Ten

Caste

Distribute the world as you will, the principal question remains inexorable—who is to dig it? Which of us, in a brief word, is to do the hard and dirty work, and for what pay?

—JOHN RUSKIN

People everywhere want to feel superior to others, and all societies have some sort of hierarchy. But this doesn't mean that they have a caste system. In India hierarchy has been institutionalized, carried much further and lasted much longer. Indian tradition separated the social classes and did not tolerate marriages between them. Neither did it allow them to change occupations, nor permit some to sit and eat together. The question is whether India's deep-rooted obsession with ranking has suppressed our capacity to grow and develop.

The caste system seems to fragment India's social and political life, but does it influence modern economic life? To what extent does caste affect the ability of Indian firms to compete in the world economy? Clearly, having traditional merchant castes that know how to accumulate capital would seem to confer an advantage. Merchant families have also proven the ability to shift from trading to industry. And some younger sons of the merchant castes are showing capabilities to move from industry to information technology (although the big success stories in software and information-based services seem to have come so far from the nontrading castes). But caste rigidities may also be responsible for our lack of cohesiveness and inadequate technological innovation—both of which might have contributed to our weak performance in the industrial economy. On the other hand, our Brahminical proficiency may be a reason for our emerging success in the new information economy. Finally how has democracy changed the caste system? These are some of the questions I examine here.

When I was growing up, I was not as aware of caste as other Indians. This was either because we were an urban middle-class family or because we came from Punjab, where caste had weakened from centuries of foreign invasions and the influence of Islam, Sikhism, and Hindu reform movements like the Arya Samaj. Whatever the reason, caste divisions were not ubiquitous, nor did they structure our everyday life. Our differences were religious. Later, when I began to travel in rural areas for Vicks, I realized that caste indeed was the central organizing feature of social life in the countryside, even though the educated middle and upper middle classes in the cities tended to gloss over it. Caste seemed to divide Indian society into groups whose members did not intermarry and usually did not eat with each other, their status decided by who would and would not take water from the other's hand. Everyone within a caste was a brother, and outside it a stranger. Caste varied by region, and the relative position of the castes differed from village to village. But everywhere caste rules were rigid, and there was little room for individuality.

In Hindu society the Brahmin (priest, teacher) is at the top of the four-caste hierarchy, followed by the Kshatriya (variously landholder, warrior, ruler). The Vaishya or bania (businessman) comes third, and the Shudra (laborer, artisan) is last. Below the four are casteless "untouchables" and tribals. The three upper castes constitute roughly 15 percent of India's population, and have ruled the country for three thousand years. About half of India is laboring or Shudra caste, divided in turn into hundreds of subcastes. Some are occupational—cobblers and carpenters, for example—others are geographic. More than 20 percent of the population are the casteless or "untouchables" and tribals for whose uplift Mahatma Gandhi worked all his life. The remaining 15 percent of India belongs to other religions: 11 percent Muslim; the rest Sikh, Christian, Parsee, etc.

The common mistake is to confuse the four broad castes *(varnas)* of the ancient literary and religious texts with the thousands of local sub-castes or *jatis* which really matter in people's day-to-day lives. There are about three thousand such jatis, and their members broadly identify themselves with the four historical varnas. Some are social in origin; others are occupational; some are territorial. People of one jati often share a traditional vocation, and will not marry or dine outside the jati. As they become prosperous, jatis also rise in the social scale from one varna to another. For example, oil-pressers in Bengal upgraded themselves a couple of generations ago. Carpenters in one district of Punjab enhanced their status. Low-caste Ganthis became textile traders in Surat. Curiously, the conversion to Buddhism, Islam, or Christianity does not necessarily liberate one from the caste system. In the villages, Muslims and Christians carry on as before as Muslim and Christian untouchables.

Diversity is India's most vital metaphor. Apart from caste and religion, linguistic states also divide it. It is thus a multinational nation. In a sense, it is what plural Europe would like to be—a united economic and political entity in which its different nationalities and minorities continue to flourish. India's diversity is the result of historic migrations and wanderings of many peoples and tribes who came here over thousands of years and made it their home. An anthropologist described the subcontinent of India as "a deep net" into which various races and peoples of Asia drifted over time and were caught. The tall Himalayas in the north and the sea in the west, east, and south isolated this net from the rest of the world and this led to the development of a unique society and is the origin of the caste system. It has made it possible for such a vast variety of people to live together in a single social system over thousands of years. It has proved capable of absorbing new intruders.

Observers have often noted the tolerance of Indians. They are surprised that people of such diversity can live together in reasonable harmony. The answer may well lie in the caste system. In this system "a group's acknowledged differences … become the very principle whereby it is integrated into society. If you eat beef, you must accept being classed among the untouchables, and on this condition your practice will be tolerated." Some academics have argued that caste is an artificial category, invented by imperialist Europeans to simplify the character of Indian social life for the purpose of legitimizing colonialism and to establish European cultural and political supremacy. It is true that some nineteenth-century scholars (like James Mill) did paint an overly simplified and rigid picture of caste in India that is plainly inaccurate, but to conclude that caste is a social construct of the imperialist West, and must therefore be dismissed, is silly. Travelers to India—from the Chinese to

the Arabs, in ancient and medieval times—consistently observed and described the caste system. Indian nationalist leaders inveighed against the evils of caste for a hundred years. Indian and foreign anthropologists and social scientists made detailed studies of caste. Plainly, caste is indigenous. But it is an evolving institution; it varies from one part of the country to another—more unbending in some areas and flexible in others—and it impacts modern life in different ways.

In recent years, sociologists have challenged the old stereotype of the caste system as closed and rigid, since it did not allow individuals to change their hereditary occupations. G. S. Ghurye showed that administrative and military jobs were always open to all castes. So was farming, except to Brahmins, who were not expected to touch the plow. He pointed to evidence that "untouchables" like chamars had entered traditional jobs such as weaving. He studied a village in Maharashtra (which his students restudied after a twenty-year gap in 1954) and showed that all the low castes in the village had taken to modern occupations. André Béteille proved in 1965 that the caste of an individual in a Tamil village no longer inhibited him from adopting a modern occupation. Other sociologists have confirmed that "untouchables" have often given up their menial jobs in favor of carpentry, blacksmithing, and white-collar occupations.

Adrian Mayer studied the same village, Ramkheri, in central India in 1954 and 1992. He found that most of the artisans had changed their occupations, except carpenters. Many lower- and middle-caste farmers had become commuters to the neighboring town of Dewas, where they had found jobs in textile and engineering companies, in the State Electricity Board, and also become teachers, bus conductors, and security guards. Others have found new occupations in the village as repairers of pumps, televisions, and bicycles, and also become agents of cattle feed, seed, and fertilizer companies.

There are at least two cultures in India. The first is primarily rural and is dominated by traditional Hindu beliefs; the second is an urban elite culture, more modern and national in its outlook. It is often not easy to separate the two, but I have always assumed that caste is the last thing on the minds of modern professionals who manage India's companies. Yet Indian business is overwhelmingly family-run. The business families are socially conservative and have tended to hire employees from their own community and caste. The Birla companies are filled with Marwaris. Even in the Tata companies—the most professionalized group—it is surprising to come across a disproportionate number of Parsees. The reasons are understandable. Business requires trust, and a kin or a familiar name from one's caste is likely to be more trustworthy. Traditionally, Indian merchants engaged in trade cover vast distances, and a caste member, whether an employee or an agent or a business partner, adds to one's comfort. The Marwari "great firms" in the nineteenth century had business networks in China and Central Asia and transacted vast sums merely on the merchant's word. Naturally, they looked to their own.

Between 1960 and 1990, when labor became militant, some business families began to hire workers from their own community, thinking that one's caste brethren would be less hostile and more pliable. In the pro-labor socialist environment of the 1970s, a superintendent in a Bombay company said that he preferred to recruit new workers through reliable channels. "The man coming from the employment exchange is a total stranger to us. Newspaper advertisements are all right in the case of

officers' and engineers' posts. But in the worker's case our experience has been that it is safer to take in a person coming in through a person we know," he said.

Loyal employees from their caste also helped industrialists to negotiate the onerous rules of the License Raj. Many companies used to pre-empt competition by filing multiple applications in the name of trusted employees. "They needed trustworthy managers who could keep their firm's secrets." The socialist system ensured that every businessman would break some law or the other every month. Hence, it was important to have members of one's caste and kin in sensitive positions. With liberalization in the 1990s, the situation has changed, however. Competition has become fierce and survival is at stake. Business families increasingly look outside their caste for talent. In some functions, like marketing and product development, there is now a veritable scramble for professionals, and salaries have multiplied manifold. Caste loyalties seem now to be diminishing as businessmen recognize that they must have the best person for the job, no matter what his or her caste.

The managers in my company came from different castes and different parts of the country. While hiring a new employee, we were unaware of his or her caste. We recruited the best person for the job. I discovered that no two senior managers on our management committee came from a single state, nor did they share a single regional language. Hence, all our work was in English. Most of our managers were Hindu, but we also had Muslims, Christians, and Parsees. Other multinationals in India share this diversity. So, in fact, does the government. Government jobs have always been based on competitive exams. The same is true in banking, medicine, law, engineering, and jobs in colleges and universities.

Despite this, however, most managers and professionals in India come from upper-caste backgrounds. The artisan castes seem to dominate the supervisory and skilled workers categories, and unskilled workers are mainly drawn from the lowest castes. Sociologists call this "caste clustering." Caste is especially important for underprivileged low-caste workers because they lack the education and other resources and must depend on their caste linkages to get a job. The reason is simple. The upper castes were the first to seize the opportunities to get educated, and with education came jobs in the modern professions. This has been true since my grandfather's time. There has never been a significant "caste barrier" to entry in modern jobs, despite the myth perpetuated by backward-caste politicians. Education has always been the answer to raising the backward castes, and not reservations and quotas, as the political movement of the backward castes has been fighting for. Yet not a single backward-caste politician talks of primary schools. A more vigorous rural education thrust by the government would certainly have ensured greater equality of opportunity.

Sentiment against caste has been gathering among modern Indians for more than a hundred years. Nationalists railed against the caste system and wanted to eliminate untouchability. It was partly because caste hindered economic advance. But it was mostly a humanitarian desire to improve the lot of the low castes and to send a clear message to the agrarian high castes that this system is inconsistent with a modern society. Once India became politically free in 1947, our liberal-minded leaders lost no time in abolishing untouchability and making its practice a criminal offense. Wide-ranging affirmative action programs were launched and roughly 20 percent of seats were reserved in colleges, universities, and jobs in the public sector and the government. The "untouchables"—who

now call themselves Dalit, meaning "the oppressed"—were given generous scholarships, and efforts were made in all states to ensure their political representation. In this manner, the new nation attempted to atone for centuries of injustice.

However, one cannot legislate away thousands of years of bad behavior, and prejudice persists. Barriers are breaking down and fading in the cities, where the modern economy requires a high degree of interdependence across occupations, but in rural areas competitive politics have created "vote banks" and strengthened instead the consciousness of caste. During elections, caste has been aggressively used to gain power and promote the rise of the lower castes, especially in the Hindi-speaking north. It has also led to clashes and violence between the castes. There is an ongoing caste war in backward Bihar, in which massacres of both Dalits and upper castes take place periodically. Everywhere the privileged tend to protect their turf and try to keep the oppressed down. In Bihar, the upper-caste farmers have created a private army called the Ranvir Sena, which burns down the homes of the Dalits every time they rise in support of their rights.

Curiously, this competition between castes may actually be destroying its fundamentals. The caste system was based on interdependence and acceptance of one's status. Once the lower castes believed that they could rise and be enriched through the competitive politics of democracy, they no longer accepted their lower position and their traditional relationship of dependence in village society. Now they are in competition with the higher castes and the old equilibrium is disappearing. They have formed caste associations and deliberately use caste to enlarge their territorial reach in order to increase their power. They have begun to behave like modern interest groups, competing for spoils in a democracy.

After the abolition of untouchability in 1950, the most dramatic development relating to caste occurred in 1990. Vishwanath Pratap Singh, the aristocrat turned politician (and able finance minister under Rajiv Gandhi), needed an electoral platform to differentiate himself from other politicians. Socialism had run out of steam. Mrs. Gandhi's populism had been discredited. The Bharatiya Janata Party had appropriated the religious platform. The old Gandhian path no longer had much appeal. Corruption was not a sustainable competitive advantage because voters believed that *all* politicians were corrupt. V. P. Singh looked for a gap, and he found it in the backwardness of the "other backward castes" (OBCs). These were the laboring Shudra majority, fully half the country's population—barbers, carpenters, cobblers, goatherds, other artisans, and farm labor—who had lacked a political voice. In comparison, the Dalits had already found a voice in politics and there were programs in place to lift them, and the upper castes had always looked after themselves nicely for three thousand years.

V. P. Singh now made the most desperate move of his career. He dug up a government report by a man called Mandal that justified affirmative action for the "other backward castes" and he promised reservations for them. The OBC movement spread like wildfire in the north Indian heartland. The upper castes were horrified. Suddenly, another 50 percent of government jobs and places in colleges might be denied to them. With 20 percent of the jobs already reserved for the Dalits, they realized that if the OBC demand succeeded only 30 percent of future seats would be available on merit. It was an invitation for a caste war. And it came. Thousands of upper-caste students led demonstrations, and

dozens burned themselves in public. In the end, their sacrifice was to no avail. The logic of the ballot box was too strong. None of the political parties dared support the students. After a few months, the rebellion died and students went back to classes. V. P. Singh, as Prime Minister of a coalition government, tried to fulfill his election promise, but his attempts to increase reservations became mired in the courts. However, the succeeding Congress government of Narasimha Rao seized the opportunity to win the OBC vote. It enacted legislation raising the reservations of OBCs by 30 percent. Thus, 50 percent of government jobs and seats in colleges are today based on criteria other than merit.

For the first time in history, India has begun to extend justice to people lower down. There is no doubt that the Dalit and OBC movements are bringing about a social revolution in north India. The 1996 general elections showed that power was rapidly shifting from the upper castes to the backward castes, especially in populous Uttar Pradesh and Bihar. Rajasthan and Madhya Pradesh are unlikely to remain insulated from this social churning. In the south, the social revolution is much further along, where social and political power passed from the upper to the lower castes decades ago.

After fifty years of reservations, Dalits still suffer great social discrimination, but the old untouchability is virtually gone. Elections have put them in Parliament, and reservations have given them jobs in the bureaucracy, the police, and the public sector. They now have their own political parties. The President of India is a Dalit. So are a number of ministers. Other backward castes are no longer a persecuted minority; they are the majority. Earlier, they suffered caste oppression, but now democracy has converted their advantage in numbers into enormous political clout. As a result, there is continuous clamor for more quotas. The original aim of reservations was to accelerate the rise of the backward castes. It is now a sectarian tool used by backward castes to demand a share of the patronage. Having said that, the fact remains that half a century after Independence the Dalits and some of the backward castes are still the most wretchedly poor, the most illiterate, the most exploited, and the most disadvantaged in India. The answer to their plight in the long run is education and the market. The state has done its bit by giving them protective discrimination through quotas. But quotas are at best a temporary palliative. For jobs in the future are not going to grow in government and the public sector but in the market economy. The middle class is appalled that they have thrown up politicians like Laloo Yadav, the former chief minister of Bihar who is under investigation in a "fodder scam" involving Rs 1,000 crore. Today India is ruled by dozens of corrupt politicians. In the words of V. S. Naipaul, "You can't get people from Bihar behaving beautifully. When the oppressed have the power to assert themselves they will behave badly." He thinks that it will require at least a couple of generations—once the lower castes begin to trust institutions—"before people in that situation begin to behave well. Meanwhile, we have to live with messiness."

On the face of it, caste ought to kill enterprise. It segments human experience for generations and fragments society. Its inherent conservatism ought to destroy creativity and experimentation. It gives the monopoly of knowledge to Brahmins and the monopoly of risk taking to banias. It delegates manual work to the lowly. In such a society, how can innovation and capitalism flourish? Karl Marx believed that caste would come in the way of modernizing the Indian economy. But he also predicted that caste would eventually die out because "modern industry, resulting from the railway system, will

dissolve the hereditary division of labour, upon which rests the Indian caste." That did not happen, but neither did an industrial revolution.

Max Weber, the German sociologist, also concluded that caste would have a negative effect on enterprise. He argued that "India's caste order formed an obstacle … [A] profound estrangement usually exists between the castes, and often deadly jealousy and hostility as well, precisely because the castes are completely oriented towards social rank." Weber contrasted India's caste society with the class differences and tradesmen's guilds in premodern Western Europe. The ethic of Christianity, he argued, united European society into a social and religious fraternity, and this led to a common civic life. This in turn helped create a capitalist society, and the classes and guilds did not prevent the flowering of mercantile towns. In India, however, the Hindu religion sanctioned the divisions of the caste system. These divisions, he believed, would prevent cooperation and lead to poor cohesion in Indian society.

Although both Marx and Weber were wrong in their conclusions, Weber raises an important issue with regard to teamwork. Modern economic activity depends vitally on interdependence. That Indians do not combine well is well known, but is the caste system somehow responsible for our inability to cooperate? With all our triumphs at my company, Richardson Hindustan, I failed to build a cohesive management team. Poor teamwork at the top had the most devastating consequences on our younger managers. Like most companies, we were functionally organized, with top managers heading the key departments—marketing, product development, finance, sales, production. Because the heads of the departments were intent on building empires, there were constant and futile battles over turf. The younger managers would often get caught in the crossfire and become victims. Worse, they would emulate the damaging behavior of their seniors. We conducted a series of "team-building workshops" which had a positive effect on behavior, but the effect was temporary. After a few months of good conduct, we would begin to fight again.

I felt disheartened. I thought I had failed as a leader, and I had the most terrible doubts. Perhaps I was incapable of building a team. I talked to other heads of companies in Bombay, and to my surprise, I discovered that most of them faced the same problem. Temporarily, I felt consoled: at least I was not the problem. But the issue would not go away. During the twelve years that I led Richardson Hindustan and Procter & Gamble India, poor teamwork was a festering, chronic disease.

Since leaving P&G, I have been consultant to half a dozen Indian companies, and I have concluded that most Indian enterprises suffer from this problem, some more and some less. I am concerned that this problem may be a serious source of national competitive disadvantage. It is not limited to the commercial world; it infects all sorts of organizations. Whether it is a university, a hospital, a village panchayat, or a municipal board, it is beset with dissension. To a lesser extent, even the armed forces seem to suffer from poor teamwork.

The paradigmatic story concerns two Indians who meet in New York and decide to form an Indian Association. When a third arrives, they form a Tamil Association; with a fourth comes the Bengali Association. And so on until there are fifteen regional associations and the old Indian Association is forgotten. One day someone has the "brilliant idea" to join the regional associations into an Indian Association. It's a funny story, and it makes us laugh, but it also illustrates our divisive character. A

Swiss manager of a multinational company told me that a sure way to inaction is to put two talented Indians on a global task force. They will never agree and brilliantly argue the proposal to death.

What is the cause of our divisiveness? Is it our diversity? Is it the caste system? Oscar Lewis, the noted American anthropologist, studied a Jat village near Delhi. He found that the village was more or less permanently divided along rival caste lines. The more powerful group was led by the dominant caste, but supported by clientele recruited from its dependent castes. The factions seemed to be constantly fighting each other. Other sociologists have confirmed that discord and factionalism pervade village life almost universally in different parts of the country.

However, caste alone cannot explain dissension. I have noticed that in the most homogeneous Marwari companies, brothers and nephews incessantly fight with each other. To some extent, jockeying for power exists, of course, in every company everywhere. It is natural for directors to build empires, quarrel over turf, and squabble in boardrooms. However, in good companies around the world these conflicts are contained so that they do not hurt competitiveness. In India, they tend to spill out, and when they do the effect is devastating.

In the nineteenth century, British colonialists used to blame our caste system for everything wrong in India. The nationalist leaders followed suit in the twentieth century. Mahatma Gandhi constantly told Indians that they were undeserving of independence unless they reformed their society and rid it of untouchability. I was taught as a child that caste was evil, and responsible for our backwardness. Now I have a different perspective. Instead of morally judging caste, I seek to understand its impact on competitiveness. I have come to believe that being endowed with commercial castes is a source of advantage in the global economy. Bania traders know how to accumulate and manage capital. They have the financial resources and, more important, financial acumen. They have an austere lifestyle and the propensity to take calculated risks. They have proven their flexibility of mind as they have graduated from trading to industry. These constitute significant strengths. Joel Kotkin demonstrates these strengths in the case of Palanpuri Jains, who have used their caste and family networks in wresting half the global market for uncut diamonds from the Jews.

After the economic reforms, our business houses have acquired new respectability and are on the rise socially. More and more people in our society want to emulate them and become entrepreneurs. Making money has become respectable. There is a huge change in people's attitudes, and intellectuals call it the "baniaization of Indian society," after the bania trading caste. The children of the Brahmins and Kshatriyas no longer view the civil service as the career of choice. They want to get an M.B.A. and go into business. Indeed, business schools are one of the biggest growth industries. Money and not power is what motivates young people. I once heard the high priest of a south Indian temple say that this unholy mixing of caste occupations is "deplorable …. [It is] the beginning of the end of Hindu society." As mentioned earlier, it is similar to the redefinition of Japan's merchant class during the 1868 Meiji Restoration, which led to Japan's transformation from an under-developed group of islands into a prosperous and modern society. India is also in the midst of a social revolution, and our new entrepreneurs in software, e-commerce, pharmaceuticals, and other knowledge industries are predominantly emerging from the noncommercial castes.

The commercialization of society will indeed bring prosperity to India as the middle class grows.

But it will also exact social costs. It will entail megacities, overcrowding, atrocious working conditions, and environmental disasters. Bourgeois life tends to become consumerist and banal, and the individual is alienated from his surroundings. Mobility, weakened family bonds, decline in religion, and loss of community life accompany industrialization. Caste will weaken, but commercialization could threaten the old Indian way of life.

In the competitive market some will gain and others will lose. Even if the winners greatly outnumber the losers, in a country like India the losers will be considerable. But it has to be that way in a society with a young population that needs to absorb an increasing labor force. One should be aware of the downside of capitalism, but one cannot morally stop the yearning of the underprivileged and the poor to rise to a better standard of living. With education and time, Indians too will learn to come to grips with their environmental problems. India will also have to balance growth in a framework of social order. Nobody knows the ideal social mix. The West certainly does not offer a model, for its tendency to excessive individualism has had a corrosive effect on family and society. Individualism is clearly vital in the economy of information and innovation, but the West has learned that individuals need a supportive society as well. Indians will also have to confront the problem of how to blend society and the market and try to achieve a better balance between career, family, and society than has the West.

It is no good hoping that Indian values and the Indian way of life will survive intact. With all the triumphant talk of "Asian values" that we have heard over the past decade, it is now becoming clear that they may not offer a robust alternative. Critics have said that Asian values are indistinguishable from Victorian values (strong family, strong state, strong nationalism). In everything from industrialization to democratization we are following the well-trodden historical path of development. Modernization has its positive and negative consequences, and we have to live with them.

Many Indians blame the caste system for our industrial failings. As already discussed, Brahmins monopolized learning and looked down on Shudra artisans, who worked with their hands. Since Brahmins were role models, these attitudes (including contempt for manual labor) filtered down to the other castes. Thus, the worlds of knowledge and labor remained separate and inhibited technological innovation. It is true that when it comes to product development and innovation, Indian companies have clearly failed. Our goods are shoddy, and our businessmen rarely know how their product works. Their standard response to product improvement is to try to buy technology or hire a scientist. Unless Indian companies overcome this historical weakness, they are not going to survive the new competitive environment of the post—1991 reforms period.

The Japanese, despite their current troubles, can teach us many things. The Japanese businessman is obsessed with product improvement. Japanese entrepreneurs have had great interest in technology since the Meiji times. It is, of course, true that the Japanese mania for product superiority is spurred by a more competitive home market. Whatever the reason—caste prejudice or lack of competition—the Indian business class deserves scorn for its record of innovation. Equally, the artisan is blameworthy for not improving centuries-old products and practices. Indian roads are filled with cycle-rickshaws that break the drivers back and primitive motorized three-wheelers that pollute the

air. From the household broom to the bullock-cart, no object of daily use has been improved for centuries. The Japanese, too, had a four-tiered caste system, but it does not seem to have stopped them from achieving the miracles of industrialization. Warriors, or samurai, were the highest caste in the Japanese system; they were a highly trained fighting machine, organized and orderly, loyal to their code. However, Japan's caste system was more fluid than India's. A Japanese commoner could move into the samurai class by adoption or marriage. Although the position of household head was passed from father to eldest son, the role of eldest son could be played by an outsider, provided he had been legally adopted. Rich moneylenders often bought samurai status for their sons by marrying them to the daughters of the samurai during the shogunate. According to one study, 39.3 percent of samurai families had adopted sons in the nineteenth century. When the feudal economy changed into an industrial economy, the new entrepreneurs and the conglomerates, or zaibatsu, became the adopted sons-in-law of the state. Many samurai, who took charge of Japan's industrialization, were combative and competitive, and they helped to make the Japanese domestic market fiercely competitive. This is an essential difference from India. As noted, India's policymakers, and especially Jawaharlal Nehru, dampened the competitive spirit of India's entrepreneurs. Nehru once innocently asked, "Why do we need nineteen brands of toothpaste?" While he thought competition wasteful, the competitive spirit has turned out to be an important factor in Japan's success.

If our caste system slowed our response in the industrial age, it may actually have positive consequences in the knowledge age. Ever since Indians began to succeed in Silicon Valley and Bangalore, people have wondered why we have been more successful in software and information-related business than in the old smokestack industries. My hypothesis, as I have already suggested, is that Brahmins have had thousands of years of experience in dealing with abstract philosophical and spiritual concepts of the Upanishads. This may explain why Indians are especially good at mathematics and theoretical physics (as opposed to experimental physics). Indians invented the zero. The information age thus plays to our strengths. After all, cyberspace, like spiritual space, is invisible. Our core competence may well be invisible. It is not surprising that an unusually large number of information technology entrepreneurs, both in Silicon Valley and in south India, come from the Brahmin caste, not from the traditional trading castes. Hence, I believe that we may actually skip the industrial revolution and leap right into the information revolution.

Today India's caste system is in a state of transition. A half century of democracy has raised the status and esteem of the lower castes. Periodic elections have created vote banks, the lower castes have used politics to rise socially, and there is a social revolution under way, especially in the backward northern states. Its biggest prize is that half the government jobs and places in colleges are now reserved for the lower castes. What democracy has done for caste in the twentieth century, capitalism will do in the twenty-first. At the beginning of the twenty-first century, India is one of the fastest-growing economies in the world, and there is little to stop it from continuing to grow between 6 and 8 percent a year for the next couple of decades. At this rate there will be unprecedented new jobs, and this will create new opportunities for everyone. The better jobs, it is true, will go to the better educated. But as the lower castes begin to realize that the better jobs are in the private sector rather than in the government, they will turn, one hopes, to education rather than to reservations.

Caste certainly does not pervade modern economic life in the way that it structures rural social life. The diffusion of economic growth will further weaken the old caste—occupation link. The old stereotype of village occupational rigidity was never entirely accurate. Lower castes had always shown the capability of "moving up" or changing occupation. Modern organizations in the cities have usually hired people based on merit and exams. As markets become more competitive—as they have since the 1991 reforms—this trend will hasten and caste should diminish further. One day, perhaps, as the great scholar of caste M. N. Srinivas predicted before his death, caste will become symbolic of ethnicity rather than hierarchy.