

BIG STATE - SMALL STATE

A Fireside conversation at Vichaar Manthan's Sustainable Narratives Conference 2020

With **Abhijit Iyer Mitra**

by Kishan Chohan

Abhijit Iyer Mitra opened by unequivocally stating that he prefers to take a pragmatic approach when discussing state governance systems and will not blindly follow ideology. In his terms, "ideology is outsourcing your brain to somebody else who has thought up the ideas for you". He clearly stated that the role of the state should be fluid and dependent on its industrial situation and on the level of self-control that a specific population has. He expanded by saying, a state reliant on manufacturing must play a greater role in regulating the lives of its citizens with particular regards to the states monopoly on the use of force to maintain order, when compared to a more developed state operating in the current information age. A mature and educated population doesn't require a state holding its hand at every turn, whereas a civilizational immature population may.

Abhijit states that whether a state is 'big' or 'small' should be defined in terms of the extent of its intervention and not its actual size. Iyer Mitra gave the example of the Scandinavian states, in which the government taxes at 50%, describing this as "aggressive Scandinavian-style socialism." As a result of his approach, Iyer Mitra argued that there is a vast difference between a theoretical small state and a genuine small state. The US being his example of a 'theoretical' small state, because it culturally views state power with suspicion and therefore seeks to reduce it, but in practice due to the enshrined right to bear arms in the Second Amendment (a check on state power), the state fails to have the monopoly on violence that Adam Smith suggests is required for it to effectively regulate its internal affairs. This, he suggested, is the product of a textualist constitutional interpretation that attempts to protect liberalism in the US against creeping authoritarianism.

Iyer Mitra cast China at the other end of this spectrum, with new forms of technology, especially in the field of surveillance, being utilised by the state to exert greater control on its citizenry rather than to enhance their freedoms. This authoritarian, 'big state' approach might provide short-term benefits, such as in the response to COVID-19, however he argued that history suggests it is not sustainable in the long-term. In response to whether Chinese authoritarianism may come to dominate approaches to state governance across the globe, Iyer Mitra gave three examples of

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eventually pleasant experiences of authoritarianism: Singapore, Taiwan and South Korea. When the information revolution started, dictators of all three states realised that the state had to take a back seat and automatically (to some extent) democratised the state because they were prioritising the well-being and the value of the people, vital sources of legitimacy for them. China's autocracy, in a similar context, suggested Iyer Mitra, is set to collapse as it seeks to impose greater controls.

When comparing the US and China and examining how companies are intertwined with the state, Iyer Mitra viewed this as a two-sided coin of evil. The state needs to be separate from a company and the company also shouldn't be interfering with the state. Chinese companies are a front for the Chinese state, however, in the US companies become so far involved in the state that they're able to influence or drive state policies to the detriment of democratic equality. Iyer Mitra reinforced his point by quoting Chanakya, who said, "the role of a state is to regulate" and that fluidity of regulations may be chosen by the people, suggesting that the best solution may lie in a middle ground between the current American and Chinese approaches. He proposed a flexible 'pendulumic' approach, oscillating between poles as different governance needs arise.

Iyer Mitra then introduced the concept of libertarian paternalism. This theory rejects the paternalism one might associate with autocracy and allows individual liberty to trump the state's curbs upon that liberty. The state, on the whole, should only intervene to prevent harm to others from the exercise of one's liberty; the consequences for the individual, such as increasing obesity as a result of poor diet, are for the individual to suffer. Research and peer-reviewed data should be analysed to produce a cost-benefit analysis that determines when individual choices should be restricted. In the context of healthcare, and in particular the UK's National Health Service, Iyer Mitra suggested that individual choice should be restricted at the point where the costs to the individual and to the health system of conditions such as obesity outweighs the economic benefits to food producers. In the context of global governance, he said it is for individual nation-states to decide whether they wish to support Chinese mercantilism and its adverse consequences (for example when

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development projects such as those in Hambantota in Sri Lanka default on their debt). It is not for international organisations to intervene.

Iyer Mitra concluded by sharing his prediction for the next decade. He argued that the key battleground will be one of internal contradictions in the West rather than conflict between states in the West and East, such as that which might exist between the US and China at present. The future, to Abhijit, is therefore a battle for the “hearts and minds of the West.”

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