

## **Liberalization and the Challenge to Democracy: Some Reflections in the Indian Context**

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*The last three decades of the 20<sup>th</sup> century (together with the first decade of the 21<sup>st</sup>) can be best described as “the age of marketization, democratization and globalization.” Western governments, multilateral institutions and sections of Ivy League academia have been carefully cultivating an understanding among large sections of policymakers and the intelligentsia in EMEs (and former socialist countries) that these phenomena are mutually re-inforcing and complementary. In this paper the basis for this contention is examined – firstly in a general context and then with special reference to the Indian case. In the general context, we examine the following four issues: (i) The basis for the claim that free markets are a necessary component of democracy (ii) The relation between free markets and economic growth in LDCs (iii) The long-term consequences of market oriented policies for the socio-political systems in such countries and (iv) The process by which Third World governments have been able to overcome opposition to liberalization policies. On the basis of our analysis, we conclude that the link between globalization and liberalization on the one hand and marketization on the other, is a highly tenuous one, and certainly not as irrevocable as made out by some proponents of the theory. In the Indian context we find that liberalization has posed formidable challenges to the forces of democracy by increasing corruption, by encouraging “media capture”, and by eroding the quality of public opinion.*

### **I Introduction and Background**

Like every analyst of historic trends, I find myself vulnerable to the *historian's temptation* of attempting to capture the spirit of an epoch through a cryptic catchphrase, and I am sure few would take up issue with my description of the last three decades of the 20<sup>th</sup> century as “the age of marketization, democratization and globalization”. We ourselves are often the worst judges of our times, and perhaps the task of explaining our age will be done much better by later historians, enjoying the natural advantages of a time perspective. A contemporary student of events, such as myself, faces a daunting task, in making headway through the amorphous body of received literature, whose contours are both ill-defined and in continuous motion, and which embraces disciplines as

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