



By Akash Kapur - Nov 27, 2013

What a difference a couple of months can make. In September, India's growth rate had slowed to its lowest in a decade, inflation was high, and the rupee ranked as one of the worst-performing currencies in Asia.

Suddenly, the mood has turned more upbeat. The news media brim with confidence that India has "turned the corner." The stock market rose more than 9 percent last month, to an all-time high. A few weeks ago, Finance Minister Palaniappan Chidambaram said he saw many signs of "green shoots" in India's economy.

Objectively, not much has changed. Growth remains slow, deficits remain unsustainable, and inflation is impervious to high interest rates that are further subduing growth.

Most important, the country shows no signs of facing its underlying problem of poor governance. And the sense of political drift that has hamstrung the economy is likely to worsen in the run-up to the elections expected in mid-2014.

What, then, accounts for the relentless sanguinity? In many ways, it can be seen as a revival of the positive thinking that has characterized India for the past couple of decades. Recently, this tendency led the market information company Nielsen Holdings NV to label India the "world's most optimistic country."

But it isn't as simple as that. India's brand of optimism is complex, with at least two strains. One is illusory, even hubristic, and has often led the nation astray. The other is realistic and productive. One of the most pressing challenges today is to rekindle that latter strain.

Optimistic Eras

Optimism has a long and pedigreed history in India. Religious scholars and teachers (Swami Vivekananda, for instance) have often suggested that Hinduism is an inherently positive religion. The founding of the Indian state, in 1947, was also profoundly optimistic -- "the most recklessly ambitious experiment in history," as the historian Ramachandra Guha put it.

That sense of idealism quickly dissipated; for much of its post-independence history, India found itself in a fog of political dysfunction, economic mismanagement and constrained opportunity. It wasn't until the early 1990s that Indian optimism resurfaced.

In 1991, when the nation liberalized its economy, long pent-up energies were released. The country underwent a psychological unshackling that the writer Gurcharan Das compared to mental decolonization.

By the end of the decade, India was one of the world's fastest-growing economies. When commentators described an "Indian century," when politicians foresaw "economic superpowerhood," it seemed plausible to believe that the nation's moment had, at last, arrived.

Today, it is easy (and fashionable) to dismiss such visions as fantasies -- evidence of wishful thinking, perhaps a desperate reaction to the depression and apathy that gripped the nation after independence. Over the last year or so, the very notion of Indian optimism had become suspect, tarred by its association with delusions of grandeur and Panglossian self-belief.

This reputation is largely earned: Amid the excessive zeal of the late 1990s and early 2000s, deficits were mounting, corruption was growing, and infrastructure and the environment were suffering from devastating neglect. India bought its own spin, and is paying the price today.

But for all the unhealthy -- even destructive -- tendencies of Indian optimism, it is also good to remember its role in the nation's turnaround. The widening of horizons for hundreds of millions of men and women remains one of the more remarkable (and uplifting) episodes in recent history.
Hollow Assurances

Traces of that happier story -- of a more productive optimism -- linger today. They are found in the entrepreneurial ambitions and persistence of thousands of small-business owners, in the millions of citizens who migrate every year to cities to try to build better lives, and in the families who believe enough in Indian upward mobility that the average household's spending on education has more than tripled over the last two decades.

Often, the best of this optimism is captured in the struggles and aspirations of ordinary Indians against an elite (and a system) whose hollow assurances of a brighter future seem designed primarily to stifle those aspirations. One of the most encouraging developments in recent years has been the profusion of popular movements, especially in cities, against corruption, sexual violence and environmental depredation.

These movements give voice to what Vinod Rai, the comptroller and auditor general of India, a man responsible for uncovering several corruption scandals, has called a “silent majority.” They harness the energies of the middle classes, in particular, in a way that is reminiscent of the potential for change last witnessed in the early and mid-1990s.

It is too soon to know which type of optimism will ultimately define India. The movements for change are incipient and dispersed, their prospects uncertain. The rhetoric of a shining India remains seductive, as the latest magical thinking about the economy shows.

But it is clear today which version the country needs. Acknowledging reality is a prerequisite for changing it. India’s path to development lies not in denial or wishful thinking, but in a willingness to engage with the nation’s many challenges -- and, by doing so, taking the first, modest steps toward genuine social, political and economic transformation.