

Democracy, accountability, and balance of power

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THE entire period of administration in independent Bangladesh in its thirty-five years of history can be divided almost fifty-fifty into presidential and parliamentary forms of government, interrupted by two major bloody coups and several years of military take-over of administrations.

While the presidential form of government is criticized by our politicians and intellectuals as autocratic, the three full terms of parliamentary form of administration from 1991 through 2006, duly elected by more-or-less free and fair elections with massive voter turnouts, have been no less dictatorial than the presidential form of administration in true measures of effective democracy.

The root cause of that dictatorship, be it in parliamentary or presidential form of government, is the one-man (or one-woman) party leadership with no accountability whatsoever to their respective parties, to the parliament, or to the people who elected them.

The party chief as the head of government acted like a king or a queen with absolute power and authority similar to a medieval monarch. Other leaders in the party, ministers, and MPs were serving their party chiefs to satisfy their personal wishes, desires, and interests. In that situation, it would be naive to expect pro-people administration with good governance, rule of law, democratic values and national interest at the top of its agenda.

Much has been said about the intra-party democratic reforms to eliminate dictatorships and dynastical influences within the political parties, and the Election Commission has already proposed some reform ideas for the

parties to follow. What the Election Commission has most importantly proposed and almost everybody more or less agrees is that the formation of all party committees and leadership at all levels of political parties be done by secret ballots of all members, which is good. But nothing has been said yet as to by whom and what mechanism the removal of these leaders from their positions might happen, and this is something very important to address for the following reasons.

What we need is true and lasting democratic reforms, not cosmetics or temporary band-aids. If the party chief can fire at will other politicians from their positions like they are doing now, then the party chief's dictatorship will not change a bit, since the existence of others in the party will continue to be at the mercy of one person. There must be some mandatory provisions in the party constitution to the effect that the elected party leaders and committee members can be removed from their positions only by a vote of two-thirds of the committee members so that leadership at all levels of a party can use democracy in decision making, without resorting to sycophancy for their own survival.

Moreover, the nominations for MPs, city council and municipal commissioners, and upazila and union council members must come from grass-root levels through secret ballots of nomination committee members at the respective electoral districts, and not from the party headquarters.

If the above mechanism is adopted for selection and election of leaders, then and only then, the democratic practices and fair play will take root in the political parties.

However, even if all the above stated democratic reforms within the political parties are imple-

mented, still there is no guaranty for the elimination of dictatorship at the government level once one major party comes to power, unless fundamental reforms are done for an effective balance of power among the various branches of government.

Shared governance: In order to prevent dictatorship by the head of government and encourage democratic practices in the administration, it is necessary to create laws to make a balance of power between the prime minister, president, cabinet, and the parliament. A parliamentary form of government, with the following formula for essential checks and balances in order to make democracy functional and relieve the administration of dictatorial rule by the all-powerful prime minister, is the best solution we can hope for good governance in our nation.

President: Selection and appointment of the president shall follow the current system. In addition to all other incumbent duties and responsibilities, the president, by constitutional provision, shall hold the portfolio of Defense Ministry, assisted by a state minister to be chosen by the president, and be the commander-in-chief of the armed forces and chancellor of all public universities, in order to protect these vital national institutions from the influences of party politics. The president is impeachable by a vote of two-thirds of the parliament in the event of breach of the Constitution or serious violation of law.

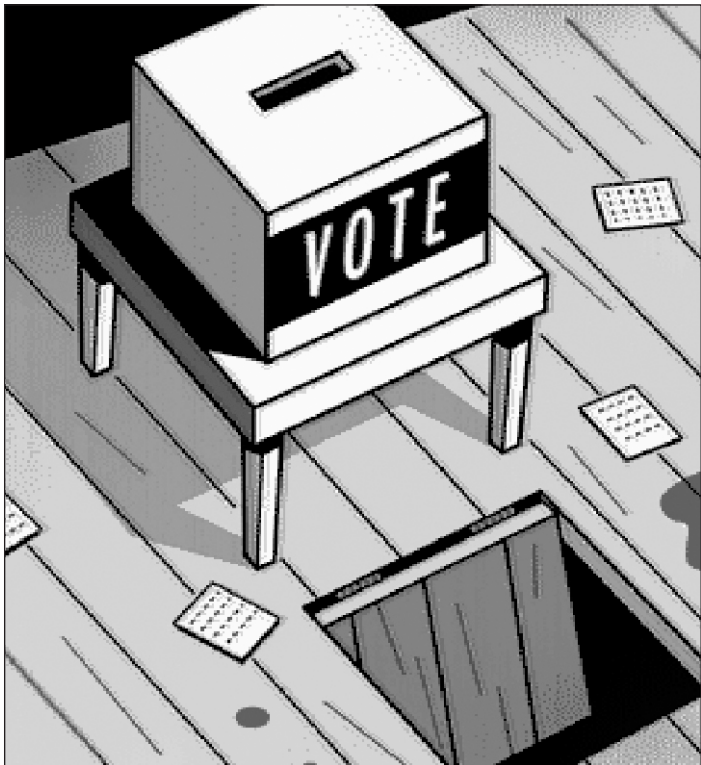
Prime Minister: Selection and appointment of the prime minister and parliamentary majority/minority shall be carried out by the current mechanism. The prime minister shall be the head of the cabinet, and carry out all responsibilities incumbent upon

the premier, with the following limitations.

Cabinet: The prime minister shall nominate two names for each port-folio for the positions of cabinet minister, state minister, and/or deputy minister, and the president may select one of the two persons for each port-folio or may choose to select a person from outside the premier's nominations, but not to exceed one-third of the total cabinet appointments by the president from outside the premier's nominations. Up to a maximum of twenty percent of the cabinet positions may be filled by competent individuals who are not elected MPs by the above stated mechanism of joint decision by the premier and the president. The appointments of all ministers shall be confirmed in the parliament by a vote of minimum of fifty percent of MPs. If a minister does not get the required votes for confirmation in the parliament, the nomination process shall start all over again -- from the premier to the president to the parliament as described above.

The minister in charge of each port-folio shall routinely submit to the parliament a quarterly report, not to exceed twenty pages, outlining the progress on various projects and the future initiatives.

Parliament: The EC shall determine appropriate qualification requirements and other eligibility criteria for the nominations and elections of MPs in order to ensure that the MPs become competent lawmakers and guardians of democratic governance. The parliament shall be in session throughout the whole year, except for three weeks of summer vacation, three weeks of winter vacation and declared public holidays. Moreover, an MP can have a maximum of two weeks of paid sick leave per year. There must



be a method of secured electronic monitoring of the attendance of each MP in the parliament, with consequences for unauthorized absence. The attendance of all MPs must be made public records open to all citizens, and should be part of their records to be placed before the voters during the following election, along with their voting records on different issues for the sake of accountability and transparency on the part of elected representatives. The current undemocratic law punishing MPs with the loss of their seat in the parliament for voting against their parties must be abolished.

The parliament shall form committees, with appropriate representation from the majority and minority parties, for each department/division and ministries of the government. The parliamentary committees shall have the subpoena power to

summon ministers, including the prime minister, secretaries, chiefs of armed forces, chairs of EC, ACC, PSC, and the heads or other officials of any organization, public, private or autonomous, to testify before it. The parliamentary hearings, similar to the United States congressional hearings, shall be televised live so that the citizens can have a first hand knowledge of the inner workings of the ministries and parliament. After such hearings, the parliamentary committee may send recommendations to any office for mandatory follow-up actions that must be reported back to the parliamentary committee in a fixed period of time.

Firing of a minister: The prime minister may recommend the name(s) of minister, State Minister or Deputy minister to the president to relieve them of their responsibilities. If the president



agrees with the premier's recommendations, then the firing of a minister is final; however, if the president disagrees, then the case shall be referred to the parliament. If a vote of sixty percent of the MPs favours the premier's recommendations, then the minister loses the job; otherwise he/she continues in the position. Similarly, the president may initiate a recommendation to the premier for firing a minister and if the premier agrees, the minister leaves his/her position, but not the post of MP, if elected. But, if the premier does not agree, then again the case shall be referred to the parliament, and a vote of sixty percent of the MPs will decide whether the minister stays or leaves. Likewise, the parliament by a vote of two-thirds may recommend for termination of the job of a minister. If either the president or the prime minister

agrees with the parliament's recommendations, then the minister loses the job; otherwise, he/she stays.

The above stated power-sharing mechanism in government at least takes away the much talked-about dictatorship and abuse of power by one individual, the prime minister, and provides for a system of verifiable accountability and transparency on the part of all branches of government and elected officials. The nation cannot afford any more to give free rides to our all-knowing, all-powerful politicians and elected representatives. It is high time for our leaders and officials to serve and treat the people with honesty, integrity, respect, dignity and fairness, and stop acting like their masters.

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The world's next big spenders

DIANA FARRELL and ERIC BEINHOCKER

THROUGHOUT India's history, the vast majority of its people have lived in desperate poverty. As recently as 1985, more than 90 percent of Indians lived on less than a dollar a day. Yet India is poised to undergo a remarkable transformation.

New research from the McKinsey Global Institute (MGI) shows that within a generation, the country will become a nation of upwardly mobile middle-class households, consuming goods ranging from high-end cars to designer clothing. In two decades, the country will surpass Germany as the world's fifth largest consumer market.

The headlines of India's growth story are well known -- after the country began reforming in the early 1990s, economic growth jumped to about 7 percent. It slowed in the late 1990s but since 2002 has proceeded at a blistering pace, surpassed only by China among the world's large economies.

Less well known is how this growth is reshaping the lifestyle of Indian families. MGI's research portrays a dramatic transformation that will touch Indians up and down the income pyramid, from the poorest rural farmer to the wealthiest entrepreneur.

Companies that fail to understand the unique desires and tastes of the new Indian consumer will miss out on a half-billion-strong market that along with China ranks as one of the most important growth opportunities of the next two decades.

One of our most striking findings is how dramatically recent growth has reduced the numbers of the poorest Indians, a group we call the deprived. They earn less than 90,000 Indian rupees a year (\$1,969 per household, or about a dollar per person per day), and include subsistence farmers and unskilled labourers who often struggle to find work. They can be found across India, from its isolated villages to its sprawling urban slums.

Many depend on government-subsidized food to get enough calories each day. Since 1985, the ranks of the deprived have fallen from 93 percent to 54 percent of the population, as 103 million people moved out of desperate poverty and many millions more



were born into less grim circumstances.

When we factor in population growth, there are 431 million fewer deprived Indians today than there would have been had the poverty rate remained stuck at its earlier level, making India's economic reforms the most effective anti-poverty program in its history. If growth continues at its recent pace, we expect a further 291 million people to move out of poverty over the next two decades.

Most of these former poor will move into the class we call the aspirers, households earning between 90,000 and 200,000 rupees (\$1,969-\$4,376) per year. Aspirers are typically small shopkeepers, farmers with their own modest landholdings, or semi-skilled industrial and service workers. Their lives are not easy, but aspirers generally have enough food and might own items such as a small television, a propane stove and an electric rod for heating water.

They spend about half of their income on basic necessities, and many of their other purchases are bought secondhand or in what Indians call the "informal economy." Over the next 20 years this group will shrink from 41 percent of the population to 36 percent, as many of them move up into the middle class.

The next two groups -- seekers, earning between 200,000 and 500,000 rupees (\$4,376-\$10,941), and strivers, with incomes of between 500,000 and 1 million rupees (\$10,941-

\$21,882) -- will become India's huge new middle class. While their incomes would place them below the poverty line in the United States, things are much cheaper in India.

When the local cost of living is taken into account, the income of the seekers and strivers looks more like \$23,000 to \$118,000, which is middle class by most developed-country standards. Seekers range from young college graduates to mid-level government officials, traders and business people. They enjoy a lifestyle that most of the world would recognize as middle class and typically own a television, a refrigerator, a mobile phone and perhaps even a scooter or a car. Although their budgets are stretched, they scrimp and save for their children's education and their own retirement.

Strivers, the upper end of the middle class, tend to be senior government officials, managers of large businesses, professionals, and rich farmers. Successful and upwardly mobile, they are highly brand-conscious, buying the latest foreign-made cars and electronic gadgets. They are likely to have air conditioning, and can indulge in an annual vacation, usually somewhere in India.

The middle class currently numbers some 50 million people, but by 2025 will have expanded dramatically to 583 million people -- some 41 percent of the population. These households will see their incomes balloon to 51.5 trillion rupees (\$1.1 billion) -- 11 times the level of today and 58



percent of total Indian income.

The other major spending force in India's new consumer market will be our last segment -- the global Indians, earning more than 1 million rupees (\$21,882, or \$118,000, taking into account the cost of living). These are senior corporate executives, large business owners, high-end professionals, politicians, and big agricultural-land owners.

Today there are just 1.2 million global Indian households accounting for some 2 trillion rupees in spending power. But a new breed of ferociously upwardly mobile Indians is emerging -- young graduates of India's top colleges who can command large salaries from Indian and foreign multi-nationals.

Their tastes are indistinguishable from those of prosperous young Westerners -- many own high-end luxury cars and wear designer clothes, employ maids and full-time cooks, and regularly vacation abroad. By 2025, there will be 9.5 million Indians in this class and their spending power will hit 14.1 trillion rupees -- 20 percent of total Indian consumption.

As the seismic wave of income growth rolls across Indian society, the character of consumption will change dramatically over the next 20 years. A huge shift is underway from spending on necessities such as food and clothing to choice-based spending on categories such as household appliances and restaurants. Households that can afford discretionary consumption will grow

from 8 million today to 94 million by 2025.

Long-established spending attitudes are already changing rapidly. Branded clothes are becoming de rigueur for the wealthiest Indians -- Christian Dior, Louis Vuitton and Tommy Hilfiger already have a presence in the country. Gucci, Armani and Versace are on their way.

For generations, Indians did their daily shopping at fresh-food markets and regarded packaged foods as "stale." However, just like their Western counterparts, a new generation of busy urban Indians is starting to appreciate the convenience and choice offered by packaged foods.

Likewise, many Indians have traditionally viewed gold jewelry as a safer way to save than banks, but young Indians today are likely to see jewelry as a fashion statement, not a savings plan. They are also increasingly comfortable using credit cards -- the share of Indians who carry plastic has quadrupled since 2001.

Of course, many of India's new consumers still have relatively modest means. Despite rapidly rising incomes, average spending will still lag behind countries such as Indonesia. Like China's, India's market will be based more on volume than on per capita spending. While luxury-goods makers may be able to sell to India's global consumers with little modification to their products, those selling to India's new middle class will need to be innovative to square the difference between the rising aspirations of consumers



and their still-modest pocket-books.

One such company is Tata Motors, India's leading auto manufacturer, which has announced its intention to introduce the world's first "one lakh" car. One lakh refers to the price, 100,000 rupees, or just \$2,100. This will probably be the cheapest car in the world. Historically, a new car was out of reach of the vast majority of Indian households.

But as incomes rise, car prices fall and financing becomes available to more people, a huge pool of pent-up demand will be released. In a tie-up with the State Bank of India, car manufacturer Maruti (majority-owned by Suzuki) is now offering customers the chance to buy one of its cars with lower monthly payments than if they were buying a motorbike.

Over the next 20 years, we expect to see spending on cars growing by 12 percent per year. While more Indians will enjoy the freedom of their own transport, it's not hard to imagine the impact on the nation's environment and increasingly clogged roads.

Affordability continues to be the hallmark of successful new consumer-product launches. In the household-products sector, an example of keen pricing is the \$66 washing machine built by Videocon, the Indian consumer-electronics company.

The Videocon washer was successful not just because it was cheap, but because its design was attuned to the needs of Indian families -- for example, it will automatically finish a wash after

one of India's frequent power outages -- and it dropped costly standard features such as a drying cycle, which is unnecessary in India's hot climate.

Smart companies recognize that old consumer habits die hard. For generations, rural Indian families have either made their own clothes from bolts of cloth or had the local tailor make their garments relatively cheaply. Many remain suspicious of ready-to-wear clothes. Arvind Mills, India's leading denim manufacturer, overcame these misgivings by offering a "ready to stitch" jeans kit to local village tailors. It also distributed sewing-machine attachments for stitching the heavy denim and trained the tailors to use the kits. Within two months, more than a million of these Ruf 'n Tuf kits were sold.

India's shift to a consumer society will only accelerate as more people become "connected" via mobile phones, the Internet and TVs, and as advertising becomes a more prominent part of people's lives. Before India embarked on its program of economic reforms, the country had only 0.8 fixed telephones per 100 people, and virtually no mobile phones.

While fixed-line penetration has almost tripled to 2.2 per 100 people, the real growth story has been in mobile, which has exploded and is expected to reach 211 million subscribers by the year-end. India's mobile market is currently growing even faster than China's, and we expect overall communications spending to

continue to grow at a very rapid 13.4 percent per year over the next two decades.

Other fast-growing categories will include transport, education and health care. It is testament to the determination of Indians to work for a more prosperous future that the highest priorities will be these "economically enabling" areas of spending that boost productivity and economic growth.

Indeed, Indians will spend more of their disposable income on these categories than consumers in just about any other country. But the boost in private health-care spending, which we expect to double from 7 percent of all consumer spending today to 13 percent in 2025 (second only to the United States in percentage terms), also shows the weak underbelly of the nation's growth story.

Despite the immense progress that India has made, the public sector -- in particular, health, education and infrastructure such as roads and power -- is in a desperate condition. Thus many Indians will spend their rising incomes to opt out of public services and go private unless those services improve.

While India's rising wealth will provide more resources to tackle these issues, its fast-growing population will stress its public services even further. India's success to date has been built on its human capital -- a hardworking and increasingly educated population.

If the country's growth is to continue, the reforms that have revolutionized its private sector will need to reach its notorious government bureaucracy as well. If this does occur, the dynamism of India's people will do the rest.

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