Why Talent Comes in Clusters

Episode 8 | Everything is Everything

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Transcript

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Abstract

Small differences in talent create exponential differences in output. This fundamental insight from economist Michael Kremer's O-ring theory explains why brilliant minds congregate in specific places — from Silicon Valley's programmers to Harvard's academics. Just as the $10 O-ring that failed brought down the $3.2 billion Challenger shuttle, teams with slightly less skilled members produce dramatically worse results than teams of exceptional performers.

Amit and Ajay explore how this clustering happens inevitably through market incentives, why creative people migrate to centers of excellence, and how technology is changing these patterns. They discuss brain drain from India, the Soviet chess system that dominated the world, and why someone like Viswanathan Anand achieving chess mastery without systematic training was as unlikely as winning Formula 1 in a Maruti 800. The conversation extends to institution building, examining why new organizations with coercive power tend to fail and what successful transitions like East Germany can teach us about building state capability.

This leads to broader questions about development, the role of authenticity in humanities versus universality in STEM fields, and whether India can create the conditions for talent to flourish at home rather than migrate abroad.

Supplementary Resources

- **Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier** by Edward Glaeser (Book) [4]

- **Order without Design: How Markets Shape Cities** by Alain Bertaud (Book) [1]

- **The Rise of the Creative Class–Revisited: Revised and Expanded** by Richard Florida (Book) [3]

- **COECEPT Substack** by CEPT University (Substack) [2]

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[00:00:00] Ajay Shah:	A small difference in talent leads to a massive difference in output and productivity and so on. And therefore the incentives are such that if you are a staggeringly competent or qualified or talented person, you need to be around other staggeringly talented and qualified people to get a full expression of, you know, to get a full expression of your abilities.

Introduction: Rolling cameras and skeumorphic design

[00:00:38] Amit Varma:	Welcome to Everything is Everything. I'm Amit. This is Ajay. Freddy's on the table today, and our producer just said rolling.
[00:00:47] Amit Varma:	And that led Ajay to a thought. Ajay, what's your thought on rolling?
[00:00:51] Ajay Shah:	The word rolling today makes some sense to us because there were cans, there were canisters of film, and the physical machinery of movie photography involved those rotating cylinders. Today all video capture is digital, but these words just go on. So I was just thinking 100 years from now, thousand years from now, will these same terms be used?
[00:01:16] Ajay Shah:	I'm reminded of a Jerry Pournelle book, The Mote in God's Eye, where they are talking to each other about the phrase 2020. And it's a world in which enough genetic engineering has taken place and everybody has perfect vision, but the phrase 2020 has persisted.
[00:01:37] Amit Varma:	Yeah, and I often, you know, there's a term for this in design, skeuomorphic design, which is basically you design something new, but you add elements to it which make it look like something old. For example, when Apple first, I forget whether it was in the iPhone or the Macs or whatever, they had their books app where you could read stuff.
[00:01:55] Amit Varma:	You know, it looked like a physical bookshelf. So there is absolutely kind of, you know, no element of that. A lot of sound mixing software will have elements of, you know, which mimic what a physical machine would look like.

[00:02:08] Amit Varma: And the idea, of course, is you've got new technology, but you want earlier users to feel comfortable with it. So you have some design elements where even on a software, you know, you'll see a knob and all of those things.

[00:02:18] Ajay Shah: And perhaps when enough years go by, you'd be able to think from scratch. So, again, think of the metaphor, Steve Jobs idea of pinching on a screen. Is it something fundamentally human or, you know, will it be gone 100 years from now?

[00:02:34] Amit Varma: And it's also interesting how like in a sense a QWERTY keyboard, you know, is almost like a random thing that is not the optimal way of arranging keys for typing. But that has now become the default because once you've set a particular way of doing something, once you've set a convention, we are kind of stuck there.

[00:02:50] Amit Varma: And that's a relatively harmless way, but I think of more harmful ways and this is something I'm I want to expand on in detail as you know, perhaps at book length, but about how we are stuck often in sort of forms of the past, even though those forms originated because of particular reasons and we've now outgrown them. But that is a subject for perhaps more episodes down the line.

[00:03:13] Ajay Shah: Evolution shaped the optimal speed at which the human mind changes its models. So, the process of the world created a certain pace of change. And over a million years, over 10 million years, there were certain optimizations that took place on how quickly you take to a new thing.

[00:03:38] Ajay Shah: So those features about us are deep and may well be like that for a long, long time.

Chapter 1: Clusters of Talent

[00:03:49] Ajay Shah: So Amit, tell us what is your cool idea for today?

[00:03:53] Amit Varma: So my cool idea in a sense, uh, has to do with why you and I spend so much time together. And how odd it is that we are in Karjat and not in some other city at this kind of moment in time and how yet it is not surprising.

[00:04:07] Amit Varma: And I I want to specifically think about how talent congregates in certain places like the software professionals in Silicon Valley, filmmakers in Bombay, all of that. But before that, I want to tell you a story. When a couple of years back when Abhijit Banerjee and Esther Duflo got the Nobel Prize with Michael Kremer, Abhijit's publishers at Juggernaut said, "Why don't you fly to Delhi? He's just won the Nobel prize, he can come on your podcast."

[00:04:29] Amit Varma: Now, he's coming on my podcast from the very week that he had won the Nobel prize would have been a big, you know, it would have been nice. So I said, cool, I need two hours of his time. Those days I did two-hour episodes. I think I said I said I needed two or three hours. I asked for three hours.

[00:04:48] Amit Varma: I said minimum two. They said, "No, no, he's very busy. He'll only give you one hour," and so on and so forth. And I and I said, no. So I turned down a Nobel Prize winner coming on the show.

[00:04:57] Amit Varma: And my logic was that if I get just one hour, I will get to I'll have to ask him the standard stuff about RCTs and all of that, etc, etc. But you give me two hours with him, three hours with him. And today, of course, I would insist on five hours or nothing. If if I did that, I could go back to before I was born and to before he was born and talk about, for example, the 1960s when my father was a student in Presidency College and he was taught by Deepak Banerjee, who was Abhijit's father.

[00:05:25] Amit Varma: And how much my father, how highly my father used to think of Deepak Banerjee, and I could start there. And then I could, you know, ask him about his dad, ask him about his years in Presidency College and later in JNU and later in Harvard and so on.

[00:05:38] Amit Varma: And that's a kind of conversation I really love to have, where you can get a sense of the soul of a person and not reduce him down to one thing that they're in the public eye for.

[00:05:47] Amit Varma:	And I did write a column for Times of India on that. And the point I made in my column was really about talent and how, you know, creative people and competent people and tend to congregate in certain clusters.
[00:06:03] Amit Varma:	And my reference for that was a paper written by one of Banerjee's co Nobel Prize winners at the time, Michael Kremer. Now, a controversial point I made in that piece was that Banerjee had gone to Presidency College, then to JNU and then to Harvard.
[00:06:19] Amit Varma:	And my point was it was Harvard that was critical for his development. And for that, I turned to Kremer's paper, which is a seminal 1993 paper called The O-ring Theory of Economic Development.
[00:06:30] Amit Varma:	And Kremer in his paper takes the the example of the famous O-ring like in the in the 1986 Challenger exploration, the disaster, the space shuttle that exploded. It was a 3.2 billion dollar project, and the reason the shuttle exploded was because of a $10 O-ring, you know.
[00:06:49] Amit Varma:	So one little flimsy $10 thing kind of failed to function the way it should and everything fell apart and etc, etc. And the point there is not the trivial point that you know, your chain is as strong as its weakest link. Of course, we know that.
[00:07:02] Amit Varma:	There was a greater point in there about the interplay between talent, productivity, and wages, right? And Kremer gives an example of this and I don't know how eloquent I'll be in describing this.
[00:07:14] Amit Varma:	So I'll we'll also link down to a marginal revolution video on this subject by Tyler Cowen which is fantastic and which explains this in detail. But his point is this, let us say you have 10 people in a room who are all excellent and are performing at a level of excellent which is 0.99, right?
[00:07:30] Amit Varma:	And then you look at their productivity when the 10 of them work together. At the end of that, what you have, if you sort of multiply by 10, which is what he was using for each of these calculations, you get a number of 9.05.

[00:07:44] Amit Varma: If they are slightly less talented, if it's not 0.99 but 0.95, which is also incredibly talented, you get a total output of 5.99. And if they are 0.9, you know, better than 90% of humanity or whatever. If they're 0.9 each, you get 3.49.

[00:08:02] Amit Varma: Right? So, a small difference in talent leads to a massive difference in output and productivity and so on. And therefore the incentives are such that if you are a staggeringly competent or qualified or talented person, you need to be around other staggeringly talented and qualified people to to get a full expression of, you know, to get a full expression of your abilities.

[00:08:26] Amit Varma: And a few episodes back in episode five, we spoke about Oppenheimer, right? Now Oppenheimer, school, college, he's unhappy, he's not fitting in anywhere, tries to poison his physics teacher with a, you know, putting some poison in an apple.

[00:08:40] Amit Varma: And but then he goes to the the university of Göttingen, he's taught by Max Born, who coined the term quantum mechanics. He has classmates of the caliber of Dirac and John von Neumann, and he goes to an entirely different level.

[00:08:52] Amit Varma: And the whole point of this is that congregations of talent in a certain sense are inevitable because that's the way the incentives are aligned. And what it also means is that someone who is at a skill level of 0.99 can get much can get paid twice or thrice someone at a skill level of 0.95 because it appears that there isn't much of a difference, but there's a huge difference.

[00:09:17] Amit Varma: This is especially so in two use cases. One is where the quality of the work matters more than the quantity. For example, if you want to write a great novel, you're better off with one great novelist than three mediocre novelists working together. And that's where quality comes in.

[00:09:32] Amit Varma: And two, if you have a complicated task with say, you know, 10,000 links in the chain, you don't need an O-ring anywhere. Everybody has to be absolutely top quality and performing well.

[00:09:43] Amit Varma: And therefore, this is one of the ways in which going to Harvard for example is important. I mean, of course, I completely sympathize with the view that what these great colleges give you is really credentialism. I have been to Harvard. It it has a signaling effect. And of course, they do sorting for bright minds to begin with. All of those things are true.

[00:10:03] Amit Varma: But equally, the value of going there is that they've selected for bright minds. You're meeting some of the finest minds out there wherever you are. If you're lucky in a particular place in time like Göttingen, it can you know, just have an exponential explosion of talent and so on.

[00:10:20] Amit Varma: And that's one reason that these kind of congregations happen. And therefore, as a policy, you know, if you want to attract bright people, if you want to get great work out, then the focus is figure out how to make this happen. How to get the incentives absolutely right. There's another, there's a writer called Richard Florida who coined the term called the creative class.

[00:10:41] Amit Varma: Now his theory is also interesting and orthogonal to this doesn't row from this. And Florida's coined the term called the creative class. I think his first book on this subject was an early 2000s book called Rise of the Creative Class. He wrote a couple of other books since. And his point was that economic growth follows where creative congregation happens.

[00:11:01] Amit Varma: So cities which are full of say entrepreneurs and, you know, artists, filmmakers, poets, and gay people, lesbian people, where there is that kind of diversity, there is much more openness, there is a much greater flourishing of talent.

[00:11:18] Amit Varma: And therefore the capital also comes there because again, one consequence of talent coming together is that capital then chases that talent, and then it becomes a virtuous cycle in that particular place. And equally it can become a vicious cycle in that particular place. So I find all of this to be a great insight and it's aligned with a concept we spoke about the other day, the looking glass self, that we shape ourselves based on the reflections of others and the company we keep actually shapes who we are.

[00:11:48] Amit Varma: And, you know, that is why that's why I like to sit with you because it can only make me a better thinker and a better person. But that's also why it's it's vitally important why software engineers will tend to go to Silicon Valley and filmmakers will tend to come to Bombay.

[00:12:04] Amit Varma: And there are network effects in play there as well that, you know, all the entrepreneurs know that the best coders are in Silicon Valley and all the best coders know that, you know, all the startups are going to be based there. So again, virtuous cycle in that particular place. And it's it's an important question for all of us to answer, especially in India, it's something important for us to think about that, you know, we used to talk in earlier decades when I was growing up, a popular term was brain drain.

[00:12:29] Amit Varma: That our kids will go to IIT and then they'll go abroad. And I think that's a great thing for those kids. They're all making individual rational choices. They should do that. The question then is that why are they having to go abroad? What can we do to create centers of excellence here so that people feel inspired, people feel happy.

[00:12:45] Amit Varma: Like, in a filmmaking sense, if you're filmmaking in India today and if you're Hindi speaking, you come to Bollywood. Other languages, you might go to the other centers. But, you know, everybody is here. If you make a film, where do you go? Bombay is a logical place because that's where you can choose among the best editors, that's where there are the cheapest studios, that's where you can choose among the best technicians.

[00:13:05] Amit Varma: Everything is there. And that's how these congregations happen. And I think in India and especially, you know, you've been in policy for so long, you've been in, you know, worked with government for so long. And that's I think something that we need to get right. And right now we're having the opposite effect frankly, we are chasing good people away and the good people who do stay are staying in a sense almost despite the odds, and that's something we need to think about seriously.

[00:13:30] Ajay Shah: I have a few thoughts in continuation of this. The multiplication that you were doing of, you know, 1 minus alpha raise to n. It's very important to think about the problem that is at hand. At the other extreme, the entire concept of mass manufacturing with standardized parts was a way to solve that problem.

[00:13:54] Ajay Shah:	A car contains 10,000 parts, but it works flawlessly because there is an extreme level of precision engineering that has gone into it. Each ball bearing is guaranteed to be inside very tight tolerances. So then it all becomes plug compatible and then you can separate those pieces out.
[00:14:14] Ajay Shah:	So I think that's an interesting insight that there's an analog and a digital. When you are in a digital world, it's extremely high precision, a one is a one and a zero is a zero. Ball bearing is a ball bearing and there are no surprises in putting these things together. So I think that's one piece of the puzzle that we are able to achieve great ladders of complexity when we are guaranteed this plug compatibility.
[00:14:41] Ajay Shah:	In software we do that a lot around creating APIs and then there is an API call and that damn thing had better just work and I don't want to know how it was done and that's how we protect ourselves from that complexity.
[00:14:56] Ajay Shah:	So this is the first thing to think about that the world is shades of gray. I think maybe a movie is an example of a problem where there are hundreds of people who come together to build a movie and the relationships between each worker and each producer are highly imprecise and poorly defined.
[00:15:14] Ajay Shah:	So that's the opposite of what I'm describing as a car or a tank or a plane where there are guaranteed components or in software where there is an API call and it has to work and it's testable, it's a black box. So then you can separate out two people and they don't need to talk to each other because there's a defined interface around which they will connect. My second idea is that there has been a great deal of improvement on cross-border collaboration, on global teams.
[00:15:40] Ajay Shah:	I have been part of many teams. So I want to tell you a funny story. My good friend Achim Zeileis is a statistician in Vienna. He and Ila Patnaik and I wrote our first paper without having ever met.

[00:15:55] Ajay Shah: Okay, we just struck up a conversation over mailing lists and the internet, and we realized we were chasing different pieces of a correlated puzzle and we came together to solve it and we got a beautiful paper done. In my opinion, one of the nice papers of my life. And only later we met and we started talking and it was great. But we got all the way to our first paper without even video calls, just on email and SVN.

[00:16:24] Ajay Shah: So we were collaborating on an internet scale and we were able to do very interesting things. Now in that, I have two things to add. One that is fairly well known, one that is less known. The fairly well known is you do need human rapport. Okay. So I think all remote teams are doing this combination of meeting up occasionally and then going off into your cave and doing things alone.

[00:16:48] Ajay Shah: So the play of distance work of work from home of people from India connecting up into global teams. There has been this evolution where key people come together and you've got to understand each other and I've got to know that you will always talk trash and I've got to not get rattled and not get worried about the things that you say.

[00:17:10] Ajay Shah: And then I know that 15 seconds later, you'll come back to a serious note. But if we've never met in person, humor is so dangerous, it can just be misunderstood or then we are all automatons, you know, we are writing horrible chat GPT language and it has no human flavor, which is also dull and uninteresting.

[00:17:31] Ajay Shah: My third comment in that is I feel that there are real limitations in contracting. So imagine if you'd break up a creative process into two parts. Part one is that you and I agree we're going to work together and, you know, we are on the decision making process, the resource allocation process, the sharing that you will do this part, I will do this part.

[00:17:54] Ajay Shah: Okay, so there is a planning and management and an agreement stage where either orally or in writing, we're arriving at a contract. And then we will go off into our respective caves and implement. I think that the early stage really requires people to know each other and to trust each other.

[00:18:15] Ajay Shah:	And I feel that today a lot of the magic of London and New York and Cambridge, Massachusetts lies in the fact that there are these congregations of people who are able to create coalitions of working together either contractually or non-contractually. And then afterwards the work can happen in a more remote way and it can happen all over the world. So I just want to go back to the question of how daunting is it, how difficult is it for a person to build a life away from the areas of congregation.
[00:18:53] Ajay Shah:	And I want to start at Ramanujan. Okay, so Ramanujan was in a remote corner of Tamil Nadu and then came his breakthrough where he went to work with Hardy. And you cannot imagine the story of Ramanujan playing out without his going to Hardy. So that's one example where something amazing was built and developed by Ramanujan on his own.
[00:19:16] Ajay Shah:	He did not become despondent saying that because I'm not at Cambridge, I can't create. Okay, Ramanujan started rebuilding the mathematics of the 19th century because he was completely cut off from the mathematics of the world. Okay, and then it did happen to him that he got connected into the mathematics of the 20th century. So that's an example where amazing things happened at a distance.
[00:19:39] Ajay Shah:	And then there are so many examples of people who have been away from the mainstream from the mainstream and have actually built themselves and fostered knowledge and innovation. One of the ideas at the University of Chicago in the early years was that because it was away from the great universities of the East Coast, it was actually able to foster independence of thinking and a distinctive point of view and, you know, a lot of the greatness of U Chicago in the 20th century came because it was not part of the fashion and there was greater room for free thinking.
[00:20:15] Ajay Shah:	When you go to the humanities and the social sciences, it is particularly important to have authenticity. In science, technology, engineering, management, in STEM, there is greater universality and people all over the world are pursuing similar problems.

[00:20:34] Ajay Shah: But when you come to understanding human beings and human society in the humanities and the social sciences, then being inside your subject and being closer to your subject matters greatly. So there again, I feel that it is enormously better to be in India and try to study in India, to try to study India rather than being far away, because your sources and materials are at hand.

[00:21:01] Ajay Shah: So I feel that being in India, you are constantly inside your subject matter and you're invisibly picking up knowledge every day. So I've had the occasion of being abroad for a variety of stints and I felt a certain emptiness coming about because I was away from my subject and my source matter.

[00:21:23] Ajay Shah: So, I think that there are many, many aspects where that congregation happens and is powerful. And yet we should not see it as make or break. There are many, many aspects in which actually there is plenty of upside and people will create, people will invent and great things can happen almost anywhere.

[00:21:44] Amit Varma: So, I have a Ramanujan like example and in fact you were speaking earlier that you know, you thought of Ramanujan because we last night over dinner, we were discussing Vishwanathan Anand, right? And Vishwanathan Anand is an outlier of that sort and I use the term outlier carefully. Uh let me I want to put in context for everyone who is sort of viewing this, what a staggering mind and what a staggering genius Anand is in terms of what he actually managed to achieve.

[00:22:09] Amit Varma: And to put that into perspective, let's talk about, you know, a system that was put together to have great minds congregate and learn in a systematic way which was the Soviet School of Chess, right? Now, decades ago, there used to be a gentleman named Nikolai Krylenko who was a top Soviet functionary who once said, "We must finish once and for all with the neutrality of chess.

[00:22:30] Amit Varma: We must condemn once and for all the formula chess for the sake of chess, like the formula art for art's sake. We must organize shock brigades of chess players and begin immediate realization of a five-year plan for chess." Stop quote.

[00:22:43] Amit Varma: And I think he must have said this in the 30s, because he could not have said this in a future decade because Stalin got rid of him in 1938. He was purged, right? Five-year plan for chess. Now, this is a well-known thing that in the Soviet Union, they wanted to show that they were superior to other nations, other civilizations, etc.

[00:23:02] Amit Varma: And their way of doing that was by showing a dominance in chess as one way of, you know, this is a game of the brain and all that. So chess was taught in schools the way math is taught in schools. And that's the way the whole system was built.

[00:23:16] Amit Varma: And what that did was you had a massive sample size of kids exposed to chess. So it was easy to pick out talent from there and right from there all the way to the GM level, you know, you had systematic training and all of that.

[00:23:29] Amit Varma: And the Soviet School of Chess, however, doesn't refer to the this system as it were, a physical school or university. It refers to a way of thinking about chess where they figured out all the heuristics and they taught all their kids how to think about the game strategically, positionally, etc, etc.

[00:23:46] Amit Varma: And a great example of this, I wrote this feature on Vishwanathan Anand a few years ago for ESPN and there was a great example of this which my good friend, our good friend Devangshu Datta had given me. Devangshu played serious chess at the national level for India in the 1980s, very close friend of Anand as well. And this is what Devangshu said to me when he was talking about his early experience as a player.

[00:24:09] Amit Varma: He said, "When I started playing East Europeans in the 1980s, the difference in chess culture was stark. We knew so much less, it wasn't funny. To take an analogy, it was like putting a bunch of talented kids with a basic knowledge of say, self-taught HSC level maths into direct competition with people who had postgrad math degrees.

[00:24:28] Amit Varma: We struggled through the opening and hit the middle game and start wondering what to do. And then in the postmortem, the opponent would say, 'Oh, my trainer taught us that with this structure, you have to play this way.' And you'd be like, shit."

[00:24:41] Amit Varma: Which means they were being taught,

[00:24:41] Ajay Shah:	I want to continue on this with a inside joke in the field of chess. The inside joke is the phrase, "As every Russian schoolboy knows." Okay, this is a phrase that chess people understand that things that may appear deep and complex to you and me are actually common knowledge to Russian schoolboys.
[00:25:00] Ajay Shah:	And it's a phrase that has actually gone far beyond chess into many other contexts to convey this huge gap between the people who've been picking up this stuff in the hands of a talented coach or a parent from childhood. And in middle age or in the peak of their performance, they have an edge that others can only dimly perceive.
[00:25:21] Amit Varma:	Yeah. So, this was the Soviet school of chess. All your top grandmasters were from the Soviet Union, which is why, you know, the Fischer Spassky match of 1973 is so seminal because you had an American player come and just a brilliant genius of course on his own and actually get to the top.
[00:25:37] Amit Varma:	But otherwise the Soviets dominated and even after the Soviet Union broke up, you Soviet bloc players were still kind of dominant. And along comes Anand in the late 80s when the Soviet Union still stands and he's this young teenager. And again, what was important for Anand was in his formative years, he was in I think the Philippines and not in India where they had a regular chess program on TV.
[00:25:59] Amit Varma:	And from what I remember, you know, they'd give puzzles at the end of every program and he would always send the right answer and get a lot of books and all of that. And if I remember correctly, once they called him and said, "Look, you're winning everything, just stop entering. We'll give you all the chess books you want once and for all." But anyway, so he came back from India with that backing and then of course he later went on to become an inspiration for generations of Indian players and now India is a chess superpower and that's something we can maybe discuss in the future and discuss separately.
[00:26:25] Amit Varma:	But he was he was at such an incredible disadvantage because he didn't have the training that people in the Soviet school did. He had incredible powers of calculation, incredible intuition that he was building gradually, but he didn't have an advantage of that base.

[00:26:40] Amit Varma: And for him to dominate, to become one of the top players in the world and much later to become world champion, the the metaphor I draw for it is like someone taking a Maruti 800 into a Formula 1 race and winning the damn thing.

[00:26:52] Amit Varma: Like it is just a staggering achievement. It's like winning Wimbledon today with a wooden racket, right? And a Ramanujan kind of example where he didn't initially have that congregation, but then he built it later, like, you know, you pointed out last night at dinner as well that, you know, a significant part of his playing life was in Spain and he had his team there, other masters, other grandmasters.

[00:27:17] Amit Varma: Today, of course, you have those congregations online. But where I would push back is that I would say that yes, for the sake of morale, we should constantly tell ourselves that we don't need that to succeed. You know, we can succeed without congregations and all of that, if we are as brilliant as Ramanujan or Anand. But one, very few people are, and two, there are countless Ramanujans and Anands who have been lost to us who are unseen because they never even because they couldn't buck that.

[00:27:44] Amit Varma: They couldn't, you know, they didn't even manage to sort of get that far. So I see them as outliers, almost as exceptions that sort of prove the rule.

[00:27:54] Ajay Shah: I don't deny that. I just want to say that the extent to which it the Indian middle class parent sees this as make or break is a bit overstated. Okay, there's plenty to be done particularly with in the modern age, access to books, access to the internet has changed the journey of knowledge.

[00:28:13] Ajay Shah: So in stem subjects, you're playing a global game and there are congregations where the conversations happen. And I will suggest that the contracting is a bigger problem than the actual work. So there are hybrid models that as long as you're able to overcome the contracting problem and become part of teams, then being away is much more feasible than it ever was.

[00:28:37] Ajay Shah: And then I will push part two which is that if your thing is the humanities and social sciences, then really authenticity is king. That to know Indian economics, you really need to be in India because you're building intuition every day.

[00:28:52] Ajay Shah: Every conversation, every scene that your eye sees feeds your knowledge. And when you are not there, you're fundamentally cut off. So in that sense, to take movies as an example, you have to be in Bombay to do Bollywood because there is the conversation, there is that culture, there is that design process, there is the invention process.

[00:29:13] Ajay Shah: Much like Southern California does all the car design of the world. It's only in Bollywood that a certain genre of movies happens. And if you're not part of that conversation, you are not tapping into the state of the art of that knowledge and you're not understanding what is the innovation there. What is that next thing that I can do.

[00:29:30] Ajay Shah: So my mental model is there are many, many great sucking sounds where these congregation effects are happening. I also want to talk a little bit about India. So now think the way India has shaped up, there are actually gigantic migration flows happening in precisely the ways in which that you have described.

[00:29:51] Ajay Shah: I feel that all over India, there are people who grow up with a curiosity about science and become an engineer, and then they're going to Bangalore and Pune and Bombay and Madras and Hyderabad and Kerala. These are the great collections of engineering minds that are happening and they're sucking in people from all over the country.

[00:30:15] Ajay Shah: I've heard many people say something remarkable, that the United States is the world's number one engineering workforce. You want to hire 500 high-quality engineers. Okay, the place to go to is the US and at many, many locations in the US, you will be able to assemble a team of 500 high-quality engineers.

[00:30:35] Ajay Shah: The world's second best location for that now is India. That the sheer depth of engineering talent in many, many fields is quite something and the numbers are out of the world. So when you take the top end of the distribution and multiply by 1.4 billion, you're getting to a very high critical mass.

[00:30:52] Ajay Shah: So if you want a cute 20-man team, you're okay in Finland, but if you want 2,000 people, you'll come to India because the depth of the bench is phenomenal.

[00:31:03] Amit Varma:	So, I want to sort of focus on the Bollywood point and I don't know what our producer Vartika would sort of think about this, but I think of Bollywood as yes, a place of great opportunity, but also Bombay is a place where dreams come where dreams come to die and art comes to be corrupted.
[00:31:19] Amit Varma:	I did an episode with Roshan Abbas and Vikram Sathe a while back of The Seen and the Unseen. It was a year end episode for last year. And Vikram told me, and both of them have plenty of experience in this industry.
[00:31:29] Amit Varma:	And Vikram told me about how he he'll, you know, meet these talented kids and they come from some small town in Maharashtra and they're steeped into culture. They're reading Vijay Tendulkar and they are like deep into local forms and then then they're really smart, brilliant, intelligent people.
[00:31:45] Amit Varma:	And then they come to Bombay where they're meeting with really shallow people who are, you know, talking in a particular way and a year later, you know, Vikram will run into someone at a party who the previous year was discussing Vijay Tendulkar with him and this guy will be like, dude, how are you doing? Let's go chill.
[00:31:59] Amit Varma:	And you know, you'll be in that shallow jargon because these people suddenly feel that inferiority complex. Uh you know, Varni is a pejorative term in in our cities when I was growing up it was whereas a vernacular is something we should celebrate.
[00:32:17] Amit Varma:	And everything kind of becomes mainstreamed and homogenized in certain ways. And there is a counterforce to this. You know, I did an episode of the seen and the unseen almost exactly a year back with Vinay Singhal who runs this app called stage.in.
[00:32:33] Amit Varma:	And Vinay described stage to me as Netflix for India, but Netflix for Bharat. But that doesn't mean it was Netflix in languages like Hindi, Punjabi and all of that. It was Netflix for India in dialects.
[00:32:45] Amit Varma:	So all his content is Haryanvi, Bhojpuri, and now I think Rajasthani or whatever, but they they are dialects. Now there's an interesting thing happening here. What do cities often do which is a problem when it comes to languages?

[00:32:57] Amit Varma:	They homogenize, right? So let's say you're somewhere in central India, you're really good at Bhojpuri or Maithili or any of these wonderful dialects, but you go to a city where everyone is speaking Hindi. And then you want to conform, you want to fit in, you don't want to be a Varni.
[00:33:12] Amit Varma:	So you lose your dialect and therefore as urbanization happens, which we both agree is like just fantastic and the reason for all human progress, what one of the side effects is that homogenization happens. You can lose dialects, you can lose subcultures.
[00:33:26] Amit Varma:	However, technology and capitalism have now enabled a move away from that as well where you can keep all of these alive. And what Vinay found was Vinay described something which he called the reverse migration from Bollywood.
[00:33:37] Amit Varma:	He would say that Haryanvi kids would earlier say mujhe film maker banna hai, editor banna hai, yeh banna hai, woh banna hai. They'd go to Bombay and now he says they're coming back. And I forget the size of the industry.
[00:33:46] Amit Varma:	He mentioned some 3,000 people who are now a Haryanvi film industry making content in Haryanvi, and I'm sure it's grown since then. And he was, you know, and all the traditional venture capitalists and so on said, hey, what are you talking about?
[00:33:59] Amit Varma:	Never going to work, right? But he charged Netflix rates and they have, I think 300,000 subscribers by now or some insane number. And now the VCs are flocking to them. They had a big round of funding last year and it's phenomenal.
[00:34:12] Amit Varma:	And this brings me to my other point that earlier what would happen is these congregations of talent and creative people and incentives and all that would happen because of geography. You're congregating together in the same place.
[00:34:24] Amit Varma:	But now what I realize more and more is that to some extent, and we can discuss this in detail in our episode on cities when we do that, but to some extent, this can happen, this can be enabled by technology.

[00:34:35] Amit Varma: Why are cities great? Cities are great because they bring people together and uh, you know, uh create those networks of of talent, of markets, all of that. And to some extent technology and the internet can also do that, though not to that same extent because you and I meeting in person is really different from you and I meeting online.

[00:34:54] Amit Varma: You and I meeting online means we have a kind of an agenda. We are working together on something. You and I meeting offline means that in the evening, you know, when the rain is beautiful, the green is fluorescent, we can go out in the garden, we can have a beer together. And in that banter, something can emerge, thoughts can emerge.

[00:35:09] Amit Varma: We can take digressions and go down side paths and expand both of our brains. And um that is still missing, but I would say that, you know, I agree with you on the optimism and energy that every individual should bring into trying to make something of themselves.

[00:35:26] Amit Varma: Because we have the technology and the internet and the access today available to us. But at the same time, if I shift the lens to governments, to policy makers, I would say you also need to figure out ways that you can create good incentives, good conditions for the creative class to get together as Florida would say and for talent to sort of congregate in the ways that Kremer would have imagined.

[00:35:51] Ajay Shah: So I think we are on common ground. Uh, there are centrifugal and centripetal forces. So there are there are engineers from Hindi heartland who are fleeing the Hindi heartland and coming to the great engineering centers of India. But that doesn't mean that all of them will show up in Silicon Valley.

[00:36:10] Ajay Shah: By the way, when you said that most of Bollywood is a crass shallow bullshit, but that's because 99% of everything is crass, shallow bullshit. So I could take you into the Indian startup world and most of it is rubbish. I could take you into the Silicon Valley startup world and most of it is rubbish. So,

[00:36:29] Amit Varma: No, but that's Sturgeon's law that 98% of everything is crap. But my point was different. My point was that a good person who is who can do great work will come to Bollywood and produce crap because there are incentives of mediocrity.

[00:36:42] Ajay Shah:	So I was just about to say that you do need those that minimum critical mass and the economies of scale to get together that minimum 10, 20 man team without which there is no movie. Then you're down to uh trivial production projects like some YouTube podcast with an eclectic name, everything is everything. Okay, that's what you can do with essentially no teams. But if you want to make a movie, you'd need a team that is bigger than that.
[00:37:09] Ajay Shah:	And there is a minimum critical mass below which it just won't arise. So you do need those little agglomerations. You may not need a Bollywood scale agglomeration. So, you know, there may be no engineering culture in a Bhopal, but there is an engineering culture in Pune. Okay and so on.
[00:37:25] Ajay Shah:	So there is a minimum economy of scale at which point things can take off. So I'm in that middle road that you do need agglomerations, we need each other. Talking to each other is one of the most important things that happens to us.
[00:37:38] Ajay Shah:	And I wouldn't overstate that giant sucking sound. I'm not reverential about Silicon Valley as the only place where all the bright ideas are congregated.
[00:37:47] Amit Varma:	We need a million Silicon Valleys, which is what but you know what, you know, you're a very nice guy. You've been very nice to me. But uh we should also be nice to our producer and collaborator and partner in crime, Vartika. And you just kind of I think made her feel so bad because you were like, aai thi Bombay, pahunch gayi Karjat. You know, which is Karjat ko bhi hum Bombay banayenge.
[00:38:07] Ajay Shah:	Just that it's a three-man team and, you know, we couldn't have made a movie even if we wanted.

Chapter 2: Training Wheels for State Power

[00:38:18] Amit Varma:	So Ajay, bahut ho gayi badi badi baatein, Vada pav khate as it were. But tell me a little bit about your t-shirt. I like your t-shirt, man. It says The Tibet Museum and there is some script on it that I can't quite read and there are clouds and there is a nice tall building. I really like this t-shirt man.
[00:38:33] Ajay Shah:	Um I was there. Uh this is uh in McLeod Ganj, uh which is just about Dharamshala. Uh I visited the Tibet Museum and it is a really great museum. I encourage everybody to go there.
[00:38:46] Ajay Shah:	Lots of museums in India are not done well. This one is done well. And it tells the history of Tibet and it does a fantastic job. It has the artifacts. You can see objects and it really triggers off the mind.
[00:39:02] Ajay Shah:	But equally interesting was the fact that it sits inside a complex of government buildings. Okay, and that government is called the Central Tibet Administration. Okay, which I found incredibly interesting. This is a government in exile. Okay, you read about these things in the history books. There was a French government in exile that was in London during the Second World War and things like that. But here you have a living breathing government in exile.
[00:39:29] Ajay Shah:	So that's my reason two for everybody. Please visit McLeod Ganj and walk around the lanes of the CTA. It's a government in exile and it makes you think about government.
[00:39:41] Ajay Shah:	Uh as an Indian, I was so happy and I was so proud that India has been kind to Tibetan refugees and that this Central Tibet administration is sitting on Indian soil and I feel, you know, our first human impulse should always be to be kind to refugees and take in refugees and I'm so proud that we as India have been good to these people in many ways all through these decades, even sometimes when it has been quite costly for the country.
[00:40:15] Ajay Shah:	But then it got me thinking that currently the CTA is funded by donations. They have no coercive power, they have no taxation. So they've got all these tidy structures. There is the building, it's a Ministry of Finance, there's a ministry of home, I think they call it department of home and department of finance. And they're funded by donations, they have no coercive power.

[00:40:40] Ajay Shah: They play some role in organizing the global Tibetan community, but it is a wannabe state. And I wondered, is this useful training wheels to actually become a state one day? Okay, so imagine that one day uh Tibet becomes free.

[00:41:03] Ajay Shah: Is CTA the institutional raw material around which you could envision this becoming the raw material around which a new government in Tibet can come across can come about? Okay. At first it sounds interesting and it sounds plausible and that may be why the Chinese get so irritated that there are these structures in India.

[00:41:27] Ajay Shah: I thought a bit about it and I have two, three things to say. Okay, so step one, I think that no amount of being a wanna-be state-like structure with these nice tidy buildings for what is actually a philanthropic organization funded by uh donations.

[00:41:49] Ajay Shah: No amount of these structures are a real training wheel for the problem of coercive power. Coercive power is a poison. You're fundamentally a nice guy when you're asking for donations and you're performing some activities and you have no coercive power.

[00:42:05] Ajay Shah: And it may even run in the wrong direction because it may lull the persons inside these organizations into a certain isomorphic mimicry, into a certain competence that, yeah, yeah, we're ready. We've got a Department of Finance, we've got a department for home and we know how to do this stuff and we are all ready.

[00:42:25] Ajay Shah: And so I'm not impressed or convinced that this is a meaningful prep. You you don't develop state capability without actually fighting with the battle of the evil that is coercive power. Until that, you're just a nice guy and it's very nice, easy to be a good organization. Uh the that leads to the second question, which is very well, when big things happen uh on the international scale.

[00:42:58] Ajay Shah: So when you think on the scale of a 100 years, when you think on the scale of a 1,000 years, countries are ephemeral, countries come and go. The border is nothing sacred. It's a line on the map and things change. So how has it worked, how has it been where new states have come up and new states have fared well versus new states have come up and new states have faired badly.

[00:43:21] Ajay Shah: Okay. New states have faired badly over and over and over. So if you look back at the great post-colonial experiment all over the world, many poor countries got freedom for the first time and by and large, it worked out badly.

[00:43:36] Ajay Shah: It worked out really badly where there had been a freedom movement armed with guns. Okay, and as you have said about Gandhi ji, he got one big thing right, which was ahimsa. That uh you respond to violence by turning the other cheek.

[00:43:53] Ajay Shah: And that was one simple piece of magic that we in India got at the outset. We see so many other countries where there was a violent military movement to try to obtain freedom and that goes badly because once again, once you've unleashed the violence, it doesn't go away.

[00:44:10] Ajay Shah: And it changes the people. It leads for the wrong kind of person to bubble up to the top. So in in a well-functioning state, what you want is a certain kind of decency. You want a philosopher king. And violent movements bubble up successful military generals who are rarely philosopher kings.

[00:44:33] Ajay Shah: So the countries that just got started with a military movement generally did badly. Okay, very well. Can we point to some examples where a new country got its act together and did rather well or where there was a great change in the arrangement of the nation and the boundaries and it all worked out very well.

[00:44:54] Ajay Shah: And the best stories of this nature are in Eastern Europe. So the easiest of all the transitions was East Germany. When East Germany merged into West Germany, it inherited all the West German institutions.

[00:45:09] Ajay Shah: So it got everything on a platter. They had understood liberal democracy, which is not just a business of having elections every five years. It is about constitutionalism. It is about a constitutional morality.

[00:45:24] Ajay Shah: It is about the rule of law. It is about checks and balances. It is about being imbued with a certain decency and creating the arrangements through which a certain kind of person bubbles up into positions of power and influence.

[00:45:39] Ajay Shah:	And all these difficult things had been figured out in West Germany. So East Germany got this on a red carpet and literally overnight, East Germany got that institutional package and East Germany flourished.
[00:45:51] Ajay Shah:	Now it remains true that East Germany is the backwaters of unified Germany. Okay, so these things don't go away. The inequality between East Germany and West Germany has not gone away.
[00:46:04] Ajay Shah:	So it's a bit like a North India, South India problem. That problem will be there for a long, long time. The north of Italy has been cosmopolitan and advanced and prosperous and the south of Italy has been a hinterland and mafia violence and so on for hundreds of years.
[00:46:20] Ajay Shah:	So these problems don't go away quickly, but East Germany fully graduated into the German institutional package and got a giant leap away from the cruelty and impoverishment of the old East Germany into a modern, prosperous, decent, civilized country. So that is number one.
[00:46:42] Ajay Shah:	Okay, then you look at the rest of Eastern Europe and the Baltic Republics. They also did extremely well. And now this is more interesting because they did not get the institutional package from a West Germany. They had to actually build these institutions from scratch and what helped them in my opinion was three things. One was that they had lived in communism and they knew how bad that was. So they wanted to run far away from it.
[00:47:09] Ajay Shah:	I remember once I was in Warsaw and I heard this story where they uh took the building that was the office of the Communist Party. Okay, which was the biggest and most powerful structure of the entire city and they turned it into the stock exchange.
[00:47:26] Ajay Shah:	Because they were making a statement that we are finished with this stuff and we now want to learn to be a capitalist country. And it also helped greatly that they all became members of the European Union and the European Union carries with it 20,000 pages of draft laws and treaty restrictions.

[00:47:44] Ajay Shah: So in a way they were corralled and there were certain mistakes they could not make. So East Europe really triumphed by and large with two main exceptions. Hungary is still doing pretty badly. Poland is doing medium bad, but the rest of the countries have really blossomed and they're doing great. And so that was another place where there was a fundamental regime change and these countries in many cases came to life from scratch and found their feet and developed very beautiful modern, capable, advanced, civilized liberal democratic states.

[00:48:23] Ajay Shah: So these are the success stories. And then of course, you have the very big failure story and that is Russia. So we talk a lot about the abrupt economic liberalization of Russia where Jeff Sachs and others tried to push a big leap of privatizing the companies and asking markets to come to exist overnight, but not enough attention was paid to the state.

[00:48:48] Ajay Shah: And there's no running away from that. You need the state. You need liberal democracy, you need freedom. And freedom is coded into laws and state institutions. If you have unchecked state violence in those state institutions, then it's never going to work.

[00:49:06] Ajay Shah: So when you think of China, really the best hope for China is that the institutional DNA and capability of Taiwan will play a role in China's future, not the CTA. I don't think the CTA will be a great part of what will happen to China in the deep future.

[00:49:23] Ajay Shah: Finally turning to India, um there's a small version of this story that has actually played out many times, which is how do you establish a new government organization. Okay, and all government organizations are coercive creatures. So you're going to wield coercive power. How will you do it?

[00:49:39] Ajay Shah: So imagine somebody says for the first time, I'm going to set up the FSSAI, the food safety regulator of India. If you pass a law and one fine day you suddenly create an organization of five people and one peon and the law is notified and these people are wielding coercive power, it tends to go badly because an immense burden is placed upon a fledgling agency and the load bearing capacity is inadequate and that creates an organizational route.

[00:50:11] Ajay Shah: That organization goes into firefghting from day three and it never recovers from the firefghting. It is just one big mess because it fails to have rule of law in the beginning. Then you get all the wrong incentives of the people lobbying and pushing to do special favors at a transaction level and that becomes the institutional DNA.

[00:50:31] Ajay Shah: That kind of discretionary power then attracts the wrong people. You get the wrong kind of appointments. So even if in the early days there was some really wonderful people in that organization, it goes downhill as that institution flexes its muscles exercising coercive power, it gets the wrong kind of people at the leadership and the quality of that institution goes downhill.

[00:50:52] Ajay Shah: So there's a similar training wheels question that how would you launch a brand new organization in India that is going to wield coercive power? Most Indian experiences of this nature have worked out badly.

[00:51:08] Ajay Shah: But I think we do know a bit about how to think about this and how to do it. And it is a bit of a CTA. Uh I think that the correct idea is to understand that building an organization takes time.

[00:51:24] Ajay Shah: In India it has been understood that building a bridge takes time. Okay. So when we want to launch a bridge, we will have some project management. There will be many, many people who will do various pieces and then two years later, five years later, a minister will come for the ribbon cutting.

[00:51:39] Ajay Shah: But nobody expects a zero day lag between the decision to have a bridge and the bridge. I think we should think of a government organization similarly that when you decide to have a food safety regulator, we should recognize that it's like building a bridge.

[00:51:51] Ajay Shah: It will need an organization. It will need organizational design. It will need drafting processes. It will need training of all the individuals to live within those processes. It will need building IT systems.

[00:52:03] Ajay Shah:	It will need very careful review 20 times to understand have we got enough check and balance on all the aspects of coercive power, then notify a little bit of power, start doing a few trivial, low complexity kinds of transactions and then notify the full law where the full thing is up and running.
[00:52:21] Ajay Shah:	This is the structured, systematic process through which new organizations should be started. For those who are interested, the closest we got to this kind of planning was in the early establishment of the IBBI, the insolvency and bankruptcy Board of India where uh Dr. M. Sahoo and then Ravi Narayan led the process of writing that project plan.
[00:52:46] Ajay Shah:	Of writing a good project plan through which over a two-year period, you would get the high-quality bankruptcy regulator. Unfortunately, this was not used much in reality. The law was notified and overnight five people were expected to perform.
[00:53:02] Ajay Shah:	So it's not a great story after that document was built, but that document is particularly important because it's a project plan of how to create an organization that will wield some coercive power and that's a big milestone in India's journey.
[00:53:18] Amit Varma:	Here's sort of my question that first it's fascinating that, you know, the the Tibetan exiles should actually it's impressive but also sort of poignant in a sense that they should have, you know, all these different ministries, finance, health, whatever, all there, when actually they cannot possibly look anything like what they would look in an actual free Tibet.
[00:53:42] Amit Varma:	It's really a kind of play acting which is poignant, it's admirable that they want to learn how all of these function and they want to do that play acting.
[00:53:50] Ajay Shah:	So when Charles de Gaulle led the French government in exile in London, I don't know this adequately, but I doubt if he tried to set up a department of health and all that. He was just focused on one thing that how to get to a free France.

[00:54:05] Amit Varma:	Yeah, because the business of government is so incredibly messy with so many different stakeholders that it becomes a huge problem. And when you speak of the importance of actually engaging with reality, I would imagine that then institution building within a country would get easier as you go along because you get better at it, you're engaging with reality all the time.
[00:54:22] Amit Varma:	But in the narrative that you laid out, what I seem to get is that institution building in India has consistently been horrible and maybe you have a few exceptions and they work out, but it's consistently been horrible and I would imagine that to inevitably be the case because of the way the incentives are aligned number one and the way that power inevitably corrupts.
[00:54:44] Amit Varma:	And therefore I would imagine, and I'm putting this as perhaps a provocative question that is it then an inevitability that all institutions must degrade from wherever they are, no matter how noble they beco no matter how noble their beginnings.
[00:55:00] Ajay Shah:	No. The DNA of the institution lies in the law and in the invisible infrastructure of constitutional protections and the judicial branch. The law creates arbitrary power or the law creates checks and balances. It is possible to write better laws through which there are sufficient checks and balances and governance mechanisms through which that poison of coercive power, through which that nuclear reactor of coercive power is then surrounded by sufficient cladding.
[00:55:34] Ajay Shah:	And in fact, then you get on a learning curve where experience feeds back into better working of the institution. That's the journey of advanced democracies. That's the journey of flourishing democracies and successful countries.
[00:55:49] Ajay Shah:	And we in India are not on that journey because those laws are by and large badly drafted. Most of our Indian laws are based on an optimistic reading of human beings. So arbitrary power is willingly and recklessly conferred upon the shoulders of state personnel and then it does become the litany that you describe, but it doesn't have to be that way.

[00:56:16] Amit Varma: It doesn't have to be, but in India, that's what I find because like you correctly said, the rules of the game matter. Like I both of us agree that an ideal system is a system in which it doesn't matter if the worst, most vile person you can think of rises to power because they can't do much harm. There are checks and balances and so on.

[00:56:32] Ajay Shah: But I just want to say this in a positive way, in India better rules will matter. So it's a matter of writing those laws in better ways.

[00:56:38] Amit Varma: Yeah, but except except that the constitution is what we have, the laws are what we have, right? If the constitution was to be amended today by those in power, it would be amended in fact in a worse direction.

[00:56:49] Ajay Shah: So let's stick to parliamentary law for right now that the Parliament wrote the law that created the IBBI and I'm happy to tell you the long story but in short, there was a whole bunch of the correct ideas and the checks and balances inside that draft law at an early stage, but later on they were all dispensed with and there is an intellectual failure and a conceptual failure in the Indian policy community on these basics.

[00:57:15] Ajay Shah: So this is a place where I'm actually full of hope that we need to talk about these things. We need to disseminate these ideas. So the book that Vijay Kelkar and I wrote is fundamentally around this that we need to understand public choice theory that bestowing coercive power on an organization can easily go bad and the solution lies in checks and balances.

[00:57:39] Ajay Shah: And so the grand debate we should be having with each other is what are the appropriate checks and balances for each organization. Mostly in India today, we are at the more primitive level of a great man theory that we see a malfunctioning organization and we want a better CEO. And that's just low understanding of the complexities of organizations.

[00:58:01] Amit Varma: Yeah, I mean, I just feel that, you know, uh two things. One is that power inevitably corrupts and the rules of the game are written in such a way that our uh our state is designed to rule us and not serve us. It is really a continuation of the colonial state and those are the rules of the game, that is the Constitution, that is the system we are under and it's it seems mighty hard to change.

[00:58:22] Amit Varma:	And my second sort of point would be that you are full of hope in the sense that you are kind of saying that things are so bad, it can only get better. You know, and and I buy that and we should be full of hope because.
[00:58:33] Ajay Shah:	And I'm also full of hope in the sense that this is an intellectual project. Okay, 100 years ago, a whole bunch of people, the chattering classes like you and me, used to sit around and argue about a hypothetical world when the British left what was free India going to look like.
[00:58:51] Ajay Shah:	Okay and in that intellectual project, they made many mistakes. They did not understand the concept of a state. They thought that the state will be led by good people like Gandhi ji and Nehru. Okay, they were wrong.
[00:59:03] Ajay Shah:	The state will attract the most venal persons, particularly when the state commands coercive power. And today we should be on that intellectual journey of understanding those checks and balances. And as those capabilities deepen in the country, okay, it turns into a program for action.
[00:59:21] Ajay Shah:	There will be a day in the future where there will be the public outcry saying agency X is failing badly. How do we do better? And at that point, there should be the knowledge and the community about solving these problems. So we are in that R&D phase of figuring out what a successful, prosperous India would look like.
[00:59:41] Amit Varma:	A few years ago when uh before GST came in, I had written an essay on Gandhi ji's Dandi salt march and one of the things that people are surprised to realize is that the tax on salt at the time and I'm sure even today with GST was far more in independent India than it was under the British Empire. So that that tells you that our freedom struggle, such as it is, is deeply incomplete.

Chapter 3: Amit Recommends

[01:00:10] Ajay Shah: Very well Amit, we are at the end of our fun conversation of today. What's your recommendation this week?

[01:00:16] Amit Varma: So in previous weeks, I've spoken about Frederic Bastiat, my great hero, and after whom Freddy is named. He's also named after Freddy Hayek, so like two, two Freddys, he carries both of them within him.

[01:00:28] Amit Varma: And my other great hero apart from Bastiat in terms of lucid writing is George Orwell, who I think like Bastiat also died at 49, if I'm not mistaken, which is my age right now. So, may I somehow reach the end of December, I'll be very happy.

[01:00:41] Amit Varma: But but what I want to recommend of Orwell is not any of his famous novels, Animal Farm or 1984, but his collected essays. Like one of my treasured volume is a volume of his collected essays, which really is also a chronologically, which is also a chronological look at Orwell the thinker.

[01:01:03] Amit Varma: Because what it does is it has his work in chronological order, all the articles he wrote, all the book reviews he wrote, et cetera, et cetera. So in the last years of his life and he's feverishly working, he's like the classic newspaper hack where he's doing like three pieces a week, four pieces a week, except that he's not a hack.

[01:01:19] Amit Varma: He's a great, lucid writer. You know, whenever, as an editor, whenever a young writer would come and write for me, I would ask them to read George Orwell's great essay, Politics and the English language, which is such a primer on clear writing, and I love it so much.

[01:01:33] Amit Varma: And Orwell's essays are a demonstration of that clear writing. So, one little thing that I do whenever I get stuck, whenever I would get stuck, I don't write so much these days, but whenever I'd get stuck writing a column or meeting a deadline, and my brain would be like mush.

[01:01:48] Amit Varma: Nothing is coming to my head. Lord, help me, I'm sinking into quicksand.

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