Swabhimaan

A LIBERTARIAN PERSPECTIVE ON INDIA

ISSUE 6 | 3 SEPTEMBER 2026

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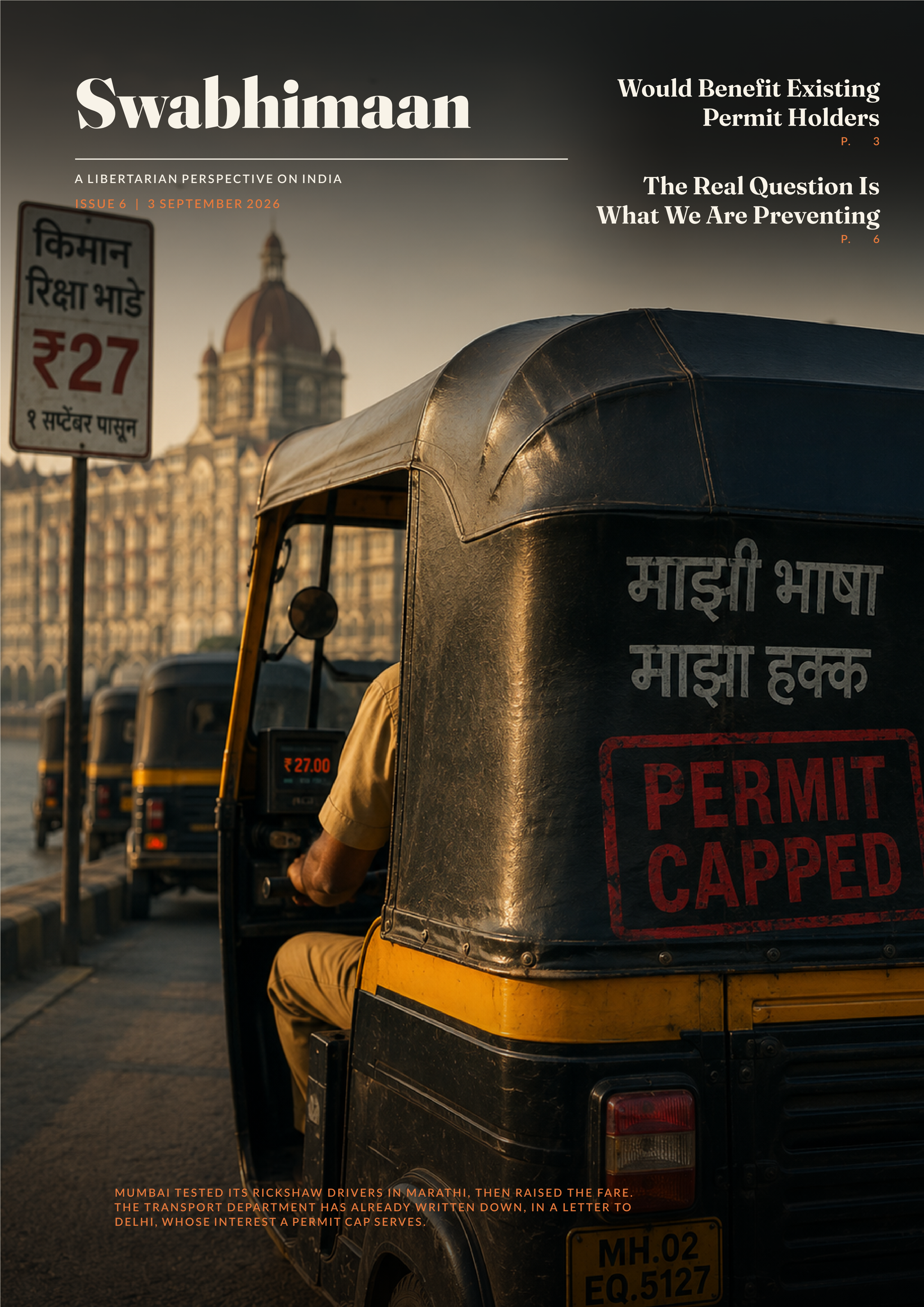

MUMBAI TESTED ITS RICKSHAW DRIVERS IN MARATHI, THEN RAISED THE FARE. THE TRANSPORT DEPARTMENT HAS ALREADY WRITTEN DOWN, IN A LETTER TO DELHI, WHOSE INTEREST A PERMIT CAP SERVES.

Swabhimaan

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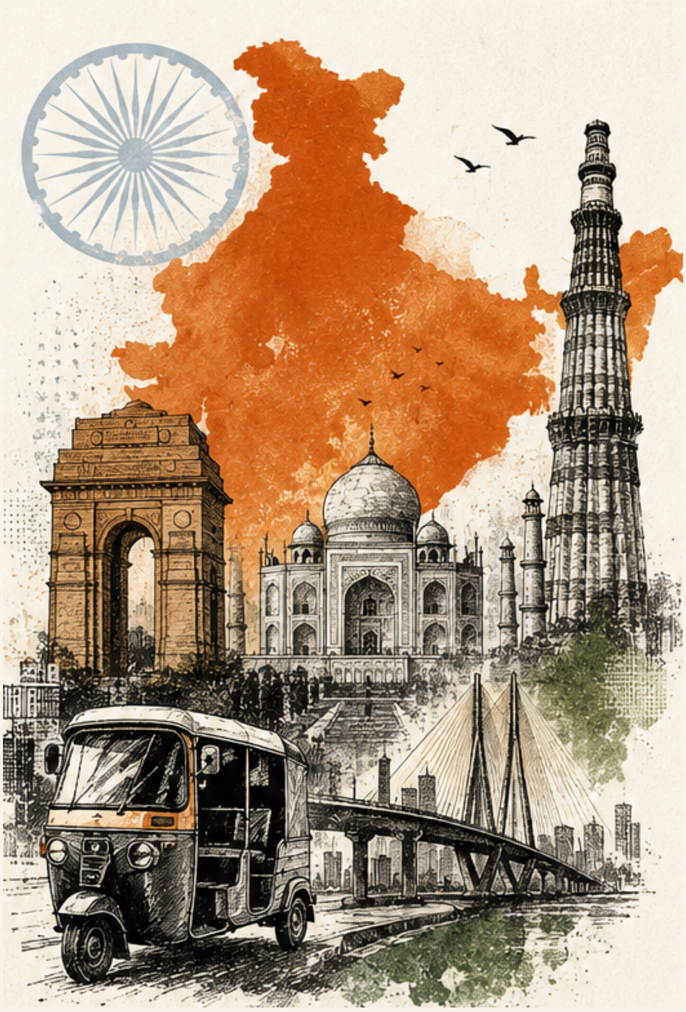

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It is Swaraj when we learn to rule ourselves. It is, therefore, in the palm of our hands. But such Swaraj has to be experienced, by each one for himself. One drowning man will never save another.

— M. K. GANDHI, HIND SWARAJ, 1909

Editor: Avneesh Kasture. Swabhimaan is published every Thursday.

"Would Benefit Existing Permit Holders"

BY AVNEESH KASTURE

Fifteen hundred Mumbai drivers failed a language test at the kerb; a week later the meter went up. The newspapers ran these as two stories. Maharashtra's transport department has already explained, in a letter to Delhi, why they are one — and George Stigler explained it in 1971.

On Thursday, August 20, flying squads from Maharashtra's Regional Transport Offices began pulling rickshaws and taxis to the kerb and testing the drivers on sixteen questions in Marathi, among them *mala CNG bharayche aahe* — I want to fill CNG — and the words for a running meter. On the second day more than nine thousand drivers were tested and some fifteen hundred failed. At Tardeo RTO a driver in his fifties waited nine hours to demonstrate a language he had been schooled in. Those who failed had a month to pass or lose the badge for three.

A week later the Chief Minister gave everyone a year's grace; the next day Raj Thackeray's son Amit said drivers caught speaking Hindi would be beaten regardless, and four cab drivers went to the Bombay High Court, which struck down the previous version of this rule in 2017 as "completely illegal". On September 1, with the language row still on the front pages, the minimum rickshaw fare in Mumbai rose to ₹27 and the per-kilometre rate past ₹18, the second increase in nineteen months, approved after what officials called representations from the sector, some of whom said it was too small.

The newspapers treated these as two stories. They are one, and the state has already said so. Last October the transport department wrote to the Union Ministry of Road Transport and Highways asking permission to cap rickshaw permits in two dozen cities, and gave its reason in a single clause: limiting the number "would benefit existing permit holders." Governments usually bury a regulation's purpose under the public interest it claims to serve; this one posted the purpose to Delhi. The arrangement is nearly a century old, and to see it whole it helps to go to Texas in 1930.

TEXAS, 1930

That year the American railroads were losing long-haul freight to the motor truck. They did not cut rates. They asked the state legislatures for weight limits on trucks, in the name of protecting the roads, and Texas obliged with a rule capping any truck that served two or more railroad stations at seven thousand pounds. The beneficiary is legible in the wording. In 1935 Congress placed interstate trucking under the Interstate Commerce Commission, the railroads' own regulator, to prevent "unfair or destructive competitive practices", the 1935 phrase for charging less than the railroad. The ICC gave certificates to the truckers already on the road and thereafter received thousands of applications a year while the number of licensed carriers fell.

George Stigler put this case at the front of his 1971 paper on regulation and drew from it a rule: regulation is, as a rule, sought by the regulated industry and designed for its benefit, because a few thousand certificate holders vote as a bloc while the millions who each lose a few rupees a trip do not. And the producer never asks in his own name. The railroads petitioned for the safety of the roads, and got protection from trucks.

MUMBAI, 2026

On March 9 the department issued two orders. It revoked the provisional bike-taxi licences it had granted Ola, Uber and Rapido six months earlier, and it froze new rickshaw permits across the state, in the name of congestion and clean air. The second order is the ICC certificate, the cap the October letter asked for; Pratap Sarnaik, the transport minister, told the press that rickshaw unions had requested it, as Stigler would have predicted. The first is the weight limit. The bike taxi is the cheapest motorised ride in India, and the department's own data had found fewer than eight hundred in the whole state; in May, in the name of the safety of women, the minister had the three apps pulled from Indian phone stores for a night until the Centre had them restored.

> ***Predatory is the regulator's word for cheaper.***

In July came the aggregator policy, and this is the Motor Carrier Act. The Regional Transport Authority will fix base fares for app rides, and "excessive promotional discounts" will be regulated, in the name of shielding commuters from surge. The Centre's 2020 guidelines had let an aggregator price a ride up to half below the notified fare; Maharashtra takes that away. What an app ride ever offered a Mumbaikar was a price below the meter, which the state has now defined as a destructive competitive practice, as in 2017 it told the High Court the apps' pricing was "predatory and monopolistic". Predatory is the regulator's word for cheaper. Once an Uber may not undercut the stand, it is a stand with a booking screen.

The same policy makes a Maharashtra domicile and working Marathi conditions of every driver's badge, in the name of a passenger being understood in an emergency; the minister added that the state's youth "should have the first right to employment". This is the clause that produced the queue at Tardeo, and Raj Thackeray explained it in 2010, when his own transport union began teaching Marathi to migrant members and he berated them for it: these people will learn Marathi, he said, and then grab jobs in Maharashtra. He was opposed to drivers passing the test. The permit was the point; the language is one more sieve on the number allowed to compete for your fare.

A week after the policy the Chief Minister flagged off Bharat Taxi at the Navi Mumbai airport, a cab app promoted by Amul and seven other cooperatives at ₹10 crore apiece and launched nationally by the Union Home Minister, in the name of ending the exploitation of drivers. The railroads never managed this: the regulator has entered the race with a car of its own. Its promise of zero commission was matched before it launched, since Uber already charges Pune's rickshaw drivers ₹19 a day, because three companies were fighting for the same drivers. What "surge-free" means where the referee owns a club is that when it rains in Mumbai the price stays fixed and the ride does not come.

Then the meter went up. Cap the sellers, remove the substitute, forbid discounting, restrict the badge, field a house brand, raise the price: a cartel by government resolution, and the September tariff card is the first dividend paid to the permit holders the letter promised to benefit.

THE WRONG VILLAIN

The rickshaw driver is the easy villain and the wrong one; it is the state that made him. In November 1997 Maharashtra froze rickshaw and taxi permits. Ola was thirteen years away and Uber sixteen; there was no aggregator to protect anyone from. The freeze turned a ₹25,000 piece of paper into a scarce asset that a new driver bought from an old one at whatever price the shortage set; Delhi's cap in the same era pushed a rickshaw from a lakh and a quarter to five lakh, the difference being the black-market value of the permission slip. Drivers borrowed against that premium. The freeze was a promise that the number of competitors would stay fixed, and they paid for it.

Then the aggregators arrived and the promise turned out to be worthless. Ola launched in India in December 2010 and Uber in 2013, both running on tourist permits, and bike taxis on no permit at all. None of them sat inside the capped system, so none of them counted against the number of competitors the driver had been guaranteed, and each undercut the man who had paid five lakh for the right to charge the meter. The state's answer, when it came, was to open the gate: in June 2017 it lifted the freeze so that the licensed trade could expand and compete. It was too little, and six years late. Pune's fleet went from under fifty thousand to more than a lakh and a quarter in the decade that followed, but the paper the department was now issuing freely had already lost the premium it once carried. For the commuter it was the best decade the city's roads have had; for the man who bought his permit at the 2015 price it was expropriation, and Sarnaik was telling the truth about the EMIs. So the driver did what the railroads did and asked the state to make good on what he had paid for. He is the creditor here. The department owes him compensation for a promise it should never have made, and has chosen instead to pay him with money extracted from the millions who ride. That is the permit's whole history: manufacture a shortage, sell it, abolish it, then re-impose it so that passengers, rather than the treasury, pay the people you cheated.

No party will represent the passenger, because each has held the desk: a Congress-NCP cabinet tried the domicile-and-Marathi condition in 2010 and retreated in a day, Fadnavis's own government did it by circular in 2015 until the High Court struck it down, Sarnaik has now written it into the Rules, and the MNS runs the union that struck against Ola and Uber in 2018 and won fares raised by a quarter to a half. A permit costs the treasury nothing to withhold, each one withheld recruits a grateful union, and the commuter who paid ₹3 more this morning has none.

The state has shown by accident how fast competition undoes the arrangement. When the cap on the *kaali-peeli*, Mumbai's black-and-yellow taxis, was lifted in 2017, RTOs that had been flooded with applications for twenty years received eighty in two months: Ola and Uber existed, so a permit was worth its ₹25,000 fee and not a rupee more. Six years of aggregators had zeroed out a premium two decades of freeze had built, and all the open counter did was put a number on it — which is precisely why the premium's holders want competition gone. We also know what the meter alone delivers. Since April 2025 Uber's rickshaw fare in Pune has been "indicative" and the meter decides; within days the app said ₹145, the driver said ₹170, and drivers paid by distance had rediscovered the longer way round. Bengaluru capped the app premium at five per cent of the meter and rides still ran at twice the notified rate, because a price fixed below what riders will pay moves the transaction off the screen and into the argument at the kerb. When Karnataka briefly banned app rickshaws outright, commuters told reporters they would gladly pay more for a vehicle that turned up. The passenger had already voted with the only ballot she had.

WHAT IS THE RTO FOR?

The Interstate Commerce Commission was abolished in 1995, when Congress accepted that its certificates had protected nobody but their holders. Nobody proposed reforming it; its work was the certificates, and once they went there was nothing left. Mumbai should put the same question to the Regional Transport Office.

Strike out the tasks that exist only to serve the cartel. It decides how many rickshaws may exist, for whose benefit the letter has told us; what a ride may cost, which protects the driver's floor and the passenger's nothing; who may hold a badge, which Raj Thackeray explained; and it calibrates meters and licenses aggregators, which matter only because it fixes fares and forbids competition. Each is the ICC certificate under another name. What survives fits in a sentence: a public register of vehicles and drivers, compulsory insurance, a fitness inspection any accredited garage may perform, and the ordinary police and courts for drivers who harm passengers. A registry and a law need no minister.

The demand, then, is permit raj hatao and fare raj hatao together: abolish the Regional Transport Authority as a body that decides anything about supply or price, sell Bharat Taxi to anyone who will buy it, and legalise on the same morning every bike, rickshaw and car that meets the register's standard. Uber may charge ₹80 for a ride the meter prices at ₹120, and a rickshaw driver may charge ₹200 in the rain to a passenger who agrees. A Marathi speaker earns more from the riders who want one, which is the only working-knowledge test ever reliably administered. The department will say none of this is safe. Its record on passenger protection is a rooftop "For Hire" light for *kaali-peelis*, meant to curb refusals, that took from 2012 to 2020 to notify because five of those years went to arguing whether the sign should be in English or Marathi.

The men who waited nine hours at Tardeo were sitting the wrong examination. A driver's real test is set by the passenger every morning, in the act of choosing someone else, and the department has spent the year making certain there is no one else to choose, for the benefit, in its own words, of existing permit holders. Forty-five years passed before Congress let the trucks loose. Mumbai's commuters should not give the rickshaw stand nearly so long.

India Is Growing at 7.8%. The Real Question Is What We Are Preventing

BY ATTHARV BANAITKAR

The April–June figure is not in doubt, and it cannot tell good policy apart from a country so far behind the frontier that it grows fast in spite of its rules. A better question has an answer: how much of India's economy is against the law?

The average resident of Mumbai lives in about 48 square feet. American federal prison cells run 50 to 70 square feet an inmate. The cause of that gap is written down in a municipal rulebook.

India's economy grew 7.8 per cent in the April–June quarter on the National Statistics Office's estimate, and the number is impressive. What it means is harder to say. Fast growth might be evidence of good policy. It might equally mean India has so much room for catch-up that it grows quickly in spite of the institutions in its way. Firms have existing technologies to adopt, workers have more productive jobs to move into, cities have room to get denser. A country that far behind the frontier can post a very good number and still leave most of the ground unclaimed.

So ask a different question. How much economic activity is India preventing?

Nobody can honestly say India "should" be growing at 9 per cent, or 10, or 12. That economy does not exist and cannot be measured, and false precision does not become economics by appearing in a spreadsheet. Price theory asks something answerable instead. Which exchanges would willing parties be making today, if the law did not make them impossible or too expensive?

THE WALL IN THE RULEBOOK

Start with land. Before Mumbai loosened its floor-area restrictions in 2018, roughly 40 per cent of permit applications were approved at the maximum permitted ratio of 2.7, the ceiling exactly and not a foot below. When eligible parcels were allowed more, applications promptly bunched at the new limits. Builders bunched at 2.7 because that was where the rule stopped them, not because 2.7 was what Mumbai needed.

We know roughly what the wall held back. In a 2026 working paper, Geetika Nagpal and Sahil Gandhi find that developers on treated parcels raised their use of permitted floor space by 17 per cent. Housing units rose by 58 per cent. Prices per square foot fell by 24 per cent, and lower-income buyers moved into the new supply. Indians did not suddenly want homes in 2018. The demand had been there all along. A rule had made the supply illegal.

WHAT ONE RULE WAS HOLDING BACK

17% More of the permitted floor space used by developers, on the parcels allowed to build higher

58% More housing units on those same parcels

24% lower Price per square foot, with lower-income buyers moving into the new supply

If an apartment would sell for more than the cost of producing it, counting the costs imposed on outsiders, building it makes somebody better off at nobody's expense. Prohibit it and GDP records nothing. We see the apartments that exist. We do not see the apartments never built, the workers never hired to build them, the shops that never opened underneath them. A prohibition's cost stays invisible because the prohibited transaction never happens. Mumbai is unusual only in briefly showing us the other side of the ledger.

THE MARGINS YOU CANNOT SEE

Trade policy runs the same trick. A tariff protecting an Indian manufacturer buys something you can photograph: the factory and the workers on the floor. Harder to see is the Indian manufacturer down the road paying more for imported components. Impossible to see is the exporter who never becomes competitive because his inputs cost too much. Protect one Indian producer and you may simply be taxing another.

> ***The man who writes the cheque and the man made poorer are rarely the same man.***

India's own policy concedes the point. In 2024 the government cut the basic customs duty on mobile phones, circuit board assemblies and chargers to 15 per cent, to make Indian manufacturing more competitive. That is an admission that an import is often an input into Indian production rather than a substitute for it.

Nor does "the importer pays the tariff" tell you who ends up poorer. The burden lands wherever the market puts it, on consumers, downstream firms, workers, sometimes the foreign supplier. The man who writes the cheque and the man made poorer are rarely the same man.

Labour regulation opens another unseen margin. The four labour codes that took effect in November 2025 raised the threshold at which a firm must seek the government's permission to retrench from 100 workers to 300. The restriction is lighter. It has not gone. Nobody supposes entrepreneurs are freezing payrolls at 299. It means an employer weighing expansion has to price, into today's hiring decision, part of the cost of being less free to shrink tomorrow. Make firing expensive and you have made hiring expensive.

Contract enforcement works the same way. If recovering money after a breach is slow and uncertain, that expected cost is built into the price of every loan and supply agreement, and raised far enough it kills the deal. With roughly 4.76 crore cases pending across Indian courts, that is not a hypothetical cost. Parties should have broad freedom to choose their arbitral institutions and rules in advance, with courts concentrating on enforcing legitimate awards and policing fraud. A legal system exists to make promises credible enough that strangers will deal with one another, not to maximise the volume of litigation.

NAMED BENEFICIARIES, NAMELESS VICTIMS

Expensive restrictions survive for a reason. Their beneficiaries can be named and their victims cannot. The producer sheltered by a tariff knows who he is, and so does the worker sheltered by dismissal rules. The losers are scattered: the consumer paying more, the entrepreneur whose business never became viable, the worker whose job never existed. Most of them have no idea they have lost anything. That is a political fact as much as a measurement one. A small group with a large, visible stake in a rule has every reason to defend it; millions each carrying a small, invisible cost have almost none.

None of this means every regulation should go. Buildings impose costs on their neighbours, and contracts do get used for fraud. But the comparison has to be between imperfect institutional arrangements, with the costs of regulation counted on the regulator's side of the ledger, and not between an imperfect market and an imaginary flawless government.

The objective is not GDP either. If Indians freely choose more leisure over more income, slower growth leaves them better off by the only standard that counts, their own. Economic freedom earns its place on other grounds. Adults should be free to use their labour and property, to trade, build, hire and contract with willing partners, unless somebody gives a good reason to stop them. Faster growth is a likely consequence of that freedom rather than its justification.

That leaves the 7.8 per cent. Perhaps India has found the formula. Or perhaps it has an exceptionally large stock of catch-up left and is still charging heavy tolls on the very transactions through which catch-up happens. The growth number cannot tell those two stories apart, because it counts only the economy that exists. What would Indians have built if we had not stopped them?

Sources. National Statistics Office, quarterly estimates of gross domestic product, April–June 2026; Geetika Nagpal and Sahil Gandhi, working paper on Mumbai's floor-space regulation, 2026; Ministry of Finance, customs notifications of 2024 on mobile phones, printed circuit board assemblies and chargers; the Code on Wages, the Industrial Relations Code, the Occupational Safety, Health and Working Conditions Code and the Code on Social Security, brought into force in November 2025.

The Garment Makers Want a Yarn Cap. The Spinners Would Pay for It.

BY AMOL ASTHANA

Cotton yarn has become expensive, and India's apparel exporters have asked the government to stop so much of it leaving the country. A cap would lower their input bill. It would not grow one extra bale of cotton — it would only decide which half of the textile chain absorbs the shortage.

Every few months, some industry group in India shows up at the Commerce Ministry's doorstep asking for help. The latest is the Apparel Export Promotion Council, the exporters' body, which is worried about the rising price of cotton yarn and has asked the government to restrict how much of it can be sold abroad. Their logic is simple enough. Cotton yarn prices have jumped sharply this year, garment makers who buy that yarn are feeling the squeeze, and one quick fix is to stop so much of it from leaving the country. Keep more yarn at home, the thinking goes, and prices should come down.

The ask is understandable. It is also a short lesson in why governments should be careful about regulating exports and imports at all.

THE FIX CREATES A NEW PROBLEM

Cotton yarn prices have not risen because of some conspiracy. Ginners have less stock on hand, arrivals have slowed, and mills are leaning harder on government auctions to get supply. On top of that, global buyers who used to source cotton from China have shifted toward Indian cotton because of restrictions on Chinese-origin material, which means more foreign demand chasing the same domestic crop. Add rising fuel and input costs, and there is no single cause here to remove.

Now suppose the government steps in and caps or restricts yarn exports. Garment exporters get some relief. Spinning mills, the businesses that turn raw cotton into yarn, lose access to buyers overseas who were willing to pay more. Their revenue drops. Some cut production. Farmers further up the chain find fewer, or less competitive, buyers for their cotton too. The shortage itself remains. All the government has done is decide which part of the industry absorbs the pain and which part gets protected.

Almost every time a country regulates trade in a raw material or an intermediate good, it treats one link of the supply chain as expendable to help another. Someone always loses, and the group with the least political voice usually loses the most. In practice that means workers, small producers, and foreign buyers who have no say in the decision.

PRICES ARE INFORMATION

A price spike is annoying if you are the one paying it. It is also information: something has become scarcer, or demand for it has risen. It tells producers to grow or spin more, and buyers to look for substitutes. A government that caps exports to hold prices down artificially silences that information. Mills lose the incentive to expand capacity, because they can no longer capture the higher price that would have justified the investment. The market ends up with less capacity and less supply than it would have had if prices had been left alone.

India has run this experiment before. Cotton yarn export caps in the past led to booms and busts: a period of restricted exports followed by an oversupplied domestic market once the cap lifted, followed by weak demand because global buyers who had been shut out went elsewhere and did not always come back. Trade restrictions rarely just pause and then resume smoothly. They tell the rest of the world that a country is an unreliable supplier, and buyers respond by diversifying away, which does not reverse when the restriction is lifted.

> ***A cap does not grow more cotton or spin more yarn. It only decides who gets to buy what already exists.***

The argument for open trade is that different countries and different producers are good at different things, and letting goods flow to wherever they are valued most tends to make everyone better off, even if it creates short-term winners and losers within a country. India's cotton growers, spinners, and garment makers are separate businesses responding to separate incentives. Each does best when it can sell to the highest bidder, wherever that bidder happens to be.

Buyers who used to rely on Chinese cotton have nowhere else attractive to go right now, which is part of why Indian cotton yarn is in such demand globally. That is an opportunity for Indian spinners and cotton growers.

Blocking exports to help one segment of the textile industry takes that opportunity away from another segment, the spinners and growers who would otherwise benefit from it.

A BETTER ANSWER THAN A BAN

Garment exporters are genuinely squeezed, and there is something for the government to do about it. All of it is on the supply side: cutting import duties on cotton where domestic supply is tight, simplifying the Cotton Corporation of India's auctions so mills get material faster, investing in irrigation and yield improvements so farmers can grow more cotton in the first place. These options grow supply rather than just reassigning who gets which slice of it. A ban or cap does not grow more cotton or spin more yarn. It only decides who gets to buy what already exists.

Markets adjust. A business that faces the true price finds workarounds — it sources differently, hedges, renegotiates contracts, invests in efficiency. Governments that step in to override the price usually end up doing what governments are worst at: guessing exactly how much of a good should move where, at what price, and for how long. Left to themselves, buyers and sellers usually guess better, since it is their own money at stake.

The other side. The Apparel Export Promotion Council and other industry groups argue that in a genuine supply shortage a temporary, narrowly targeted export measure can protect a labour-intensive sector like garment manufacturing until supply catches up, and that leaving everything to the market ignores the transition costs workers pay in the meantime.

The Ballot Box Is a Machine for Manufacturing Narratives

BY RANGARAJ

In 1994 the Indian state built a spy thriller out of an immigration case, broke a rocket scientist over it, and decades later gave him a medal. The interesting question is not who lied. It is what kind of machine produces narratives like that one reliably enough to keep working after they collapse.

Consider one of the more spectacular products of the democratic narrative factory: the 1994 spy case at the Indian Space Research Organisation.

For years, India was served a magnificent national-security thriller. There were foreign spies, stolen cryogenic secrets, a senior ISRO scientist, beautiful foreign women, honeytraps, political corruption and, naturally, television studios full of people who had apparently solved the case before the investigators had finished inventing it.

Every faction received its preferred conspiracy.

The nationalists were told that a senior scientist had sold India's cryogenic rocket secrets to enemy nations. The politicians were told that K. Karunakaran, then Kerala's Chief Minister, was protecting an international spy ring through his police confidant Raman Srivastava, an allegation the rival A. K. Antony faction weaponised to bring down his government. The press combined the two, added glamorous foreign women, romance, rockets and treason, and served the resulting soup to a population already trained to confuse a headline with evidence.

The actual story was considerably less cinematic. The investigation began with immigration violations involving Maldivian women and then expanded into an alleged international espionage conspiracy. ISRO contacts were discovered, suspicions multiplied, and the machinery began constructing the magnificent story it would subsequently attempt to prove. Nambi Narayanan, the scientist at the centre of it, was arrested and subjected to coercive interrogation in pursuit of evidence and confessions that could sustain the narrative.

The espionage allegations eventually collapsed, though not before the state tried to keep them alive. The Central Bureau of Investigation reported to the court in April 1996 that the allegations were false and unproved, and that the police had proceeded on suspicion by questionable methods. In June the Kerala government withdrew its consent for that investigation and ordered its own police to look again. In April 1998 the Supreme Court quashed the withdrawal as patently invalid in law and a malafide exercise of power, holding that the state's object had been to establish guilt in spite of its investigators' conclusion, and awarded each of the six accused ₹1 lakh in costs. Twenty years after that, the Court ordered Kerala to pay Narayanan ₹50 lakh; in 2019 the Republic gave him the Padma Bhushan, honouring the man whom its own machinery had helped present as a traitor.

First destroy the man. A few decades later, give him a medal. The medal is cheaper than admitting how the machinery works.

A MACHINE FOR MANUFACTURING NARRATIVES

The ballot box does not discover truth. It manufactures narratives. The probability that one of the dominant political narratives happens to coincide with truth is roughly comparable to finding a vegetarian tiger: theoretically possible, perhaps, but not something upon which one should construct an entire political philosophy.

The voter is offered two or three professionally packaged stories. He selects one; his neighbour selects another; and both immediately conclude that they have participated in a profound intellectual exercise. Truth, meanwhile, lies somewhere at the bottom of the ocean while voters remain on the surface arguing about whether the red life raft is morally superior to the blue one.

This is why serious analysis should not begin with left and right. Left and right relative to what? The more fundamental centre is the ballot box itself: the institutional mechanism that compresses millions of different preferences into a handful of political coalitions. The machine does not really ask what you believe. It asks which of the available packages you are prepared to purchase.

CHOOSE YOUR WARDEN

Once political competition is organised around winning elections, dominant coalitions emerge. Eventually, the citizen is presented with one of the great achievements of political civilisation: you may choose your ruler, provided you select from the rulers already available.

Do you oppose taxation? Fine. Team A or Team B? Do you oppose war? Excellent. Which flag would you like on your protest poster? Do you simply want to be left alone? Unfortunately, that option is not on the ballot.

Thus emerges the doctrine of the "lesser of two evils." A prisoner also has choices. He may prefer one guard to another. Democracy has merely elevated this principle into constitutional philosophy and added a parade, an anthem and several thousand political commentators.

The lesser evil, moreover, has a remarkable tendency not to remain lesser. Yesterday's emergency becomes today's institution. Today's temporary subsidy becomes tomorrow's entitlement. Tomorrow's entitlement becomes a sacred national achievement. Then, at the next election, you are offered a choice between preserving it and expanding it slightly faster. This is called progress.

PATH LOCKING

Political voting permits individuals to participate in decisions over resources that do not belong exclusively to them. If a majority votes to take your money, regulate your property or subsidise someone else's preferred activity, it is called popular sovereignty. If I do precisely the same thing without first organising an election, it is called theft. Apparently, the ballot box performs a miraculous moral transformation.

The system also creates its own dependents. Once enough people depend upon a subsidy, quota, licence, reservation, welfare programme or regulatory privilege, abolition becomes politically difficult. The beneficiaries are concentrated and know exactly what they stand to lose, while the costs are dispersed among millions of taxpayers. The institution therefore survives and grows. Eventually it hires administrators whose professional responsibility is to explain why it must continue to exist. The original problem may disappear entirely. The institution does not.

This is path locking: a monopoly insulated from meaningful exit and competition gradually acquires interests that make reversal increasingly difficult. You can leave a restaurant, change your telephone company or sell a bad investment. Try exiting the territorial monopoly while remaining inside its territory, and suddenly consumer sovereignty develops some rather impressive exceptions.

> ***A bureaucracy without work is not unemployed. It is underfunded.***

Jerry Pournelle's iron law holds that institutions gradually become dominated by those serving the organisation rather than its original purpose: a department begins by asking, "How do we solve this problem?" and eventually the more urgent question becomes, "How do we ensure that this department survives?" Robert Michels' iron law of oligarchy describes the next stage. Voters elect representatives, representatives appoint committees, committees appoint experts, experts write regulations, and the regulations govern the voters. At the end of this magnificent chain of delegation, the voter proudly announces, "We govern ourselves." Parkinson's law completes the picture: the original work may disappear, but this merely creates an opportunity to discover new work. A bureaucracy without work is not unemployed. It is underfunded.

Public choice theory — the study of politics on the assumption that politicians and officials pursue their own interests, much as everybody else does — explains why the expansion never stops. Political benefits are concentrated while costs are dispersed. A small organised group may gain enormously from a subsidy or privilege while millions of taxpayers each lose too little individually to organise effectively.

And so every organised group eventually approaches the state with essentially the same proposal: we have discovered a serious national problem, so please take money from everyone else. The state replies: at last, responsible citizens. Each intervention produces distortions, and those distortions become justification for another intervention. Eventually there is an entire ministry administering both the disease and the cure.

THE REAL QUESTION

The great mistake is to imagine that centralised democratic states fail merely because the wrong people are elected. Perhaps they function remarkably well according to their institutional incentives. They preserve bureaucracies, reward organised interests, expand political control and convert temporary programmes into permanent institutions, all while persuading the taxpayer that this is being done in the name of "the people."

The ISRO case was simply a dramatic illustration of the same broader process. An institution produces a narrative. Politicians weaponise it. The media monetises it. The public believes it. By the time truth finally arrives, it is usually carrying several court judgments and wondering why nobody is interested anymore.

So do not begin with the question, are you left or right? That question already places you inside the narrative factory. Ask instead what institutional mechanism produces these categories. How does it compress millions of individual preferences into a handful of political narratives? And why does the machinery remain so successful even when its narratives repeatedly collapse?

The boat may be sinking. But do not worry: the passengers had a choice. They voted on the colour of the lifeboat.