

All India Policy Writing Competition

<http://freedomteam.in/policy>



First prize: ₹1 lakh
Win up to: ₹5 lakhs
(including 20 prizes of ₹20,000 each)

Competition Rules

Version 1.0 dated 15 November 2012

Launched: 15 November 2012

Last date for submission of policies: Midnight (IST) 28 February 2013

Send completed policies to: pc@freedomteam.in

Heaven of Freedom

Where the **mind is without fear** and the head is held high;

Where knowledge is free;

Where the world has not been broken up into fragments by narrow domestic walls;

Where words come out from the depth of truth;

Where tireless striving stretches its arms towards perfection;

Where the **clear stream of reason** has not lost its way into the dreary desert sand of dead habit;

Where the mind is led forward by thee into ever-widening thought and action—

Into that heaven of freedom, my Father, let my country awake.

Rabindranath Tagore (Gitanjali)



Contents

1.	How the competition will work	1
1.1	What is Freedom Team of India?.....	1
1.2	Why an all India competition for good policies?	1
1.3	“But what’s in it for me?”	1
1.3.1	Cash prizes worth ₹5 lakhs	1
1.3.2	Equip yourself for a rewarding public policy career	2
1.3.3	Get a referral for your career or future scholarships (if you are really good).....	2
1.3.4	Join FTI and lead India to freedom	2
1.3.5	Your policies may actually change India	2
1.4	Only policies (i.e. systems) matter.....	2
1.4.1	India was the Golden Bird because of <i>Arthashastra</i> (<i>not</i> socialism).....	3
1.4.2	FTI’s approach to public policy	3
1.5	“I’m raring to go. Tell me the Rules!”	4
1.6	“I’m eligible. So how do I start?”	6
1.6.1	<u>STEP 1</u> : Register, by joining the FTI Policy Competition Google group	6
1.6.2	<u>STEP 2</u> : Read Attachments 1 and 2.....	6
1.6.3	<u>STEP 3</u> : Pick policy topics to write on	6
1.6.4	<u>STEP 4</u> : Complete the policy template (download separately)	8
1.6.5	<u>STEP 5</u> : Ask questions	9
1.6.6	<u>STEP 6</u> : Try to find someone to proof-read your work.....	9
1.6.7	<u>STEP 7</u> : Submit by 28 February 2013.....	10
	Help FTI bring you liberty and good governance	10
	Attachment 1: About FTI and its principles.....	11
	Proposed FTI’s vision.....	11
	Draft FTI’s basic principles	12
	FTI’s draft Policy Framework.....	18
	Attachment 2: Recommended readings	19
	What is classical liberalism?	19
	Writings of some FTI members	19
	Writings of other Indian classical liberals	19
	Writings of selected non-Indian classical liberals	20

1. How the competition will work



Welcome!

For detailed rules, please go to page 4 (Section 1.5).

The first three pages are highly recommended as they provide context.

1.1 What is Freedom Team of India?

The **Freedom Team of India** (FTI), established in July 2009, is a not-for-profit Trust which prepares leaders to contest elections under the banner of liberty. When its members are ready, they will offer India world-class governance that defends citizens' liberty, eliminates corruption and fosters unprecedented prosperity.

Nations once much poorer than India have achieved rapid economic growth by adopting ideals and policies of liberty. FTI plans to relieve India of its chronic poor leadership and bad policies, thus bringing India world-best governance.

1.2 Why an all India competition for good policies?

FTI will identify and offer the best policies for India's consideration by mid-2013.

- Directly, by FTI members: If 500 leaders of high calibre join FTI by end-2013, they may choose to directly offer these policies to India in the 2014 elections.
- Indirectly, through FTI affiliates: FTI will share these policies with new leaders and emerging groups that want good governance in India. These policies will, even if FTI members are not themselves ready for 2014, counteract populist, bad policies that continue to harm millions of Indians.

To identify the best policies tailored to India's current situation, FTI is inviting students, academics and public policy professionals to submit their ideas in 21 selected policy areas for its consideration. Policy topics will need to be examined from the perspective of liberty, and follow FTI's policy architecture.

Last date for submission of policies: 28 February 2013.

1.3 "But what's in it for me?"

To make it worthwhile for India's brightest talent, FTI will give cash prizes for the best policies. FTI has already **raised funds** for the cash prizes.

1.3.1 Cash prizes worth ₹5 lakhs

Individuals or teams can participate. While only Indian citizens (20 years or older) are eligible for prizes, anyone else can submit policies for FTI's general consideration. ₹1 lakh will be awarded to the best overall policy and ₹20,000 (each) to best policies in 20 other policy topics. There is no limit on prizes a person can win.

But cash prizes are only the beginning. There are many other benefits for contestants.



1.3.2 Equip yourself for a rewarding public policy career

There is increasing demand for high quality policy analysts in consulting firms, governments and international organisations. Since FTI's policy architecture is based on world-best standards, you'll learn much about public policy through this process. Regardless of whether you win a prize, you'll become better equipped for a well-paid policy career.

1.3.3 Get a referral for your career or future scholarships (if you are really good)

If you don't win a prize but demonstrate significantly high calibre, you can aspire to personal recommendations for fellowships/scholarships or career opportunities from FTI members – many of whom hold, or have held, senior positions in the public and private sectors; or from FTI's eminent **Speakers Panelists**.

1.3.4 Join FTI and lead India to freedom

The policy writing process will bring home to you the real causes of India's poor governance. At that point you'll probably be ready for the next step: to directly lead and bring good policies to India. You could, at that stage, join any emerging reform group, but we hope you'll *also* join hands with the Freedom Team (subject to meeting FTI's **joining conditions**). Note that since FTI is a leadership development team, members of many groups are part of FTI.

Of course, if you join FTI during the competition period, you must disclose in your application to FTI that you are a competition contestant. FTI will then exclude you from processes that determine prizes in your policy area, so your prize eligibility can continue.

1.3.5 Your policies may actually change India

FTI's policies are expected to significantly influence India's policy systems in the coming years. If your policy ideas are adopted by FTI (and later by India), that will perhaps be your greatest achievement, that you influenced real change in India.

Given these many rewards and challenges, please put on your thinking hat!

1.4 Only policies (i.e. systems) matter

It is a mistake to think, as some Indians do, that our policies are good but implementation is poor because the people who implement the policies are bad. A good policy should never fail, regardless of the "type" of person implementing it.

If something is not being implemented well, that is a clear signal that the policy was badly designed.

Consider, for example, a so-called "good" education policy which, however, bases its implementation arrangements on poor incentives and monitoring. Implementation will then invariably fail, but such failure should not be attributed to "bad" people.

People are neither good nor bad. They merely respond to incentives (policies).

This is a key distinction between FTI's approach and that of most others. FTI focuses on the analysis of detailed incentives in a policy system. Small changes in such detailed incentives can lead to big differences in outcomes.

In FTI's approach, "good" politicians or bureaucrats are therefore only a small part of the solution. Good policies – that use competitive free enterprise and incentives-based governance to create an enabling environment in which people achieve great feats through their own initiative and creativity – hold the key.

1.4.1 India was the Golden Bird because of *Arthashastra* (not socialism)

Two thousand years ago India was known as सोने की चिड़िया (the Golden Bird, which FTI has adopted as its logo). India's prosperity arose not because it had particularly "good" people but because it had great public policy based on Chanakya's *Arthashastra*. *Artha* means *wealth* and *shastra*, science. *Arthashastra* means the science of wealth. Like any other science, though, this science is not obvious, and requires training.

Arthashastra displays an extremely sophisticated understanding of human nature. Based on its recommendations, Chandragupta-II's decentralised governance and free market economic system made India a great power. After Ashoka's fall, these ideas were applied again – in the reigns of Sher Shah Suri, Akbar and Tipu Sultan, leading to great success.

Chanakya's analysis preceded Adam Smith's *Wealth of Nations* by nearly two thousand years, but India has forgotten Chanakya. If his ideas (of small but strong incentive-based governance that ensures rule of law and defends freedom) had been followed in 1947, India would have become the world's wealthiest nation, as it was for most of human history.

Unfortunately, our Constitution declares India a socialist nation, and political parties are required to swear allegiance to socialism. But socialism, despite its beguiling charms, inevitably creates corruption and limits a nation's potential. Socialist thinking is also foreign to India's ways of freedom. It arose from statist elements in French and German and British cultures (Rousseau-Hegel/Marx/Laski) and has caused havoc wherever it has been tried. India doesn't need failed Western ideas when our own ideas are as good as the best.

Chanakya would have been disappointed that modern India has overlooked his policy recommendations. Many others such as Mahatma Gandhi, Sardar Patel, BR Ambedkar, Sri Aurobindo, C Rajagopalachari (Rajaji) also vigorously opposed socialism. It is time we revive good policy in India.

1.4.2 FTI's approach to public policy

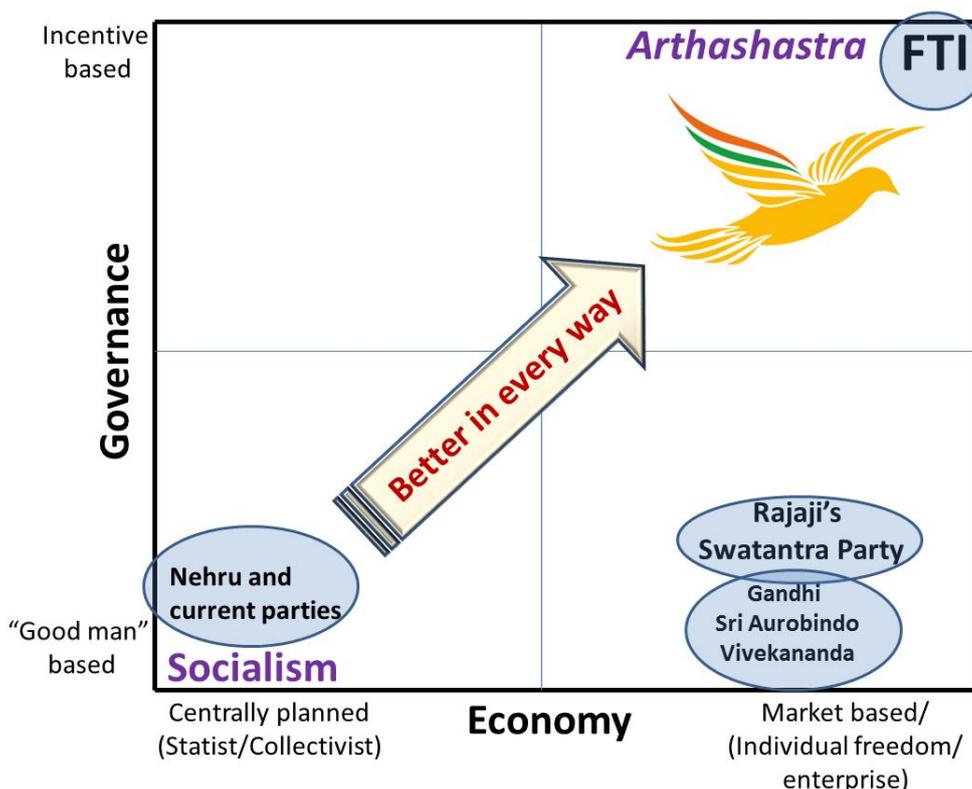


Figure 1: The wise use of incentives and markets will create a successful India



Figure 1 depicts, in a nutshell, FTI's approach to public policy: societies that use incentives and markets wisely succeed. FTI believes that everyone is good or wants to be good, but bad systems *force* good people to do things they would otherwise not have done.

Singapore has used incentives and markets wisely and become very rich. China, too, is adopting the right incentives and markets (despite authoritarian rule) and rapidly overtaking India.

The challenge for democratic India is to find leaders as competent as Chanakya: leaders who can create systems in which so-called "bad" people will have no choice but to be good.

While India's search for "good men" must go on, good public policy is infinitely more important. This competition will hopefully point India in the right direction.

1.5 "I'm raring to go. Tell me the Rules!"

The following rules apply to FTI's All India Policy Writing Competition:

1. Only Indian citizens 20 years of age or older on 28 February 2013 are eligible for prizes. Their place of residence is not relevant, but prizes will be payable only in India.
2. Members of FTI (or their close relatives) as at 15 November 2012 are not eligible for prizes, but are welcome to submit their policies for FTI's consideration.
3. Those who join FTI on or after 15 November 2012 and were planning to compete for prizes will remain eligible for prizes so long as they disclose their competition intent at the time of applying to join FTI. This will allow FTI to rigorously exclude such members from any internal processes for determining prizes in policy topics in which the member is making a submission, allowing them to remain eligible for prizes. Close relatives of such members will, however, no longer be eligible for any prizes.
4. Each contestant can submit policies on all of the 21 policy topics.
5. Entrants can work in teams. If a team is participating, it must nominate a team leader for receiving cash prizes. The names of all team members will be listed in the award citation.
6. There is no limit to prizes any contestant (or team) can win.
7. To be valid, all entries must follow the prescribed process (including template).
8. All policies must be written in English.

Why English? Although all Indian languages are equally important, limited resources prevent FTI from systematically assessing non-English entries. Contestants who prefer to write in a regional language should get their work translated into English before submission. No weight is placed in this competition on English expression. Accuracy (including spelling), however, is paramount.

9. Plagiarism can lead to outright rejection of a policy submission, although extensive extracts from other authors are admissible – if properly cited. Any citation (including research reference) must be complete and accurate. The more the citations (of good quality), the better.
10. By the act of submission of their policies to FTI, contestants declare that they are authors of the policies submitted and that they comply with all eligibility requirements. FTI may choose to demand proof before releasing any prize.
11. All entrants (competitors and others) must submit policies to FTI with the understanding that FTI will solely hold the intellectual property rights to policies received. FTI may publish some or all the policies received, or adopt them or modify them in any way for

its purposes. Where FTI chooses to publish a policy “as is”, it *will* attribute the policy to the relevant author/s. However, FTI retains the rights to thereafter use the policies in any other form or shape: for instance, to refine or develop its own policies. In doing so, FTI may “cut and paste” from the policies received for the competition. The intellectual property resulting from this process will be owned by FTI. However, since FTI’s purpose is to propose the best policies to India, these policy ideas will ultimately belong to all of India.

12. FTI may publish the name and city/town/village, State and academic or other institute affiliation of contestants. It will not, however, publish any personal details such as contestant address. If a contestant includes his or her detailed information inside the policy document (other than in the prescribed location), FTI will not be responsible for any accidental publication of such data. FTI will aim to remove all identifying information from the front page of the policy before publication but will not vet material provided inside the policy document.
13. Subject to the quality of policies received, the following cash prizes will be awarded:
 - i) Best overall policy: ₹1 lakh (comprising ₹80,000 plus ₹20,000 for best policy in its own category)
 - ii) Best policy in each of the remaining 20 categories: ₹20,000.
14. FTI’s Board will assess valid policies received by the due date and aim to announce results by 31 April 2013 on FTI’s website. Results will also be announced on the **FTI Policy Competition Google group**. All prize winners will be separately notified (by email).
15. The FTI Board reserves the right to use any appropriate method or process to identify the best policies. It may, for instance, choose to seek public opinions on the policies received (subject to technological feasibility of such a process), or seek the opinion of any Indian expert it relies on. The final decision will be made by FTI’s General Body through secret voting. Policies that consider relevant incentive- and market-based options, demonstrate high quality research and propose a viable transition path are more likely to be favoured by FTI’s Board.
16. Cash prizes are payable by cheque from FTI’s bank account. The cheque/s will be sent within 30 days of announcing prizes only to relevant Indian addresses through assured post (e.g. registered/ courier). Where a cheque sent to an address provided by a prize winning contestant returns undelivered, FTI will not make any further attempt to deliver the prize of its own accord.
17. FTI is fully funded for the competition and aims to award all prizes. However, FTI may decide not to award prizes on policy topics in which no entry of a minimum acceptable standard (as judged by FTI) is received. Since FTI expects sufficient number of high quality entries to be received, use of this option is unlikely.
18. Decisions by FTI about **all** aspects of the competition will be final. FTI retains the right to make any change to the competition or its rules, including dates or any other aspect. All changes will be notified on the **FTI Policy Competition Google group** and FTI’s website: <http://freedomteam.in/policy>. This document might also be updated suitably (with tracked changes) to reflect any change. No inquiries about FTI’s decisions regarding its competition rules or decisions will be entertained at any stage. If any unintended unanticipated (technical or other) error or glitch occurs during the competition, FTI will endeavour to implement a reasonable remedy that is fair to all concerned.
19. Awarding a prize to any particular policy should not be taken as FTI’s endorsement of the policy. FTI’s policies are separately announced.



1.6 “I’m eligible. So how do I start?”

If you are eligible, please complete the following steps.

While FTI may provide some support through the **FTI Policy Competition Google group**, no instruction already provided in this document will be repeated.

1.6.1 **STEP 1: Register, by joining the FTI Policy Competition Google group**

Join the **FTI Policy Competition Google group**

(<http://groups.google.com/group/fti-policy-competition?hl=en>).

This group will be used by FTI for the following purposes:

- a) to make announcements (general or specific) about the competition;
- b) to provide additional information including any guidance based, for instance, on questions that may be received from contestants on **FTI’s Public Forum**;
- c) to announce competition results; and
- d) after the competition ends, to send periodic updates regarding FTI’s activities and progress. Contestants may unsubscribe from the Google group at any time.

As this Google groups is announcement-only, you will not be able to post messages (that will be possible on **FTI’s Public Forum**).

1.6.2 **STEP 2: Read Attachments 1 and 2**

The attachments to this document provide important details regarding FTI’s way of thinking.

- **Attachment 1** lists extracts from FTI’s proposed vision, draft basic principles and policy framework. FTI’s policy framework contains ten questions about the nature of a policy issue in the unregulated free market (absence of government), any role for government in ‘resolving’ the identified issue/s, and how a government can effectively deliver any such role. By addressing these questions, a policy’s logic and assumptions become clear.
- **Attachment 2** provides illustrative recommended readings. Please read as widely as possible. Chapter 6 of *Breaking Free of Nehru* may be particularly helpful for some policy topics. For all policies, you’ll need to undertake further detailed research.

1.6.3 **STEP 3: Pick policy topics to write on**

The 21 policy topics (with associated policy numbers) for this competition are listed below.

These topics are intended to be considered broadly, and should include related sub-policy topics. For instance, transport policy includes public transport, but it should also include rail, shipping, air, road, bicycles, and other such modes.

While the focus of policies prepared for FTI should be on high level principles for the broad policy topic in question, some detailed analysis of key sub-topics is also expected. Please start with the highest level of policy analysis before going down into sub-topics.

The 21 policy topics for the competition

General governance

1. General economic policy (including investment, licensing, trade, labour market flexibility, etc.)
2. Property rights and land administration (including land acquisition, tribal land management, national parks, eminent domain, mining rights, etc.)

3. Local government (including urban and rural self-government)
4. Urban planning (including linkages with local government governance and structures)

First order functions of government

5. Defence (including defence R&D, defence industry and technologies)
6. Police (including prisons and internal security)
7. Justice (including all tiers of justice system, and principles of harm and justice)
8. Sound money (e.g. money, monetary policy, finance and banking)

Second order functions of government

9. General infrastructure (including key principles and frameworks such as funding options)
10. Poverty removal and social minimum (social insurance)
11. School education (including early childhood education)
12. Health (including preventative, primary, and hospitals)
13. Vocational education (including skills, apprentices and guilds)
14. Higher (including professional) education
15. Agriculture (including irrigation)
16. Energy (including energy generation, distribution and use)
17. Water (including rivers policy and potable water supplies)
18. Transport (including public transport, etc.)

Possible third order functions

19. Environment (including wildlife and nature tourism)
20. Archaeological artefacts and heritage (including heritage tourism)
21. Industry (including industrial estates, SEZs, innovation and general R&D)

FTI may post guidance on specific policy topics on the [FTI Policy Competition Google group](#) (and its website).

Note: First order, second order and third order functions

These terms have a specific meaning for FTI. First order functions include foundational roles of a government (defence, police, justice). Second order functions may be undertaken after first order functions have been performed well, and include things like some infrastructure and social minimum. FTI believes a government should not undertake any other (third order functions) unless there are extremely compelling reasons to do so.

Some policy topics will be more popular than others with contestants. To maximise your chance of winning a prize, pick at least two policy topics, one which you have good knowledge of, and the other a potentially less popular topic. To remain competitive, it is advisable *not* to pick more than two policy topics unless you are working with a multi-disciplinary policy team. This is particularly because there is no word limit and good policies, to be competitive, are expected to be fairly extensive, plus appendices.



1.6.4 **STEP 4: Complete the policy template (download separately)**

To ensure that FTI can compare policies received, and that FTI's policy logic parameters have been addressed by all contestants, you **must** use the prescribed MS Word template (available at <http://freedomteam.in/policy>).

- Please start a fresh template for each policy and complete all sections.
- Make sure you complete your personal particulars in the front of the template (nowhere else, please!).
- Do not change the numbering of the ten sections, and do not delete any section. If the section numbering gets disturbed, please revert it to match the original template.
- You can add as many sub-headings as necessary within each section.
- There is no word limit or page limit on the policies or attachments, but clarity and conciseness is valued by FTI.

But what if the template doesn't suit your policy?

- Not all policies will fit perfectly into the prescribed straightjacket of the ten questions. So you can skip a particular question, but if you do so, please clearly explain in that section why you are doing so. Do not delete the section.

Guidance on good policy thinking

- **Start from scratch**

Avoid thinking about the current policy situation in India when you start your policy thinking. **All good policy analysis starts from first principles.** Current policies will become relevant, but only at the very end of your analysis (Q.10).

- **Analyse, not assert**

While liberty should be maximised, evidence about real human behaviour is the foundation of good policy analysis. Jumping to conclusions based on a theoretical model should be avoided. It is desirable that observation of actual behaviour and incentives drives your analysis.

- **Consider markets and incentives**

FTI is looking for innovative (market- and incentive-based) policies, so please research thoroughly for recent advances in the literature. Many areas in which a government previously played a role are less relevant with advances in technology and economic theory.

Think of ways for governments to enable citizens to do things by themselves, not control or spoon-feed them. If you believe that governments should do *even* more than what they already do in a particular area, please provide strong justification. It is possible you may be on the wrong track and have not thought carefully enough about light-handed options.

Prohibitions should be avoided (unless direct harm is demonstrated). For instance, Chanakya wisely regulated even liquor and prostitution instead of banning them.

- **Fully understand key economic findings**

It is a minimum expectation that you understand key economic findings such as the tragedy of commons and Coase theorem. Therefore, just because something creates a 'negative externality' it doesn't mean the government inevitably has a

role to play. Clear demarcation of private property rights can often solve many such problems. And if there are any so-called positive externalities, there is no automatic implication for government subsidisation of the activity. It is possible that good analysis shows that privatisation of national or other parks may be the best way to protect wild animals, and privatisation of roads may be the best way to ensure that road space is used optimally and congestion resolved.

You should also consider lessons from economic/mechanism design, principal-agent analysis, institutional analysis, public choice theory and other areas of economics and public policy. Such thinking will help you to identify the system of incentives that can work best for a particular policy area.

- **Avoid including social “equity” concerns**

The focus of policies must be to maximise liberty and wealth. It is expected that most social concerns will be addressed by contestants who choose to prepare a policy on social insurance including poverty removal and the social minimum (social insurance).

While some other policies (such as the policy on school education and health) might legitimately include consideration of such equity issues (that children of the poor not receiving a good education or health care in the free market). Most policies, however, should focus on efficiency, liberty and wealth generation.

- **Substantiate your claims**

Please avoid making assertions without proof. While primary research is not expected, high quality secondary research is essential.

Citations from peer-reviewed academic journals are preferred but other published work can be cited. Citations from eminent classical liberal economists and philosophers can usefully substantiate your thinking.

Do cite all relevant details, including journal name and issue (where applicable), book publisher name and year of publication, edition number, page numbers, etc. It should be possible for FTI to validate your citations and references. You can choose to provide citations either as footnotes or endnotes. A bibliography may be added.

While no referencing or punctuation style is recommended, please aim to be consistent.

1.6.5 **STEP 5: Ask questions**

You may have questions as you advance into your policy work. You can ask these questions on **FTI’s Public Forum**: <http://freedomteam.in/blog/forum/about-us/fti-policy-competition-public-form-for-contestants> (There is no need to log into the forum).



Note: FTI members or other contestants may respond in their personal capacity on the **Public Forum**. FTI’s formal responses (to selected questions), however, will only be posted on the **FTI Policy Competition Google group**.

1.6.6 **STEP 6: Try to find someone to proof-read your work**

Once your draft policy is ready, weed out typographical errors and unnecessary adjectives. Simplify your language using books like Strunk and White’s *The Elements of Style*. Then find a friend to proof-read your draft and to randomly verify a few citations and references.



1.6.7 **STEP 7: Submit by 28 February 2013**

You are now ready to submit your policies to FTI:

1. Check that you have identified yourself clearly in the front of the policy template and provided the correct mailing address.
2. Save the policy in the following format: [**Policy Number**_yourname.doc]. Avoid giving long file names. The policy number is the number that prefixes the policy topic in this document.
3. Submit all your policies, together, by email to **pc@freedomteam.in** by 28 February 2013. The subject of your email should read: "Policy Competition Submission". (Note that FTI may notify additional or alternative email addresses in February 2013 on the **Policy Competition Google group**.)
4. **No** hand-written or typed/hardcopy documents will be accepted.

Best of luck!

Sanjeev Sabhlok

Project Leader, Policy Competition

Arvind Ilamran

Secretary, Freedom Team of India

15 November 2012

Help FTI bring you liberty and good governance

FTI is undertaking a diligent and systematic program to bring world class governance to India. But without strong support from India, good governance in India will remain a pipedream. Hundreds of high calibre leaders are needed to join FTI. In addition, significant funds are needed for FTI to spread the message of liberty and good policy in a nation that has forgotten its own history of good public policy and adopted populist policies and mindless faith in socialism.

So please join or otherwise support FTI. If you can, please contribute funds using electronic funds transfer. This is best done through NEFT (National Electronic Funds Transfer).

Please note that only Indian citizens are eligible to contribute funds to FTI.

Account Details Payee Name: Freedom Team of India

Bank name: Axis Bank

Payee Account number: 909020039016803

Payee Account Type: Current Account

Payee Branch/Branch code: Indore (043)

NEFT code / IFSC code: UTIB0000043

Please record your name and the purpose of contribution (e.g. "donation").

Attachment 1: About FTI and its principles

This Attachment provides key information about FTI. More information is available on FTI's [website](#).

FTI is a leadership development platform for those who will (when ready) contest elections under the banner of liberty. FTI takes a systematic and thoughtful approach to resolve India's leadership and policy crisis. Alignment of principles and purpose is a key element of its approach. Accordingly, FTI also develops policy and strategy for its members.

FTI subscribes to the classical liberal philosophy of equal freedom (with accountability) and respect for knowledge and innovation. It believes in a market-based economy and incentives-based governance. It believes that if government performs its necessary roles – of defence, police and justice well enough – and possibly some important infrastructure and social insurance roles, then its citizens can solve their remaining problems themselves.

Since its inception in July 2009 (it was started in December 2007 but registered as a Trust in 2009), FTI has attracted around 150 outstanding Indian leaders, including many graduates from India's and the world's best educational institutions. Most of its members currently hold (or have held) senior roles in the public and private sectors in India and abroad. With total commitment to personal integrity, all FTI members bring a single-minded dedication to liberty and good governance.

Over the last three years, FTI members have debated and agreed key strategies and frameworks.

FTI negotiates higher level agreements amongst its members first, then the details. Accordingly, FTI's policy architecture includes a vision, basic principles and policy framework. These have been agreed in August 2012, and FTI is now ready to prepare detailed policies.

Proposed FTI's vision

An India where everyone is guaranteed equal opportunity and equal dignity, and has the freedom to pursue his or her own happiness under an accountable and participative government.

An India where everyone:

"Everyone" will really mean everyone, every citizen. All citizens will truly be able to seek justice under the laws of the land. The right to life and liberty (including property) will be guaranteed to each citizen.

is guaranteed equal opportunity and equal dignity:

FTI will strive towards a government which does not use caste, sex, physical handicap, economic status, or any other categorisation to discriminate between citizens. This also means not pandering to any particular group. No atrocities from anyone or any group will be tolerated.

and has the freedom to pursue his or her own happiness:

The dreams, aspirations and goals of each individual are different and it is their fundamental right to define these themselves, subject to being accountable for their



actions. The truly representative and just government FTI seeks will provide an environment for each individual to achieve his or her aspirations through talent and hard work. This also means not interfering gratuitously or paternalistically. The government will restrict itself to the defence of the realm, to the maintenance of law and order, and the provision of some commons.

under an accountable:

Freedom is exactly balanced by accountability. A government must be fully answerable to all citizens. Corruption is rampant in India because our governance system lacks virtually any accountability. Recruitment to government service, payment, and promotion, must be based on merit and accountability. Market based processes in government would be used to ensure that citizens can influence the level of provision of services and the appropriate payment for this service, through their demand.

and participative government.

We believe that each citizen is inherently honest, upright and will care for the less privileged members of its society if the government does its designated job and then gets out of the way.

Draft FTI's basic principles

The following version of FTI's basic principles, extracted on 15 November 2012 for use by contestants in FTI's policy competition, should not be taken as the definitive FTI position. All FTI documents undergo continuous improvement, and are to be treated as draft documents.

Please use these principles as a guide, not as the final word on the subject. Should any improvements be made to these principles during the competition period, FTI will notify contestants through the [FTI Policy Competition Google group](#).

Preamble

Clause 20 of the **Trust Deed** of the Freedom Team of India asks FTI to accept as members *only* those who are "desirous of promoting policies of governance that arise from the philosophy of classical liberalism as commonly understood." The principles stated in this document represent the official (and summary) FTI views about what this means, although, as with all documents produced by FTI, these principles are subject to review and improvement. Where the word 'liberal' is used in this document, it should be taken to imply 'classical liberal'.

1. Freedom

1.1 Definition

Freedom is essentially linked to accountability and self-restraint. As Adam Ferguson said, "Liberty or Freedom is not, as the origin of the name may seem to imply, an exemption from all restraints, but rather the most effectual applications of every just restraint to all members of a free society whether they be magistrates or subjects".¹

¹ Cited in F.A. Hayek, *The Fatal Conceit*, Chicago: The University of Chicago Press, 1991, p.4.

A more comprehensive view of freedom is expressed below:

“Freedom is a state of independent, self-directed thought and self-determined but self-restrained voluntary action of adults whose behaviour, such as the ability to trade, demonstrates strategic capability and thus at least a modest level of rational thought. Where this state of freedom impacts on others, it is limited by countervailing accountabilities informed both by moral law as variously understood and relevant empirical evidence; and agreed upon either through implicit or explicit bilateral understandings of negotiation or, where potential claims can be made on a society’s resources, through social consent usually evinced through laws.”².

The various definitions of freedom in the literature of political philosophy are to be considered, for purposes of the Freedom Team of India, with reference to principles outlined in this document.

1.2 The empirical benefits of freedom

The requirement for freedom and justice is innate and not related to material benefits, if any, that may arise from this requirement. However, there are significant synergies between policies of freedom and peace, security, and prosperity. The free society is invariably rich, powerful, and successful with its citizens enabled to achieve their highest potential through their hard work (subject to usual vagaries of chance), secure in the knowledge that the state will firmly protect them and their property.

2. Principles of the free society

2.1 Human nature and free will

The design of the free society cannot be understood without first understanding human nature. We have evolved over millions of years into highly complex beings with a wide range of personality traits and characteristics of mind and body. Each of us is capable of good and evil through the exercise of our free will. There are two key differences between us and animals: (a) that we are self-conscious (and hence capable of evaluating the impacts of our actions) and (b) that, as adults, we are fully *responsible* for the choices we make. The concept of a free society exists only where responsible citizenship exists.

2.2 Life is a thing of ultimate value

The liberal believes that human life is of ultimate value and should be vigorously protected – subject to the limitation that those who take human life (such as murderers) are stringently held to account. It may be noted that proposition is not a claim to a ‘right to life’, and even if the state agrees to a ‘right to life’ that ‘right to life is not a right to whatever one needs to live’³ The fact that human life is of value *does not impose any obligation* on the state or society to spoon-feed us.

2.3 Equal freedom

The liberal demands to be left free, and insists that everyone must be *equally free* to make his or her choices and face the consequences thereof, for better or for worse. This includes freedom of association, noting that the liberal is not asocial but an active participant in the

² Sanjeev Sabhlok, *The Discovery of Freedom*, manuscript, 2012.

³ Nozick, Robert, *Anarchy, State and Utopia*, New York: Basic Books, 1974, p.179n.



communitarian project of a good society. Equal freedom has implications for equal treatment and for reasonable equal opportunity, some of which we shall outline below.

2.4 Justice and accountability

No one is free to cheat, libel, or kill. A free society must ensure justice. Everyone must be held to account for their actions. Accountabilities must be determined with through reference to a range of moral and scientific principles agreed through general laws that apply equally to everyone. It is important to note that justice relates to the actions of individuals, not of entire societies.

2.5 Society is subordinate to the individual

A society is an aggregation of individuals – who are the reason for its existence. The society does not exist over and above any individual. Since social accountability cannot exist (it being individual), the concept of social justice does not exist.

3. Examples of freedoms to be protected by the state

The *raison d'etre* for the state is, as suggested above, the protection of our life and liberty. Freedom is comprehensive and complete: no listing of freedoms can therefore claim to do justice to this concept. A few illustrative freedoms are therefore mentioned below, noting that those freedoms not mentioned explicitly either in a constitution (or below) are not to be ruled out merely on that account.

3.1 Property rights

One of the most basic of all freedoms is the freedom of attribution and ownership of the results of one's actions – or property rights. Property accrues to people through their actions (including actions of their parents). The history of freedom is at its heart the history of property rights. Property arises from justice, equally as there is no justice without certainty in property rights. Without property there can be no trade, and hence no civilisation; only theft. The role of the state is to define the precise scope and extent of these rights, and how these are to be attributed and defended.

3.2 Freedom of occupation and trade (free markets). Markets, where free citizens can voluntarily trade and barter or undertake an occupation of their choice, are the natural platform to determine the economic worth of the services and goods we produce. No government is capable of determining such economic worth as it can never have access to the local information relevant to *each* transaction. Markets, through the free and voluntary interactions of their participants, lead to Pareto optimal outcomes whereby no person is made worse off, while almost certainly becoming better off. Each transaction in the marketplace therefore adds to the society's wealth, while noting that the liberal is not concerned with such utilitarian aggregations, but that, in general, wealth and prosperity is the happy consequence of freedom of occupation and trade.

The state has a major role in establishing and facilitating free markets (with appropriate regulation(s) against fraud and other forms of cheating or abuse) but has absolutely no role in planning the economy (through quotas on production, for instance) or otherwise forcing people to work in cooperatives or collective ventures. This does not preclude the state, through local government(s), in helping plan urban spaces and common infrastructure if that is mutually agreed to by citizens, to facilitate their commerce and economic opportunity.

3.3 Equal treatment

The state, and its laws, must necessarily be blind to differences amongst its citizens. The state must ensure equal treatment of all its citizens. This is a part of equal freedom – being

the principle of non-discrimination. However, this principle does not apply to private transactions amongst citizens: it only imposes such limits on the actions of the state.

3.4 Religious freedom

The principle of non-discrimination by the state implies that the state shall not discriminate amongst its citizens on grounds of their religious belief. Indeed, the state and religion are radically different domains of human endeavour and aspiration, being created for different purposes. This implies a complete and *total* separation between the state and religion. This does require the state to be so-called 'secular' but purely non-denominational, with no law-making capacity in relation to religion. The state cannot ask anyone about their religion (except, possibly in a criminal inquiry why? Not clear) nor discriminate (positively or otherwise) on the basis of religion.

3.5 Reasonable equal opportunity

In addition to ensuring non-discrimination in public office on grounds of religion, caste, occupation or political affiliation, freedom and the defence of our life requires the state (after its first order functions are fulfilled well) to put in place a system of equal access to education for all children, and a scheme of social insurance that insures all citizens against significantly adverse events through the tax system, noting that the social minimum should be enough to eliminate dire poverty but not to provide comfort, so as to avoid without hampering the incentives to work. Should it be necessary, economic and feasible alternatives such as retraining of workers could be considered at minimal cost.

Discrimination within the education system for reason other than merit undermines the foundation of reasonable equality of opportunity and must be severely dealt with through appropriate laws and enforcement.

4. The role and functions of a government

This section elaborates on the main principles of the liberal state and some key roles of government. Some overlaps may exist between these principles.

4.1 The basis of the liberal nation state

We need a nation state purely to defend our life and liberty. Without a physical territory that is jointly defended by its citizens, human society is racked by aggression from without, and anarchy from within, making peace and prosperity a distant dream. The liberal also requires that the institutions of the nation, such as its government, not degenerate into a tyranny. This is ensured by ensuring that the government is based on mutual consent through a social contract (not necessarily written). The goal of the social contract is to maximise our equal freedoms subject to accountability, and its institutions are designed to protect our sovereignty, not to give the state a role higher than that of the individual. From this basis, various functions of a government arise (Box A).

BOX A: The functions of a government

4.1.1 First order functions

Consistent with the basic reason for existence of the state, the following four principles constitute the **first order functions** of the government:

4.1.1.1 Defence

The protection of our life is the primary role of a government. The defence of the nation state from external enemies: the function of the army, navy and air force, as well as the



function of intentional espionage, is the first function of government. A very strong and effective defence of the nation is required before *any other function* is considered. It is equally the responsibility of citizens to step forward to take up an appropriate role in the defence of their nation, when needed.

4.1.1.2 Law and Order

The second major function of the government is the protection of its citizens from crime and internal violence, being the role of internal security. This is generally ensured through a strong and effective police system.

4.1.1.3 Justice

The defence of freedom requires a strong system of justice and establishment of the rule of law. This is the next function of the government in order of importance. The rule of law is a system of governance dictated by a set of rules that apply equally to everyone by which every citizen can be held to account and is responsible for her actions. The system of justice upholds this rule of law, and punishes transgressors through due process.

4.1.1.4 Free markets

A government has a very limited role beyond the first three functions. However, it is important that it frame rules for the effective functioning of markets, and act as an enabler of our economic freedoms. This role is limited largely to regulation that prevents and punishes fraud, and is in some ways related to the system of the rule of law in 4.1.1.3 above.

4.1.2 Second order functions

Second order functions are to be considered by a government only after first order functions are *fully and effectively* discharged. These second order primarily relate to the provision of infrastructure and reasonable equal opportunity. In both cases the government can act as a coordinator or facilitator, without directly getting involved in the delivery of these goods.

4.2 Constitutional restrictions on powers of government

The liberal nation state imposes constitutional restrictions on the use of power by its governments. Constitutionally declared ‘rights’ – being guarantees of freedom – are established as a bare minimum requirement for the state, noting that no freedom is to be denied merely because it is not specifically mentioned in a written constitution. The requirement of laws to be made democratically and in compliance with this overarching constitution therefore reduce the possibility of governments being dictated by majority opinion to transgress the liberties of any citizen. This implies that the state should have only those powers which are clearly defined in the Constitution, and thus we need a limited government, rather than a state that is presumed to have all powers except those delegated to the individual. The key point thus becomes that the individual is the owner (legatee) of all residual powers, after a few specific powers have been delegated to the state.

4.3 The state is not our nanny

The personal happiness of citizens must always depend on their individual initiative, enterprise and energy, and personal choices in life. The state has no role in directly advancing our happiness, although it does so indirectly through the defence of our life and liberty. The state is definitely not our nanny, or our mother or father. It has no capacity, mandate, or role in imposing *any moral vision* on citizens or exhorting that they behave in particular ‘moral’ ways. All that the state is obliged to do is to consider all arguments while

making its laws, but once these are made, it must blindly impose these laws, not preach nor paternalistically guide us in our choices.

4.4 Democratic institutions of governance

As part of equal freedom and equal treatment of all, the liberal is committed to democratic decision making for the making of society's laws. The liberal is aware that the precise form and method of a democratic mode of decision making is dependent on many basic design issues, and cannot be determined in advance, for all times. The main goal of democratic institutions should be to attract the best leaders in each generation to becoming people's representatives. Only by being assured that its best leaders guide its affairs can the liberal state be prevented from decaying into a corrupt mobocracy or tyranny.

4.4.1 Checks and balances

Empowering any single institution in a liberal nation state excessively can risk arbitrary decision making and loss of freedom. Therefore a system of checks and balances must underpin the design of the institutions of the free society. The various branches of government should focus on a single objective (e.g. legislation, justice, executive) and, to the extent possible, no one person or institution empowered with more than one major function.

4.4.2 Subsidiarity

The resolution of issues of governance should be left to the lowest level of government appropriate to a particular form of decision. This will enable those who have the local knowledge of the issue to spend time and energy to examine the issues in detail and thus take the most appropriate decision. This points to the requirement of strong institutions of local government to manage day-to-day affairs.

4.5 Finding good functionaries for government

In addition to exercising active vigilance, the society must aim to find good representatives (legislators), judges, and public servants. Poorly paid, incompetent, and corrupt legislators, judges or public servants will tend to misuse their power for personal gain, endangering our life and liberty. The liberal does not exhort others to 'sacrifice' for their country – a most foolish enterprise. Instead, he understands that everyone is entitled to work in their own self-interest and so he arranges to attract good people to vital public roles, thus helping to generate a good government – which he then monitors actively as a citizen.

4.6 Principles of taxation

Citizen of a liberal nation state must pay for the services they receive from the state in some proportion to their ability to pay. If everyone is asked to pay an absolute equal amount, then the amount charged must necessarily equal what the poorest of the poor can pay, thus making it impossible for any services to be produced by the government. Hence, the level of taxation must be proportionate to the ability of each Citizen (and their economic creations such as partnerships, LLPs, companies, etc) to pay – this is best achieved through a broadly flat percentage tax, which is to be applied to the residual income after deduction of a standard cost of living for each citizen.

Further, given that Indirect taxes such as VAT, excise, import duties, sales taxes, etc usually discriminate against poorer citizens, as a proportion of their incomes, it will be our aim to remove all indirect taxes and replace them with Direct taxes. At the very least, all the different forms of indirect taxation shall be subsumed into a single Value Added Tax (VAT) with one single rate of taxation. In addition, the government must exercise thrift in its expenditures, keeping the level of taxation as low as possible to achieve the level of (life and liberty) services that citizens expect.



4.7 No special dispensations

The liberal government necessarily applies the same yardstick for *all* citizens in *all* their activities. This means there are no subsidies or reservations given to any citizen, organisation or entity on any basis, and no favours to any sector such as small industry or alternative energy.

4.8 Transparency

The government is the board of directors of the institution called nation. Its actions must be as transparent as is reasonably practicable, given the overarching primacy of its obligation to ensure national security. This would generally mean, for instance, that 'right to information' laws would err in favour of greater than less disclosure. Also, in general, all cabinet and security documents would need to be made public after 30 years or after the pressing needs of security that may prevent earlier disclosure, have passed.

Paternalism by government functionaries demeans citizens and unravels the social contract under which the government is a servant, the citizen the master. The level of participation in government needs to be increased at all levels, including local. The government's responsibility is to create a framework of just laws and ensure that such laws are implemented fairly and uniformly. The citizen should influence all decisions to the extent possible.

FTI's draft Policy Framework

FTI's draft policy framework provides guidance on how FTI members (proponents) should propose their policies. The framework creates a clear line of sight between (a) the philosophy of freedom (classical liberalism), (b) FTI's vision and mission, (c) [FTI's basic principles](#), and (d) the proposed policy. It contains ten questions about the nature of a policy issue in the unregulated free market (absence of government), any role for government in 'resolving' the identified issue/s, and how a government can effectively deliver any such role. By addressing these questions, a policy's logic and assumptions become clear.

The Policy Framework (updated as at 15 November 2012) is detailed in the Policy Template, and is therefore not reproduced here.

Attachment 2: Recommended readings

This Attachment provides a shortlist of authors who write with a focus on liberty and limited government. This shortlist is extremely indicative, not definitive. You are encouraged to explore this topic and read widely.

What is classical liberalism?

You could start your exploration with [Wikipedia's entry](#) on this topic, but classical liberalism is much broader. Some useful resources are linked below:

<http://freedomteam.in/blog/books>

<http://sabhlokciti.com/resources-on-freedom/>

Writings of some FTI members

[Sanjeev Sabhlok](#)

FREE: *Breaking Free of Nehru* (2008), Anthem Press. ([Download](#))

This book, available as a free PDF, outlines the policies the author believes that India needs. Gurcharan Das has said that "It must be read by every Indian".

FREE: *Discovery of Freedom*, draft ([Download](#)).

This manuscript outlines the theoretical basis for liberty and examines the journey of liberty in human history.

Blog: <http://sabhlokciti.com/> has write-ups on policy, such as articles published in *Freedom First*.

[Shantanu Bhagwat](#)

Blog: <http://satyameva-jayate.org/> contains many policy-related thoughts.

Writings of other Indian classical liberals

[Chanakya](#)

FREE: *Arthashastra*. Download the original and English translations from [here](#).

[Balbir Sihag](#)

Balbir Sihag's articles on *Arthashastra* are available from [here](#), [here](#), [here](#), [here](#), and [here](#). These provide evidence of the sophistication of Chanakya's policy thinking.

[Gurcharan Das](#)

India Unbound (2000)

India Grows at Night (2012). Both these books are highly recommended.

[Atanu Dey](#)

Transforming India (2011) from [Flipkart](#), for ₹200

[Nandan Nilekani](#)

Imagining India (2008).



Deepak Lal

Against Dirigisme -The Case for Unshackling Economic Markets (1994)

S.Rajagopalachari (Rajaji)

FREE: Save Freedom (article)

Others

Please read the works of Jagdish Bhagwati, Nirvikar Singh, Parth Shah, Barun Mitra, Bibek Debroy, Ramesh Ramanathan and numerous other Indian promoters of liberty. (Please search Google and your local library.)

Writings of selected non-Indian classical liberals

Adam Smith

FREE: *The Wealth of Nations*

F.A. Hayek

FREE: *The Use of Knowledge in Society* (article)

FREE: *The Constitution of Liberty* (Download **book summary**)

FREE: *The Road to Serfdom* (Download **Reader's Digest condensed version**)

The Fatal Conceit

Julian Simon

FREE: *The Ultimate Resource II* by Julian Simon

Henry Hazlitt

FREE: *Economics in One Lesson*

John Stuart Mill

FREE: *On Liberty*

Frédéric Bastiat

FREE: *The Law*

Ludwig von Mises

FREE: *Human Action* Download from: <http://mises.org/Books/humanaction.pdf>

FREE: *Liberalism*

Milton Friedman

Capitalism and Freedom

FREE: *Free to Choose* (TV documentary)

Ayn Rand

Capitalism: The Unknown Ideal

Jim Powell

FREE: *The Triumph of Liberty* (key essays from this book available [here](#))

John Locke

FREE: *Two Treatises of Government*

John W. Danford

Roots of Freedom

Thomas Paine

FREE: *Common Sense*

Dierdre McCloskey

Her website contains numerous writings: <http://www.deirdremccloskey.org/>

Others

Google has many writings of James Buchanan, Gordon Tullock, Steve Kates and many other classical liberal thinkers. Also, read blogs like [Marginal Revolution](#), [Café Hayek](#) and [Catallaxy Files](#) which often (but not always) consider classical liberal views and policies.



Gandhi

Ambedkar

Rajaji

Sri Aurobindo

Tagore



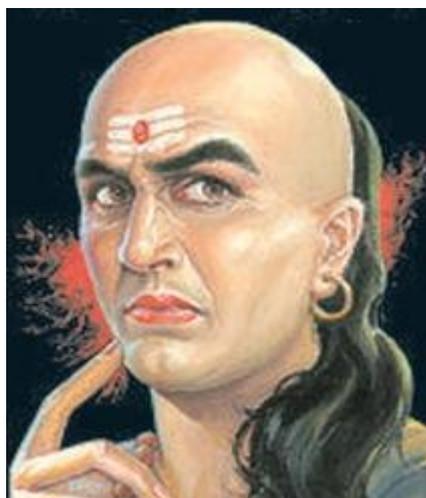
Gurcharan Das

N. Nilekani

Barun Mitra

Parth Shah

J. Bhagwati



Indian leaders who stand for liberty and good public policy

Note: The depiction or mention of a leader in this document does not imply FTI's endorsement of all of his or her views.