caused by individual excesses, I am fairly convinced that in my view that these cycles of booms and bursts are an inevitable. As a policy alternative, I suggest that the most natural and effective way of addressing this macroeconomic imbalance is through the institution of family that acts as an oversight body to correct individual

excesses. Therefore, I argue that policy framers, world over, must revert to placing family at the centre of economics. This is the core of Retaining Balance.

This naturally takes us to the eternal conflict between rights and duties of every citizen. Ideally, the levels of responsibility cast on every citizen should be no less to his rights. But when the citizens themselves contrive to dilute such responsibility levels by the very edifice that unites them in the first place – also known as constitution – the consequences are indeed disastrous. The framers of Indian constitution who encapsulated the various fundamental rights to its basic structure, strangely ignored our civilisational emphasis on duties. Thus, placing rights at the centre of our constitution we spawned an omnipotent state. To counter-balance the emergence of the omnipotent state we allowed the proliferation of individual rights. And all our economic policies are assiduously built on this premise of individual rights. Such a constitutional arrangement may suit the British, or for that matter the Americans even today, but cannot be thrust on a nation which has deep-rooted civilisational values, especially on individual duties. This gives rise to a new fault line – between an Indian who swears by his constitutional right while dealing with the state and a *Bhartiya*, who adheres to his duties. Retaining Balance addresses this bi-polar disorder afflicting each one of us.

Mahatma Gandhi at various times, vocally propounded the concept of an ideal state. He did not hesitate to call that as Ram Rajya, implying it to be a system of good governance

where duties preceded rights, both for the state and the individual. He surely implied an ideal post independent government where values of justice, equality, idealism, renunciation and sacrifice are practised, both by the state and its citizens. Ramayana and Mahabharath, the unparalleled epics of our nation are replete with such sagacious advices on good and ideal governance as well as the disciplined, duty-conscious and cultured life styles of the people. Commenting on these inherent strengths of our people, the first Governor General of India Sri C. Rajagopalachari succinctly observed:

‘If there is any honesty in India today, any hospitality, any chastity, any philanthropy, any tenderness to the dumb creatures, any aversion to evil, any love to do good, it is due to whatever remains of the old faith and the old culture.’

Sadly, the founding fathers of our constitution, have inadvertently thrust Christendom’s “broken self” [arising from the original sin of Adam and Eve] on our citizenry in the making of our constitution. In the process individual rights have preceded duties. This, in turn, has spawned a series of imbalances that needs decisive intervention. We need to cognise this skew in our constitutional construct and address it forthwith. While I realise that these cannot be addressed overnight, I also understand that we need to make a beginning somewhere. Retaining Balance precisely does that.

In this book, I have not enunciated any principles. Or postulated any theories. I have simply penned my thoughts

and expressed my apprehensions. In my attempts to seek some answers, I have tried to raise some questions with stoic scepticism. In the process I have left some of the answers to the reader. However, the most pertinent question that I would like to ask is: Are we made to miss and ignore the ultimate concepts of family, culture and civilisation in our skewed understanding of economics and if so, is it by design? If I stir some minds in to serious thinking on these lines, the trouble I have taken would perhaps be worth the while.

This work of mine, which has taken more than eighteen months of intense research, studying and assimilating humongous number of materials and writing nearly two lakh words, though energy-sapping physically, has been a great learning expedition for me. Of course, I must admit that a discerning reader may find some occasional flippant tone in the narration but then I am incapable of camouflaging disturbing facts in pleasant language. Of course, there are exceptions to the rule of the verse of Manu Smriti "*Sathyam Bruyath: Priyam Bruyath.*" I must admit that I have relied heavily on the exception.

Chennai
31.05.2021

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**Family - Marriage – Culture
Civilisation - Monogamy -
Polygamy - Economics –
Implosion - Discipline –
Excess - Rights - Duties -
Citizens - Society - Welfare -
Markets – Crisis – Taxes -
Finance – Failure - Original
Sin - Feminism - Entropy –
Rights – State- Individualism
– Constitution - Gender
Equity - New Economic
Order – Balance -
Civilisational Economics -**

Ram Rajya

Family as a Balancer Between

Man And Woman

Individuals and Society

Society and State

State and Citizens

Savings and Consumption

Consumption and Production

Production and Environment

Piety and Progress

Progress and Security

Divine Intervention and Individual Initiative

Initiative and Excesses

Markets and Governments

Liberty and Equality

Equality and Equity

Equity and Welfare

Welfare and Taxes

Taxes and Citizens

Citizens and Rights

Rights and Duties

Civilisational Restraints and Propensity to Consume

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