

An Injudicious Decision

In a move which is more likely to further deepen the political crisis and greatly reduce the credibility of the Chief Election Commissioner (CEC) in the eyes of the opposition, the CEC declared the postponement of the by-elections to the 144 parliamentary seats. The reason for the 90-day postponement was shown to be the aftermath of the recent flood.

As to the legality of the decision of the CEC, there is obviously no question. However, as to its judiciousness there are numerous questions. Justice Sadek said that his decision to postpone the polls was based on the reply to his telefax asking the district commissioners (DCs) to inform him as to whether it was feasible or not to hold the elections. According to EC sources quoted in several newspapers, majority of the DCs are supposed to have replied in the positive, that is, polls could be held. If this is true then the CEC appears to have made his decision on factors other than the DCs' replies. What are those factors? We ask the CEC to immediately make public the replies of the DCs to clarify this particular point. Failing to do so will create serious credibility gap between the public and the EC and impair the image of this statutory body.

If the floods are really a factor, then in how many of the 144 seats should this justification be applied? According to press reports, only 34 districts were affected by the recent flood. Then why should the polls be postponed in all? If the EC feels that partial holding of the by-elections is not possible, then it should explain why, and not use floods as a blanket justification for postponing elections to all seats.

It is the abruptness of the decision that has also caused its credibility to be questioned. Knowing full well that his decision will be interpreted politically as well as factually, the CEC should have taken special pains to be completely transparent about the process of his arriving at such a decision. Not only should he have made the replies of the DCs public, he should also have personally undertaken tours, at least of selected districts, to convince himself of the facts on the ground, and also to give public the feeling that he did not take this, politically very sensitive, decision without having fully convinced himself that there was no other way.

The CEC's "Act of God" argument will now have to be followed by another act of God — floods in Aug-Sept period. Without it Justice Sadek will be hard pressed to make himself credible. The decision itself, and the arbitrary and abrupt way he took it, put the CEC in very poor light and cast serious doubt about his ability to remain acceptable to all political parties and maintain an unquestioned image of neutrality and credibility of the EC.

Happy Trends in Ludicrous Results

This year's SSC results of all the four boards feature some common disposition towards happy and healthy aspects of education. There were times when those scoring spectacular results used to take a lot of pride in the number of domestic teachers they employed while preparing for the exams. Fashion has changed. Most on this year's merit lists of all groups in the four boards said they were not coached by private tutors. Let us hope the trend does not stiff.

In a very healthy development the monopoly of certain institutions over top positions seems to have come to a close. Cadet colleges used to sweep merit lists for over a decade. Then again there were institutions which always had a fair share of the honours, in spite of the cadet college predominance. Non-government schools and schools in the interior, almost as a rule, failed to make any dent. This year it was indeed pleasing to see even schools like Khilgaon making serious inroads and schools in the districts vying for a place in the sun.

The parents and their high-achieving sons and daughters have all said good-riddance to the question bank. But before going out the parting kick it imparted was at once ludicrous and painful. Perhaps the boards could guess about it, so they refrained from giving the figure of students getting distinction or star mark. For there is a chance that as first division-wallahs were more numerous than those getting second division, the stars could also form the better part of those getting first. This is the height of what can be done to destroy the sanctity and seriousness of a system, and its usefulness.

The result fever tends to impress upon the nation that this is all of what education is about. And more, perhaps SSC was the end-all-be-all of this nation's educational activity. Both are symptoms that our education is seriously diseased. Can the boards and other educational authorities be expected to kick out some of the follies and crimes they had committed over the years?

A 'Shrinking' Nation

The health minister informed us in a recent seminar that on the average we, as a people, were losing height. This has been caused by generations of malnutrition. Such prolonged absence of adequate nourishment was also causing brain damage resulting in the lowering of our average IQ. A recent World Bank-Unicef publication revealed that 93 per cent of our pre-school children were under-weight, the most convincing sign of malnutrition. As we know, inadequate nutrients in diets for children before the age of two causes irreparable brain damage.

We need not get overwhelmed with all these facts. For the same study reveals that in cases of 60 per cent of families where there is malnutrition, adequate food is available. What they lack is adequate knowledge. And what our government lacks is the POLITICAL WILL to take up this challenge. We feel that, at least in 60 per cent of cases, we can solve the problem if we put adequate thrust behind an adequate information-education programme.

There cannot be any greater shame for us in the present world than to be a nation of people who are 'shrinking' because we cannot give our poor people even the minimum amount of nutrition to grow normally. We urge the government to give the issue of malnutrition the level of attention, resources and determined support it needs. Without a reasonably healthy, intelligent and educated people we do not stand a chance to be part of the "Information Age" world.

Agony from Unregulated Market Economy

'What is needed is a structured market where the state provides a structure for the market to guide it towards the achievement of economic and social goals. In this way, some of the virtues of the market can be enjoyed without some of its defects and similarly, heavy-handed state planning may be avoided.'

THE 'euphoric' premise that a strong laissez-faire market could solve the basic economic problems of a society, seems to have of late, breathed new life into the economy of most of the developing countries (LDCs) of the world. There was a time, however, when the notion of laissez-faire was regarded as an intellectual curiosity but, with the passage of time, it is gradually translated into policy changes in the 1980s. Mainly two reasons could be added to this change. First, the IMF and the World Bank, allegedly, gained insurmountable access to the policy making of the LDCs and thus could easily vendor the idea of an enhanced role of market and diminished status of the state; second, the fall of the communist regimes at the end of the 1980s "was further and perhaps a decisive change in favour of the market; the flaws in communist societies discredited market alternatives leaving no model for poor societies seeking alternative paths of development." However, over a decade or so with structural adjustments and reforms gaining gears, the growing poverty and underdevelopment of LDCs seem to have placed the philosophy of laissez-faire market economy into serious suspect, especially, as far as LDCs are concerned.

Market Failures

Dr Frances Stewart, a celebrated British economist (daughter of famous economist N Kaldor) appears to argue against a free hand, unregulated market economy but also opts to go for a "structured market". In her BEA conference address "Why We Need a Structured Market," the invited guest invoked some valuable insights

into the deficiencies of an unregulated free market. The problems could be sliced into two types: the theoretical and practical deficiencies of unregulated market. The theoretical deficiencies are quite known to first year students of economics. The major deficiencies include: income distribution considerations, the existence of indivisibilities and economies of scale; externalities and imperfections in knowledge/information; public goods, technology change and learning economies etc. For the presence of all of these shortcomings, it is being argued, an unregulated market economy "cannot be justified by appeal to welfare theory" and hence state intervention is necessary to wipe out the dirt. It may be noted here that while these limitations delimit the welfare frontier of any economy, the agony is pervasively serious in poor countries in the absence of institutions which are essential for the effective control of the market and to control abuses e.g. deficient legal systems; or fragile financial system, weak social, transport and technological infrastructure etc.

The practical deficiencies of an unregulated market, according to Dr Stewart, are also manifold. These are: a failure to meet social needs systematically; the special failure to meet social needs during stabilisation and adjustment; the inability to promote appropriate technology and issues related to growth and learning. "In each case, the failures do not suggest that market should be

replaced by the state but rather that the unregulated market can produce undesirable results and needs to be structured (or complemented) by state activity."

The Market and the Poor

To lift people out of poverty, both primary income (arising from participation in the economic system) and social income (from transfers by the state and the provision of public goods in priority services e.g. health and edu-

labour is dashed to low or zero. The provision of social income is the responsibility of the state and not the market. The market cannot meet the needs for health education or for clean water."

The net effect of failure with respect to primary and social income could give rise to poor human indicators. But regulating the markets, countries can allow poor people to participate in economic activity and have ac-

cess to social goods. During the adjustment period, the poor are likely to seriously suffer due to the absence of "safety net" but expansionary macro-policies and active pro-poor policies such as in Colombia and Indonesia could minimize the rot.

Market defects also tend to deter the access of small activities to the allocation of credit and foreign exchange. The inability to display collateral might constrain the poor, small and women entrepreneurs to get formal loans/credits.

Structured Market

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Beneath the Surface

by Abdul Bayes



ation) are necessary but "unstructured market" can fail to generate "enough of both types of income leading to destitution." The entitlement failure might be acute resulting in famines and all unregulated markets would accentuate the crisis through speculation. Of course, regulated market such as China in 1959-61 could also face such trauma but regulated market, by and large, can prevent such odds from happening (e.g. Iran and Nicaragua).

"Chronic poverty leading to high levels of malnutrition is a more common consequence of the unregulated market. This may occur even when incomes per capita are growing." The unregulated market, according to Stewart, leads to lower wages in a labour surplus economy when marginal product of

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In the Name of Democracy

Ashok Mitra writes from New Delhi

Even if the purported objective was to ensure the induction in office of a chief minister who is dalit by caste, the goings-on in Uttar Pradesh have been marked by a degree of arbitrariness which makes a mockery of democratic pretensions on the part of the powers that be.

THE drama in Uttar Pradesh is, for the present, over. Mulayam Singh Yadav has been ousted and Shrimati Mayawati is the new chief minister. Because she and her party are supposed to represent the vote bank of the dalits, reaction to the manner the Governor of the State chose to adopt to help her to be installed has been muted. Political groups are busy working out their strategies for the Lok Sabha elections now barely five months away. The Bahujana Samaj party will be a major player in these elections at least so far as Uttar Pradesh is concerned, and this State sends as many as 85 members to the Lok Sabha. Besides, a sentiment is widespread that, whatever the manoeuvres which catapulted Shrimati Mayawati to the seat of chief minister, the expression of any strong disapproval of the Governor's acts and activities in this connection would be construed as a bias against the dalits as such.

The underlying issues are nonetheless far too serious to be allowed to pass into oblivion without comment. Certain conventions of parliamentary democracy ought not to be breached under any circumstances. One such convention, strongly endorsed by the Sarkaria Commission and a Supreme Court judgment not too far ago, is that, whether an incumbent chief minister at any point enjoys or has lost

the confidence of the legislature is to be determined on the floor of the legislature itself, and not left to the decision of the Governor on the basis of his subjective judgment. When the Bahujana Samaj Party withdrew its support from the Samajwadi party-led government, the proper thing for the Governor would have been to ask the chief minister in office to convene the State assembly within a fortnight or thereabouts for testing whether he still enjoyed the support of a majority of the legislators.

Mulayam Singh Yadav had already gone on record that he was prepared to prove his majority at the session of the assembly scheduled to meet in July. The Governor could have asked the incumbent chief minister to advance the dates for this session. Only in the eventuality of Mulayam Singh Yadav's refusal to bring forward the Assembly session for seeking a vote of confidence was the Governor entitled to exercise his discretion. Such a procedure would have been in conformity with the highest democratic norms: in a democracy, a parliamentary democracy at

that, the legislature is the sovereign entity and the Governor must not intrude before it has been allowed the opportunity to give its verdict on the issue at hand. What the Uttar Pradesh Governor did instead was to pre-empt the legislature. He arranged to dismiss one chief minister and induct another in that August position exclusively on his own; Raj Bhavan, and not the floor of the Assembly, was turned into the venue for determining the crucial choice. The Governor's decision was arbitrary and in the nature of an imposition. What he has done will now provide weaponry to those who argue that the establishment of true federalism in India would be impossible without abolishing the institution of a Governor foisted on a State at the behest of the Centre. The Uttar Pradesh Governor, there can be little doubt, acted in the manner he did after due consultation with New Delhi, the prime minister is obviously planning some intricate moves in the political chess game between now and the Lok Sabha poll.

Dismissing Mulayam Singh Yadav and swearing in

Shrimati Mayawati as chief minister was however only the first half of the drama. For form's sake, she had to face the Assembly within a reasonable interval of time and prove her majority support there. That was no easy task; the incumbent Speaker could follow the precedent of the West Bengal Assembly Speaker in 1968 and insist that he would not recognise a chief minister installed behind the back of the Assembly while the latter was not in session. The Governor accordingly stepped in a second time. He issued a directive to the Speaker on the exact procedure he must follow for conducting the proceedings of the specially convened session of the Assembly. There was once more a purposive flouting of constitutional propriety: within his own jurisdiction, the Speaker is sovereign, and a Governor has no business to dictate to him how the proceedings of the legislature are to be conducted. Even were a Speaker to behave arbitrarily and in breach of constitutional edicts and conventions, the redressal for that lies with the judiciary, and a Governor cannot

take upon himself the onus of deciding in advance that a Speaker was bound to misbehave while conducting the assembly and therefore things should be so arranged in advance that he could be stopped in his tracks.

The events in the Uttar Pradesh Assembly on June 19 last provide strong prima facie ground for suspecting that the Governor's personal staff, present in strength in the Assembly premises, colluded with the secretariat of the Assembly to effect a kind of a coup d'etat. The Speaker adjourned the House sine die. Irrespective of whether the Speaker was right or wrong, the Assembly staff should have, following established procedures, respected his ruling. They however ignored his decision and chose to cooperate with those who wanted the session to continue. What ensued was plain farce: the Speaker was removed through a vote of no confidence passed by a House which formally already stood adjourned, a new Speaker was hurriedly installed, and Shrimati Mayawati was greatly relieved when a majority of members present confirmed her as chief min-

population with average household income of only 40 per cent of the Chinese income. The NEP was enunciated to uplift Malays, defined targets, set instruments and produced exemplary outcome. The success of structured market in Malaysia in meeting its own objective was achieved without hurting growth or equity objectives.

Similarly, the industrial policies of South Korea and Taiwan are argued to have followed the paradigm of a structured market. The role of the state was critical in every step of the journey in South Korea. "It developed targets and used five types of instruments to achieve its industrial objectives." In Kenya, formal sector institutions have been required to allocate at least 17 per cent of credit to agriculture sector, in Thailand 11 per cent. In India, one per cent of formal sector credit is supposed to go to small-scale sector — an important factor for the success of Self-employment Women's Association. In Indonesia 20 per cent of loan portfolios of commercial and state banks are directed to be for small enterprises.

Concluding Remarks

It thus appears that a free lance, free market might not be capable of generating a social optimum, especially, where market failures are likely to flare up due to structural weaknesses. Stewart attempted to argue that "what is needed is a structured market where the state provides a structure for the market to guide it towards the achievement of economic and social goals. In this way, some of the virtues of the market can be enjoyed without some of its defects and similarly, heavy-handed state planning may be avoided."

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About seven months ago, almost identical things happened in Manipur: The governor actively associated himself with a stratagem for removing a Speaker who would not fall in line with the political designs for the State drawn up by the ruling party in New Delhi. But because that episode occurred in the remote northeast, few elsewhere in the country bothered. The gross violation of constitutional norms has now taken place in a State which, both in terms of the size of its population and the clout it has traditionally exercised in the nation's political affairs, is very much in the limelight all the while. One cannot protect parliamentary democracy by violating its basic tenets. Even if the purported objective was to ensure the induction in office of a chief minister who is dalit by caste, the goings-on in Uttar Pradesh have been marked by a degree of arbitrariness which makes a mockery of democratic pretensions on the part of the powers that be.

The matter is now lying with the Supreme Court. But irrespective of the final verdict of the nation's highest judiciary, the recent history in Uttar Pradesh is not reversible, nor are its consequences.

— Mandira

The author is a former finance minister of West Bengal and now he is Member of Rajya Sabha.

OPINION

Ministry of Foreign Affairs: Recommendations of Special Committee

An Observer

A long awaited study was undertaken to beef up the Ministry of Foreign Affairs (MFA) for playing a more effective role in the light of the changed circumstances. Important among them are integration of mission under the effective control of the head of mission, establishment of research and planning wing, enhancing the effectiveness of missions abroad through adequate staffing and financial benefits, incentive to career diplomats by keeping 70 per cent posts of head of mission reserved, arrangement of formal training at ministry's academy with proper staffing.

However, I would like to make the following comments for consideration if there is any scope for the same.

Composition of the Special Committee: The composition of the committee should have been made more broad-based by including members from the public forum. Unfortunately the composition is primarily kept confined to retired bureaucrats with the exception of a businessman and a retired justice. Moreover, the full composition has a definite affiliation to the ruling party and this should have been avoided for a really proper and unbiased outcome. I wonder if

public views were elicited through questionnaires MFA is a ministry with full potentiality provided proper policy guidance offered keeping in with the national interest. It is commonly said that it is a government within a government. But the focal point is the head of the ministry as all under synchronize this tune to the master.

Research and policy planning: It has been gathered that the research cell is just an entity but hardly has a role to play. This is because of its stalling level, number and importance attached to the cell. Very rarely an officer of the required aptitude was allowed to organise, work on a long term project. On the whole the cell was kept on a low key. The recommendations however, have attached purposeful importance for making contribution in the ministry. But this is on paper and one has to wait for its proper unktion. As gathered, officers with most appropriate qualification and aptitude would hardly be interested leaving aside all the attraction of foreign postings.

The possibility of arising misunderstanding between the research cell and the desks are there because the desks expect quick fixes whereas the cell is supposed to get involved in long drawn futuristic policy studies.

However, it is expected that there should develop a harmonious understanding between this cell and the desks for fruitful gains.

BISS was set up to work as a 'think tank' for the ministries of defence and foreign affairs. The institute like other institutions mentioned in the report would be mostly consisted of academicians who would put in their heart and sole and produce papers as required and be responsible to defend the same with all reasons. Somehow the BISS was not really tasked as learned to test its capability less the career officers works are undermined.

But BISS has developed on its own and has proved its capability both within and abroad. Certainly this is a great satisfaction to all of us in the country. A word about BISS management — it is supposed to be headed by the minister for defence and foreign affairs by rotation but came under the administrative control of the MFA because the defence Minister was also the President the institute would gain much from MFA and MFA has more to expect from BISS generally. But provision should be there for its administrative control by rotation.

The problem which is anticipated is that the differ-

ences in the thought process of academicians working with free and unbiased mind vis-a-vis a desk officer of MFA working on specific time. One is free to express his ideas, but, of course, with reasons and there is no binding on the part of the government. Whereas the officers of MFA's works are supposed to be confidential sensitive and all expressions must have an official touch. So the working understanding between these two groups have to be such that there be no scope for any misunderstanding excepting academic differences.

MFA really can benefit from these institutions as elsewhere in the world but MFA officers should shun complexes. These institutions are rich in human resources and talents but they need adequate support, exposure and recognition.

Audit and Pension cases: A point is made in that audit, in particular of the missions, be carried out every year, if not possible then every alternate year. This may sound and appear expensive but in the long run it would pay definite dividend as these audit would totally stop all financial irregularities.

Too many equals are not desirable: All equals in the different wings of MFA may

bring in disharmony than harmony. A study of the earlier organogram will speak out this observation as why. The post of secretary was abolished to create additional secretaries. Though with the increased volume of workload and as an incentive to officers to rise high additional higher slots are desirable.

Posting of a Career Officer in PMO is Superfluous: In the light of the committee's recommendations of MFA to co-ordinate all works of all ministries dealing with foreign countries, different international agencies, candidature in international organisations and conferences, the creation of a post of the level of additional secretary in the office of the PM is superfluous unless the idea to have one more higher slot. It may be mentioned as a normal practice of accompanying any foreign dignitary calling on the PM is done by the head of the concerned desk. Beside it is the responsibility of the Desk concerned to prepare the brief for the PM. So, just justify as to what the proposed officer is going to do in PMO.

Training of MFA Officers: A most important item has long been neglected. There is no short-cut to formal training at all levels. It is felt

that formal training followed by an examination be introduced for each upward move up to the level of director general. For subsequent levels there need to be refresher's training in the light of the changed circumstances. A reservoir of specialists and linguists be trained up to meet different needs.

Missions abroad: I have a little difference over the opening and closing of missions abroad. Economic needs may be the prime need but must not be over-riding factor in the selection of mission abroad. We need to express our solidarity with the Muslim and developing countries as we need them in different international forums. It is said that missions in Asia and Africa are considered to be hard stations and most sought after missions are in Europe. I wonder what good would it bring by opening a mission in Spain or even in Austria. Yes, the mission in Germany be made more strong to take care of Austria.

A good recommendation is that all missions be adequately staffed and the financial benefits of all the staff be brought at least at par with the sub-continental countries.