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# **ECONOMIC DEVELOPMENT**

**Politics remains the most profitable business of all**

Swaminathan S Anklesaria Aiyar

Economists have, for over a month, had an internet debate on growth and social spending. It started with the Financial Times citing Nobel Laureate Amartya Sen as saying it would be “stupid” to focus on double-digit GDP growth without spending more on social sectors.

The newspaper also cited Jagdish Bhagwati, a potential Nobel Laureate, as stressing second-generation economic reforms to accelerate growth to finance more targeted social spending.

I think Martin Wolf of the Financial Times got to the heart of this debate. “Obviously higher incomes are a necessary condition for better state-funded welfare, better jobs and so forth. This is simply not debatable. Indeed , only in

India do serious intellectuals dream of debating these issues.” How true! Rather than enter this debate , let me simply expose the scandalous mendacity of left analysts and politicians on this issue. Sen did not actually accuse the government of failing to expand social spending.

But a cavalcade of left analysts and politicians has endlessly repeated the myth that the government is a neoliberal fiend that focuses on fast growth while ignoring social spending. Which planet do they live on? Social spending has actually been booming.

Recent scams make it blindingly obvious that the last thing this government focuses on is GDP acceleration . When Ashok Chavan and other worthies wangled lucrative flats for relatives and friends in what was supposed to be a defence services building, were they aiming for

double-digit GDP growth?

Was this a neoliberal abandonment of all regulations, or a classic case of the neta-babu raj imposing regulations in the holy name of socialism, and then using them to line their pockets and create patronage networks?

When Suresh Kalmadi and others handed out bonanzas to various contractors in the Commonwealth Games, did these constitute a single-minded focus on accelerating GDP? Or did they display a single-minded focus on accelerating their own personal wealth?

When former telecom minister Raja manipulated 2G spectrum to favour some businesses, causing revenue losses of possibly Rs 176,000 crore according to the CAG, was he trying to accelerate economic growth? No, he was illustrating the strategy of the political class: no matter how many controls are abolished to facilitate growth in some areas, controls must be expanded and milked in other areas to ensure that politics remains the most profitable business of all.

Like all businesses, politics requires massive cash investments in winning elections. Likewise, politicians want high dividends from their investment . But democracy means they may never be re-elected or get another cabinet post. Any opportunity to make big money may be their last. So, they make hay while the sun shines, piling up enough cash to last a possible lifetime out of power.

Every political party in India is an investor with considerable expertise in ways to improve profits and shareholder value. But the Congress has always been the biggest business house of all.

It knows that to stay profitable in a democracy, a ruling party must provide visible hand-outs for the masses, even while raking in black money itself . This principle has been the lodestar of seven years of Sonia-Manmohan Singh rule. Second generation economic reforms have

taken a back seat.

On coming to power in 2004, the first priority of the Congress-led UPA coalition was to rectify the supposed anti-rural bias of the preceding Vajpayee government. So it shifted governmental focus to Education For All, rural employment guarantees through NREGA, and Bharat Nirman—a multifaceted rural infrastructure programme covering irrigation, roads, telecom, electrification, health and much else.

This was a win-win strategy, wooing voters while ensuring that leakages from social programmes leaked (to the extent possible) into the desired political pockets.

Between 2004-05 and 2009-10 ,central plus state social spending more than doubled from Rs 1.73 lakh crore to Rs 4.46 lakh crore (and from 5.33% of GDP to 7.23%). So, social spending has actually risen faster than GDP.

Rapid GDP growth has financed , not hindered, rapid growth of social spending. The Economic Survey (2009-10 ) says gross central revenues more than doubled in 2004-05 and 2009-10 , from Rs 3.04 lakh crore to 6.41 lakh crore. This helped finance the social spending boom.

Sonia Gandhi's key policy innovation has been a National Advisory Council brimming with NGOs. This led to the Right to Information, a sort of Right to Work (through an employment guarantee), Right to Food (to be implemented through a Food Security Act) and Right to Education . To claim that this is a mindless neoliberal search for double-digit growth is nonsense . I hope Amartya Sen will denounce such claims as stupid.

## **Is free trade good for average Indian family?**

Nidhi Nath Srinivas

Does free import and export of food make life better for the average Indian family spending almost half its income on dal-roti? We may favour all things prefixed with the 'f' word 'free'. But the answer to this one is no longer that simple.

Look at the bright side first. Free trade ensures affordable fats and proteins. A chronic shortage of oilseeds and pulses means there is no way Indian demand can be met by its own farms. We produce 7 million tonnes oil, but consume twice that. The extra comes from Indonesia, Malaysia and Argentina without barriers on either side such as customs duty and quantitative restrictions.

Traders are free to import pulses from Australia, Myanmar, Canada and Ukraine whenever they see opportunity. Competition ensures that imported supply is regular, widely distributed and fairly priced. Without imported palm oil, yellow peas, urad, and chana, we would be paying much more than Rs 100 per kilo for them. Because we are confident of assured supply from overseas, it has freed our acres to grow other crops.

Free trade smoothens price volatility from crop failure. American almonds, pistachios and apples leave us less dependent on the vagaries of weather and disease in Kashmir and Himachal Pradesh. Imported sugar from Brazil in 2009 kept a lid on prices. Free trade has brought us new foods, new tastes, and innovative packaging from around the world.

Spreads, cheese, chocolates, soft drinks, cornflakes, designer coffee, fries, cake mixes, pasta and noodles were all first a gift of free trade. We

take for granted that trading companies in hubs such as Dubai or Singapore, along with Indian importers and distributors, will keep grocery store shelves stocked with foreign brands.

From ingredients to exotic vegetables, free trade has evolved our diets and cooking habits gradually and pleasurably.

Yet the flip side — ban on trade — has been an equally big boon for millions of households. Sufficient supply is not enough. Food needs to be affordable too. Last year, India banned export of wheat, ordinary rice, and sugar. Local production was ring-fenced for local consumers.

With no competition from foreign buyers willing to pay more, prices fell. In the last nine months, globally wheat prices have risen 60%, sugar 50% and rice 6%. In India they have been flat, or 10% less in the case of sugar.

Economists say India should export excess production and import when it runs out. That is impractical. The international market often can't provide just-in-time delivery of the food we prefer at prices we are willing to pay.

Rice is a classic case. The two largest exporters — Thailand and Vietnam — don't grow the parmal we eat.

People rejected good red wheat from Ukraine sold in ration shops two years ago because they mistook it for damaged grain. There are other reasons to distrust trade. Global climate change is leading to wider fluctuations in crop yields across the world.

Regular exporter Russia exited the global wheat market last August after a drought killed its crop. The resultant spike in global wheat prices was a blow for Egypt, the world's largest buyer. It could do little about it.

As nations become prosperous and outbid each other, shopping overseas is often the most expensive option. China, a regular importer of rice and oilseeds, is forecast to become world's largest wheat importer too. Imagine the impact on global grain prices. Protests in Egypt, Tunisia and Middle East show poor consumers are worst off in import-dependent countries. Only heavily food surplus nations continue to eagerly export.

For the rest with a more fragile balance, such as India, it becomes hard to explain to consumers why crops grown with subsidies they have financed are being exported for private gain while they suffer inflation. China has already stopped exporting food. Spooked by political unrest and unreliable trade, other governments are following suit. It's each man for himself. This makes the world market even more unreliable. Truth is consumers everywhere gain most from importing food. The value of trade lies in the goods received and not in the goods sold.

For us, the only valid reason for exporting farm commodities is to earn the cash to import. Problem is import and export are two sides of the same coin. There would be havoc if all nations choose to only import. With world food prices at a 20-year high in February and one billion chronically hungry people, politicians will keep swinging from one to the other. Don't expect a solution soon.



# **INTERNATIONAL RELATION**

## **Egypt: How India should respond**

Chinmaya R. Gharekhan

*It is obviously in our interest to be on the right side of the new forces that will emerge to prominence in Egypt. They will remember who supported them in their hour of history and who sat on the fence.*

As a general rule, it is advisable in diplomacy to be cautious in responding to events in foreign countries, especially when they occur in faraway places about which we may not be fully in the picture or where we may not have too many interests. There are occasions, however, when too much caution would not be necessary and might not be helpful in safeguarding and furthering our current and future interests. Silence might indicate not just caution but lack of clarity in our thinking. The evolving situation in Egypt is one such occasion. We ought to have expressed sympathy and support for the people of Egypt in what is undoubtedly their great moment in history.

It has been obvious, certainly from the second day of the protests in Egypt, that this was a genuinely people's movement, not engineered by external elements such as the Al Qaeda, nor by the Muslim Brotherhood, let alone any foreign government. It has also been clear that as and when the revolution reaches its denouement, President Mubarak, if he manages to survive in office, will no longer be able to continue to exercise unfettered power, as he has done for 30 years, that the people will have to be empowered in some way and that it would simply not be possible to restore the status quo ante in the political governance of the country. While the 'jasmine' revolution in Tunisia might have provided the immediate spark, the spontaneity and scale of protests suggest that the Egyptian people have been nursing their grievances and rage for a

long time. People from all strata of society, rich and poor, young and old, have been on the streets, demanding reforms and ouster of Mr. Mubarak. Modern means of communication such as facebook, internet and twitter have greatly facilitated the launching and sustaining of the revolution.

India is not, and must not be, in the business of promoting democracy abroad, either by itself or in association with anyone else. We have rightly taken the position that it is not up to us to tell others what type of government they should have; we will deal with whichever government is in power and is able to take decisions on behalf of their people, decisions that the government concerned is able to implement. This does not mean, when genuine democratic impulses propel a people to take to the streets in a peaceful manner that we should not respond to them positively. There would be absolutely no risk in doing so, especially if our assessment suggests, as it ought to have in this case, that there was no question of things going back to what they were earlier and that in the end, Egypt will end up having more democracy.

India is and must remain a strong votary of the principle of non-interference and non-intervention. Expression of support for the demonstrators will not amount to interference in Egypt's internal affairs. In any case, the principle of non-interference has to be superseded by the principle of national interest. It is obviously in our interest to be on the right side of the new forces that will emerge to prominence in Egypt when all this is over. They will remember who supported them in their hour of history and who sat on the fence. This is a good example of a situation when principle and national interest coincide.

Why should we be 'concerned' at what is happening in Egypt? How should it bother us if the people of Egypt want democracy? Are we worried that Muslim Brotherhood will come to power? Even if that were to happen, why should that frighten us in India? Firstly, there is no evidence to suggest that the Brotherhood is behind the protests in the

sense of having instigated them. They have been, on available information, cautioning the demonstrators not to indulge in violence. Since the protesters do not appear to have organised leadership, the Brotherhood, with its cadres and well-established cells, will certainly try to fill the vacuum and assume leadership role. However, most analysts, who have a better grasp of the internal situation in Egypt than this writer, suggest that the Brotherhood's support base is not as large as it would like to claim. The Brotherhood has declared itself as being opposed to violence, though it is true that it is an Islamist movement. But is it any more Islamist than the regimes in some countries which have been the source of most of the funding of institutions abroad that have been the single most important breeding ground of extremists? It is not an extremist movement and has many intellectuals and professional among its ranks. In any case, we with our firmly entrenched tradition of democracy, have nothing to fear from such a development. At least we Indians must not make the mistake of shunning whatever government comes to power in Cairo through a peaceful, democratic process. Governments around the world will have to deal with it since it is not Gaza strip that can be ignored.

Hamas won in a free and fair election which was monitored by the international community but was denied legitimacy and was ostracised by the world under pressure from the Americans and Israel. The result was that Hamas, a 100 per cent Sunni movement, was pushed in the embrace of a motivated Shia Iran. It was also not wise to shun the Hizbulla in Lebanon which has now the prime ministership of that country. (When this writer had gone to Beirut after the assassination of Prime Minister Rafiq Hariri, he had on his own initiative met Sheikh Hassan Nasrulla; the Israeli embassy in Delhi had protested, but happily the then secretary in MEA, Rajiv Sikri, had dismissed the protest.) Is there any doubt in the minds of our officials that the Americans have their lines of communication with both the Hamas and the Hizbulla (as well as with Iran)?

Egypt is one of the most important Arab countries. Its influence in the region is because of what it is and will not diminish if there is a change of government in Cairo. It is very likely that the emergence of a new dispensation will have at least short term consequences for the peace process between Israel and Palestine. It will be certainly be more representative of the true feelings of the Egyptian people and more supportive of the Palestinian aspirations. In any case, the peace process has long been dead and will not revive until Mr. Obama's second term.

It is natural for us to be concerned about the safety of our nationals in Egypt. But there is no reason to believe that the demonstrators will specifically target the Indians, unless the protesters come to the conclusion that India's government is silently supporting Mr. Mubarak. An expression of support for the people is likely to be remembered by them positively, just as we did when some governments came out on the side of the freedom movement in Bangladesh in 1971-72.

Muhammad Baradai, who seems to be positioning himself as a consensus candidate for presidency, does have some credibility, since he returned to his country to lead a reform movement long before the present unrest exploded. However, responsible Egyptian sources suggest that Mr. Baradai cannot be the answer to the present turmoil, which is likely to continue for some time. General Omar Soleiman, whom this writer has met several times during his visits to Cairo in his capacity as special envoy, was well regarded domestically and is well disposed towards India, but his nomination as Vice-President is too little, too late.

The government should issue another statement in which, at a minimum, we should express understanding for the demands of the protesters for reform and our expectation that there will be no use of harsh measures and that the government in Cairo will respond early and positively to these demands so that the country and the region can become stable once again.

# **JUDICIARY**

**'Justice can't be a rush job'**

Hema Ramakrishnan & T K Arun

Justice P Venkatarama Reddy was delivering advance rulings on tax dues of multinational companies when the government chose him for the top job at the Law Commission last year. Reddy and his team have taken up several studies, including one on improving the justice delivery system in the country.

He argues that courts cannot give a go-by to procedures in a hurry to clear cases, but says the judiciary should be expanded as also the anti-corruption network machinery.

“There are several reasons for the delay in justice delivery. Some are within the purview of the judiciary and some are not. Better administration and management can cut delays , but use of technology or computerisation is not the answer. The process of decision-making , the appreciation of evidence and so on cannot be done in haste.

Investigation in criminal cases is hampered, especially in rural areas, due to lack infrastructure like forensic laboratories. We are governed by the rule of law. Courts need evidence and cannot convict a person based on public opinion or media trial,” says the former judge of the Supreme Court, who had upheld the death sentence of Afzal Guru convicted of conspiracy in the attack on Parliament in 2001.

India trails in the number of trial courts compared to other countries. The high court is in charge of recruitment of junior civil judges, but recruitments are often delayed. Besides, there are financial implications as states need to approve the spending on the lower judiciary.

The Centre's plan to create an all-India judicial service to recruit at least one-fourth of the district judges through a national-level exam has not passed muster with states just yet.

Shouldn't the country have more fast-track courts to dispose the huge backlog of cases? Fast-track courts need to dispose of old criminal cases involving serious charges, though high courts have also entrusted them civil cases, says Reddy. He argues that fast-tracking criminal cases against politicians is not a good idea as courts would be branded as being discriminatory.

Bunching of cases can reduce the backlog. This is done in the Supreme Court where cases are segregated on the basis of legal principles. A group of cases of a similar nature can be clubbed and judgement can be delivered in a batch. However, the scope for bunching is limited in trial courts as every case has its own character, reckons Reddy.

He says people violate law because many of them are confident that the rule of law cannot reach them. "There is no specialisation in state anti-corruption bureaus and agencies like the CBI are grossly understaffed. We need to strengthen the network of anti-corruption machinery."

The Law Commission, set up in 1955, has given over 230 reports to the government on various subjects including the overhaul of economic laws. The amendments to the Insurance Act, proposed by the 17th Law Commission, are now awaiting passage in Parliament.

Is there a need to have a financial sector legislative reforms commission to rewrite financial sector laws? Reddy's reply is guarded. "The law commission can do the job. We have an expert from the financial sector and can induct more experts as members. However, it is upto the government to take a decision," he says.

The former chairman of the authority for advance rulings is clear that



retrospective legislation should be avoided as far as possible. The government has made several amendments in the Income Tax Act with retrospective effect. A crucial one was in 2007, after the government saw a goldmine in cross-border M&A deals involving Indian assets. Law was amended retrospectively to ensure that the onus of paying capital gains tax on an acquisition in India rests with the buyer.

Is there a case, for instance, to impose a capital gains tax on telcos that sold their shares to foreign partners at a much higher valuation? “We need to look at retrospective legislation in a larger context of what I mentioned earlier,” says Reddy.

The quintessential lawyer signs off with sage advice. “There are so many actors in the judiciary. A disciplined and well-equipped bar is an asset to the judiciary. The quality of disposal of cases is as essential as the speed of disposal. We need more judges. they should be competent. Reforms should begin with improving the quality of legal education. After all, the character of law schools determine the quality of our judiciary.”

## HINDU 7.2.11 JUDICIARY

### **Retooling laws for justice**

K.S. Jacob

*Many Indian laws do not reflect modern and enlightened concepts of justice and require major revision.*

The recent campaign in support of Dr. Binayak Sen has received much publicity. The mainstream media has enunciated his cause and dissected the evidence, conviction and judgment. Amnesty International argued that the case violated international standards for a fair trial. While Dr. Sen's conviction has received much attention, there is a need to foreground the context and to enunciate the larger issues facing the nation.

History and precedent: The ancient history of the Indian subcontinent is well recognised. However, the concept of an Indian nation state is much more recent. Diversity of traditions, cultural dissimilarity, religious heterogeneity, regional disparity and geographical variations divided the sub-continent. However, antipathy to British colonisation bound its diverse peoples and its numerous provinces, regions and kingdoms. The freedom struggle actually defined the nation.

Independent India is just over 60 years old. Its conceptualisation as a nation state is contemporary. Its federal structure and democracy are actually in their infancy. While its Constitution attempted to put together a broad framework of principles for an egalitarian society, its new rulers retained and continued many colonial traditions. The independence movement, led by the upper castes, the rich and landed gentry, morphed into its ruling class. All power over common and forestland was transferred from the Crown to the Indian government. The Indian Penal Code and other laws used by

the British to rule the land were prescribed as statutes for the new India. The 19th century concept of sedition, employed by colonisers to control dissension and rebellion among the natives, is now employed to stifle legitimate debate and valid dissent among its citizens.

Developmental discord: The year 1991 was a watershed in India's economic history. Liberalisation of its economy resulted in an increase in the country's wealth and Gross Domestic Product. Nevertheless, the realisation that India needed to exploit its enormous natural resources to achieve global superpower status is not lost on its rulers and their corporate partners. The urgent need to clear forestland for mines and factories and to dam rivers to increase electrical power and water resources is obvious. The commons had to be exploited for national progress. India's indigenous peoples, the Adivasis and their ancestral lands, which had no recognised, registered and individual titles, were easy targets for displacement and acquisition. Such people, who were already marginalised with rates of malnutrition suggestive of famine, have had to pay the price for the country's development. The need for compensation and rehabilitation of livelihoods were minor irritants, best ignored. The structural violence against the poor and rural folk was dismissed as inconsequential. The armed rebellion by the Maoists is only viewed as a law and order problem. The plight of innocent civilians caught in security operations is considered unimportant in the national agenda. Human rights violations seem to be a small price to pay for a patriotic cause.

Simplistic world-views: Human rights and socialism tend to be bad words in the capitalist-development schema, as is dissent in the nationalist discourse. Simplistic world-views equate alternative perspectives and legitimate dissent as anti-national. Nationalism with its “You are either for us or against us” philosophy dismisses the discrimination of those already marginalised. Gross violations of

human rights are considered as necessary evils. Human rights workers are hounded for voicing genuine concerns. The perception that those who fight for human rights have sold out to militancy is a common emotional response. Ancient statutes are employed to reign in resistance to the nationalist and development agenda.

Requiring review: Many 19th century precedents, traditions and laws in current use need serious reconsideration. Perceived threats to national security are often used to limit many freedoms guaranteed in civilised societies. Freedom of speech is often a casualty and tends to get stifled in times of war. Gag orders and prosecutions have been launched for genuine concerns, even in times of peace. The charge of sedition continues to be used in India to stifle dissent and disagreement. The use of such baggage reflects insecurity in a resurgent nation.

Many hundreds of thousands of people are currently in jail in India for minor and bailable offences. Their lack of access to legal advice and the slow and cumbersome judicial systems keep them confined for long periods and deprive them of their human rights, when bail is a valid alternative.

Studies, which have examined Supreme Court judgments on the death penalty, suggest the abuse of law and procedures, and of arbitrariness and inconsistencies in the trial, investigation, sentencing and appeal in capital cases. Contrary to beliefs that it is only applied in the rarest of rare cases, the death penalty is used disproportionately against ethnic minorities, the poor, the marginalised and the disadvantaged, all of which are factors that argue for its abolition.

India has yet to ratify the U.N. Convention Against Torture, legislate against inhuman and degrading treatment, and enforce it. Laws, which grant de facto impunity to the security forces are often prone

to human rights violations and result in a complete lack of accountability. The Armed Forces Special Powers Act (1958), the Unlawful Activities Prevention Act (1967), the Chhattisgarh Special Public Security Act (2006) and sections of the Indian Penal Code need serious review. Deaths of “suspected terrorists” in staged encounters with the police are common in many parts of the country. National security is often employed to cover up major human rights violations. The security personnel involved in such extrajudicial killings are rewarded rather than punished.

The executive and the judiciary are often on the same side of the development argument and sing from the same sheet. The inconsistencies and flawed interpretations of judgments by the lower judiciary demand a serious review of the process of training and audit. Such standardisation is mandatory to achieve a semblance of fairness. Issues of political pressure and corruption are too serious to be wished away and demand urgent solutions.

The practice-theory gap: It is generally believed that theory drives practice. This is a simplistic interpretation of ground realities. In fact, practice defines theory. The distinction between justice and law is an example. Justice is an agreed concept and value, which is implemented through law. However, laws often fall short of delivering justice and need to be constantly interpreted and rewritten in order to provide justice. Practice constantly engages with theory and retools it. It cites theory in specific contexts, modulating, redirecting, and even remaking it. The demand for justice brings a case before the law; this demand puts the law at issue. The demand for justice can exceed the law, bring new issues before it and consequently require an extension or a reinterpretation of it. Justice, then, renews the law and extends its hold. The law can never escape from this demand for justice since it is a demand that can never be fully met.

The demands of the new era, the different context and the call of justice, mandate a creative citing of the law in relation to the questions that present before it. Judges may opt to close off the call of justice, and renew the rule of the law in relation to the new question that is presented. On the other hand, they may take up the challenge and rethink, remake and cite the law as best as they can in a way that measures up to the call of justice. When judicial and legal practice is simply understood as an application of theory, its ability to renew and remake theory — to render it more accountable to the present, is undermined. Legal and judicial practice needs to cite and remake theory, and to be aware of its responsibility to do so in situations where laws fall short of the call for justice.

The way forward: Dr. Sen's case is but the tip of the iceberg. Many innocents languish in jail. Others serve much time as under-trial prisoners awaiting judicial review. Our slow, cumbersome and expensive judicial system needs urgent reform. Does the different context of independent India need more enlightened laws? Does our current legal and judicial practice reflect our concepts and values of justice? Do our standards of justice reflect the new resurgent India? Or are we prisoners of our colonial and insecure past? Can our legal practice change the principles of our jurisprudence? Will our experience give us the clarity and confidence to break out of the straightjackets of our current theory and practice?

The judiciary needs to reconsider laws, which conflict with fundamental rights guaranteed in the Constitution. The legislatures should fashion enlightened statutes for the 21st century. India needs to seriously reconsider its legal and judicial practice and jurisprudence.

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# **POLITICS AND GOVERNMENT**

## **BACK TO THE WALL**

**- Egyptian and Indian societies have a lot in common**

### **Diplomacy**

K.P. Nayar

The year was 1995. P.V. Narasimha Rao was in Cairo on a whirlwind visit on his way to New York to take part in a commemorative session of the general assembly to mark the 50th anniversary of the founding of the United Nations. Hosni Mubarak, Egypt's president, who now finds himself with his back to the wall, told Rao that he had just cut off all telephone links with Pakistan.

Fifteen years ago, Internet and mobile phones were not what they are today: so cutting off conventional telecommunication links meant a near complete shutdown in contacts between Pakistan and Egypt. Mubarak's action, he told the Indian prime minister, came after the Egyptian customs discovered that a large shipping consignment from Karachi to Alexandria, which was described in its bill of lading as automobile spare parts, was actually made up of weapons for use by those who were being built up by Islamabad then as its proxies in a global terrorist web that is being acknowledged today as being a threat to everyone from Wellington to Washington.

Rao had been telling his fellow prime ministers as well as presidents and kings about how Pakistan was bleeding India through a low-intensity war exporting terrorism across the border, but no one really cared. His warnings that Pakistan would not stop with India or Afghanistan — where it had already prepared the Taliban for a takeover of Kabul a year later — and would facilitate the tentacles of a worldwide web of terror had fallen on deaf ears. Mubarak was the first leader of any significant



international standing to sense this threat from Pakistan as far back as 1995 and act on it early on within his country.

This anecdote, which few people in India now remember in the rush to copy America in everything and in New Delhi's obsession with emerging as a "global power", is being recalled here not to praise Mubarak or to pass any judgment on the remarkable events in Cairo and Alexandria during the last 10 days in the context of how he did, indeed, turn around Indo-Egyptian relations after the coolness that set in during the presidency of his assassinated predecessor, Anwar Sadat.

However, as events unfold in Cairo, there seems to be very little appreciation in India that Mubarak's undoing was his ill-advised closeness to the United States of America and Israel, a slow descent from the once dizzy heights of his country's leadership of not only the Arab world, but also the process of decolonization in Africa until the legendary Gamal Abdel Nasser's death.

India has much to reflect about the reasons behind the current popular uprising in Egypt. Unfortunately, neither New Delhi's chattering classes nor the pundits on Indian television want to acknowledge that there is a lot in common between Indian and Egyptian societies. Both have a middle class which has done well on account of economic liberalization and the embrace of Western values by their respective leaders. Both have a highly skilled workforce which includes doctors, engineers and scientists. Both have an educated youth, whose full potential has not been realized, largely because of the wrong policies of their respective leaders. Just as in India, Egypt's population is bursting at the seams at slightly above 800 million because of a Green Revolution and rapid advances in medicine and health care locally.

Yet, Egypt is dwarfed in the consciousness of most Indians even as their own country looms large internationally because India has a population which is about 15 times that of Egypt. Its land area is less than a third of

India's. The truth is that both in Egypt and India, prosperity flowing from the policies of their respective rulers is predominantly confined to five-star hotels in Cairo and in New Delhi.

Indians and Egyptians both respectively took charge of the destinies of their countries around the same time. Nothing illustrates the commonality of their present plight more than the grim reality that neither Cairo nor New Delhi can yet provide the basic development indices of running water or uninterrupted electric supply to their capitals' residents. If anything, Cairo's power supply was better than New Delhi's until last year.

Policies pursued by leaders in Cairo and New Delhi have seen the future of agriculture decline in both countries. Indian farmers, who silently commit suicide in their villages, are not much different from the boisterous demonstrators who spray graffiti on tanks on Cairo's streets and clamber on top of them urging Mubarak to call it a day. The bureaucracies in both countries are increasingly at the beck and call of multinational corporations and their respective power structures are more and more beholden to Washington. All this is not to say that the ongoing events in Egypt will be repeated in India by any stretch: India's democracy, no doubt, provides safety valves to avoid such explosions. But too much should not be made of the lack of democracy in Egypt. The current uprising, in fact, goes well beyond the simplistic issue of Mubarak's dictatorship.

There is no denying that policies of successive Indian governments and of Mubarak in Egypt have allowed the souls of their respective countries to be contaminated by evil influences, perhaps beyond repair in our lifetime. What, in reality, is the difference between the corruption of the extended Karunanidhi clan, J. Jayalalithaa and her cohorts, the civil servants and the army generals who cornered property in the Adarsh housing scam and in Sukhna on the one hand and the loot and plunder by the sons of Mubarak and his predecessor, Sadat, on the other? None.

What in reality is the difference between the security establishment in North Block, which wanted to use the Indian air force against the Maoists and Mubarak's vice president, Omar Suleiman, a former intelligence chief with blood on his hands, who was appointed last week, promising change? Very little. The idea of using the air force was nipped in the bud only because the United Progressive Alliance leadership outside the government knew very well that the defence minister, A.K. Antony, who has roots among the people, would resign if he was forced into allowing defence forces to kill fellow Indians.

What in reality is the difference between a government in New Delhi, which does not mind risking the stability of its oil supplies by fiddling with the Asian Clearing Union's system of payments for oil from Iran on Washington's orders, and Sadat's notoriously corrupt son, who secured a ban on the import of beef and lamb into Egypt when his father was president? None. The son had a business of chicken imports and the ban pushed up demand for poultry and chicken prices hit astronomical heights.

Like on Egypt, a lot has been written last month about the absence of democracy having forced the Tunisian strongman, Zine el-Abidine Ben Ali, to flee Tunis as his regime crumbled in the face of a popular uprising. In fact, though, democracy played only a part in Tunisia's so-called jasmine revolution.

This columnist observed Tunisia's elections when two opposition candidates were allowed to run against Ben Ali for the first time. On the day the president won a sweeping victory, both those candidates held press conferences to announce that they too had actually voted for Ben Ali, notwithstanding their candidature, because they were convinced that Ben Ali's win was better for Tunisia than their own.

Tunisia is a small country which thrived on tourism from Europe and Australia for its spectacular beaches, balmy weather and the Jewish and

Islamic centres in Djerba, a charming island off the coast. Tunisia's tolerance and cosmopolitanism, encouraged by Ben Ali and his predecessor, Habib Bourguiba, the independence leader, ensured that it received about 5.5 million tourists annually. The global economic crisis crippled Tunisia's tourism industry in 2008 and has brought in its wake massive closures of businesses and unemployment.

The global crisis has also meant a big decline in Tunisia's exports: 75 per cent of Tunisia's exports traditionally went to Europe. Dubai's woes compounded Ben Ali's problems since the emirate was one of the largest investors in the country. In addition, rising commodity prices worldwide brought misery to Tunisians who rely heavily on food imports. They blamed Ben Ali for their misery and took to the streets when, in fact, he was not to blame for the rising cost of food, just as the UPA government should not be blamed solely for rising commodity prices in India.

Tunisia's government, like those in Iceland and several other European States, collapsed largely because of the crisis in world capitalism and because the close economic links between Tunis and the European Union made its economy extremely vulnerable to external factors. Until the global economic crisis, Tunisia was considered the most competitive economy in Africa with a population that enjoyed one of the highest gross domestic products in the Arab world. For a people who were used to such a standard of living, the fall was precipitous and unnerving, and in many ways Ben Ali became a scapegoat. The absence of democracy made it imperative that he should flee and not seek a mandate the way Manmohan Singh would have done.

# **POVERTY**

## **An aam aadmi sarkar fights the poor**

Vidya Subrahmaniam

*It is tragic that the same government that gives huge corporate concessions and loses money in corruption is fighting over minimum wages.*

As India's — and by some reckoning the world's — largest rights-based rural safety net programme completes five years, here is a reality check. The National Rural Employment Guarantee Scheme (NREGS) has become the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS). But in a monumental affront to the father of the nation, the UPA government has confirmed that it will not be paying minimum wages to MGNREGS workers.

On January 1, 2009, the government froze the (then) NREGS daily wages at Rs.100 and delinked it from the sacrosanct Minimum Wages Act, 1948. The poor had always been underpaid in the Indian labour market. But now, by a single diktat, they were officially condemned to subhuman status, fit not even to earn subsistence-level wages.

Had the Mahatma been living today, he would have been infinitely saddened by the use of his name to sanctify this blatant illegality. In the event, the greatest ever champion of justice for the poor is now the brand name for a programme that denies the lowest legally permissible wages to this section. But such is life and such are governments — in 2003, thanks to a predecessor regime, the Mahatma faced the ignominy of sharing space in Parliament's Central Hall with Vinayak Damodar Savarkar, once accused in his assassination.

In the current case, the hypocrisy is compounded by the paeans sung to the rural wage programme by the Congress and the UPA government in the sunshine aftermath of their May 2009 re-election. The victory was phenomenal by every yardstick. The Manmohan Singh government was the first since 1984 to have returned to office after a full first term. More amazingly, it had hit the bull's eye beating the odds brought about by crippling worldwide recession and spiralling prices. The only explanation that suggested itself was that the voting classes, made up overwhelmingly of the poorer sections, had derived at least marginal benefits from the government's welfare measures, patchy and half-hearted as the latter were. For politicians, the situation offered something to chew on: If half measures could achieve this, what would be the political dividend from a more focussed and better implemented social sector agenda? Indeed, the Mahatma Gandhi prefix to the NREGS was widely read as a thanksgiving to the aam aadmi from a grateful party and government.

The surest way of rewarding the aam aadmi and respecting the Mahatma's ideals in letter and spirit would have been for the government to withdraw the January 1, 2009 order and realign the MGNREGS to the Minimum Wages Act. Instead, in the 20 months since its victory, the government has done all it could to derail the programme. Perhaps the bigger dishonesty is the outward impression it has given of making a superhuman effort to sustain the programme — against mounting fiscal pressures and criticism that the MGNREGS had become a wasteful behemoth.

On December 31, 2010, Prime Minister Manmohan Singh wrote to National Advisory Council chairperson Sonia Gandhi, rejecting the NAC's plea for payment of statutory minimum wages to MGNREGS workers. However, he proposed a compromise: To protect MGNREGS workers from inflation, the government would index the wages to the Consumer Price Index for agricultural labour. This clever sleight of hand was intended to serve two purposes — push the NAC and its supporters

to the backfoot and divert attention from the core issue of minimum wages. Overnight, the demand for minimum wages started to look ridiculous and overstated. The debate was pitched in terms of reasonable governance versus fundamentalist social activism. Here was a government exerting its utmost for the poor, going out on a limb to bear the extra burden of indexing wages to inflation. Yet the “NAC and its cohorts” were insisting on a maximalist position on minimum wages. Maximalist position on minimum wages? The irony didn't strike those hyperventilating against the wage programme.

The question before the government was of constitutional propriety: can a duly elected government refuse to implement its own law, more so a government that swore by the aam aadmi for whom the 1948 law was designed in the first place? But rather than accept the obvious answer, the government cosmetically tinkered with the wage programme, passing it off as largesse to MGNREGS workers.

But the illegality does not end here. The UPA government is currently in contempt of the Andhra Pradesh High Court which, in July 2009, suspended the Rs. 100 wage freeze ordered on January 1, 2009 by the Union Rural Development Ministry. But the Central government took no note of the order, resulting in labour groups — which had first moved the court — filing contempt petitions against it.

At a recent seminar on MGNREGS wages, Planning Commission Vice-chairperson Montek Singh Ahluwalia dismissed the issue with the off-hand remark that the Centre would enforce minimum wages for MGNREGS workers if the courts so decreed. He was unaware that the Centre was already in contempt on this issue! When this was pointed out to Mr. Ahluwalia, he amended his position: If the minimum wage in a State was in excess of Rs. 100, the State government would pay the balance. However, for this to happen, the Mahatma Gandhi National Rural Employment Guarantee Act would have to be first amended, of which there is far from being any sign.



In reality, the Andhra Pradesh High Court was only taking forward a position made over and over by the Supreme Court. As former Chief Justice of the Delhi High Court A.P. Shah pointed out at the wages seminar, the Supreme Court, through a series of judgments, had elevated the right to minimum wages “from a statutory to Constitutional status.” The Supreme Court ruled that any remuneration which was less than the minimum wage was “forced labour” or what is commonly understood as bonded labour. The court explained why: “... the first principle is that there is a minimum wage which, in any event must be paid, irrespective of the extent of profits, the financial condition of the establishment or the availability of workmen in lower wages. The minimum wage is independent of the kind of industry and applies to all alike, big or small. It sets the lowest limit below which wages cannot be allowed to sink in all humanity ...”

Clearly, it is inhuman and degrading even to argue against minimum wages — doubly so in a country where 92 per cent of the working population is in the unorganised sector, where exploitation of labour and poor enforcement of laws are a given. According to a report of the National Commission for Enterprises in the Unorganised Sector (NCEUS), in 2004-05, 90.7 per cent of agricultural labourers, 64.5 per cent of rural workers and 52.3 per cent of casual non-agricultural workers received wages below the daily national minimum wage of Rs. 66 designated by the Central government.

It is to rectify this dismal situation that Parliament, in 2008, passed The Unorganised Sector Workers Social Security Bill. The law set minimum conditions of work, including an eight-hour work day and payment of statutory minimum wages. But what use is any law if the government wilfully flouts it? In a recent paper, Jayati Ghosh and C.P. Chandrashekar have shown that even with patchy implementation, the MGNREGS had pushed up wages, especially for women, who form over half of the MGNREGS workforce. One has only to look at the transformative social impact of the mid-day meal scheme in Tamil Nadu

to appreciate the long-term effect of this kind of female empowerment on rural families.

Talking to journalists ahead of the 2009 general election, Rahul Gandhi had proudly noted the effect of the rural wage scheme in elevating wage levels across the country. Mr. Gandhi is not a social activist; if anything he has a market vision. So he typically understood the wage scheme from a market perspective: Increased rural spending had to be good for growth.

Tragically, this very factor has today become a reason to fight the programme. The newest argument against the MGNREGS is that rising rural wages is causing inflation and raising the costs of cultivation, rendering the economy uncompetitive. Ms Ghosh and Mr. Chandrashekhar have strongly disputed this argument in their paper. In any case, this is a viciously circular argument coming from a growth-obsessed government. Economic growth is necessary to uplift the poor. But when the poor get just a little money to spend, the economy starts hurting.

In successive budgets, this government has handed huge concessions to corporates. Between 2007 and 2009, tax revenue foregone on account of exemptions under corporate income tax amounted to over Rs.1,31, 000 crore (Venkatesh Athreya, Frontline). Experts have placed the size of the Black Money Economy at anything between 40 per cent and 50 per cent of the GDP. The 2G scam alone has very conservatively cost the exchequer Rs. 50,000 crore. By contrast the 2009-2010 budget allocated Rs. 39,000 crore or about 0.66 per cent of the GDP to MGNREGS. That the government is quibbling over the payment of minimum wages to the poorest of the poor is a shame.

# **SOCIAL JUSTICE**

## **The Sound Of Silence**

Najeeb Jung

The incarceration of [Binayak Sen](#) reminded me of the sophist philosopher Thrasymachus's definition of justice in Plato's Republic. Challenged by Socrates to define justice he says: "I proclaim that might is right, and justice is in the interest of the stronger...The different forms of government make laws, democratic, aristocratic, or autocratic, with a view to their respective interests; and these laws, so made by them to serve their interests, they deliver to their subjects as 'justice', and punish as 'unjust' anyone who transgresses them."

This is the nature of justice meted out to Sen who has spent a lifetime working among the adivasis of Chhattisgarh. Sen is the national vice-president of [People's Union for Civil Liberties](#) and general secretary of its Chhattisgarh unit. As an activist, he has time and again spoken against state imperialism in the context of the people living in the forests of Chhattisgarh.

Not many in the cities are fully aware of the harsh life in these areas. The truth is that the adivasis who are the original inhabitants of these forests are steadily being ousted from their habitat. With their beliefs and culture repeatedly challenged, they are left with three stark choices. One, to fall in line, grab some peripheral reservations in jobs offered by the state, learn to tolerate the perpetual harassment and exploitation of their women and watch their culture destroyed in the name of development. Two, seek shelter deeper into the forests, and wait for the forest guards and rangers, aided by insensitive revenue officials, to slowly catch up and destroy their huts, crops and drive them away again. Or, three, stand up and protest against state oppression.

Over the past century, the adivasis of India living in a wide arc spreading across the northeast, 24 Parganas, parts of Bihar, Jharkhand, Chhattisgarh and Madhya Pradesh have sacrificed in the cause of development. Each time a steel city sprang up, starting from Jamshedpur to Durgapur to Rourkela and Bhilai, local residents lost a great deal. Every time a new plant came up, lands belonging to the local residents were acquired at a pittance. While some of the able-bodied became factory workers, the majority of men and women lost out. Adivasis who lived in the forests and protected the flora and fauna for centuries were told that the land and forest belonged to the state. Resistance has been ruthlessly crushed, a perpetual reminder of their social backwardness, feeble political voice and inability to be heard.

Local government officials and petty contractors seeped in corruption and insensitive to local cultural traditions have presided over the interior hinterlands and deprived these areas of even basic infrastructure like roads, drinking water, schools, small irrigation facilities or markets where local products can sell at a profit.

Is it not strange that a state - which allows a Phoolan Devi to be a member of the Lok Sabha; negotiates truces and offers amnesty to dacoits and terrorists to buy peace; fails to try the accused in communal riots; is unable to prevent gender or caste atrocities; is inept at combating corruption within politics, industry, civil service and indeed the judiciary - endeavours to shut out voices that speak in favour of preserving local culture, protecting the rights of the tiller, protest against exploitation, corruption and lack of basic infrastructure? How is it that this land of the Buddha, Mahavira and Gandhi now turns a blind eye and deaf ear to the thousands of farmers who commit suicide in Maharashtra, Andhra Pradesh and Madhya Pradesh? Is it then surprising that so many youth, not just the adivasis of Chhattisgarh, are losing faith in the nature of the present state?

Sen has, on several occasions, said that he does not support violence. At

the same time, he has strongly spoken against the harsh and illegal activities of the salwa judum that he believes is splitting adivasi society. The salwa judum is an illegal body of thugs that has been formed at the behest of government to "handle" the adivasis who speak against it. Sen has been in touch with Narayan Sanyal, a jailed Marxist ideologue, but this has always been with the formal permission, and in the presence, of the jail authorities. Does this warrant a charge of sedition and life imprisonment? It is reported that he carried letters to the Maoists from Sanyal. These letters need to be published to expose the crudity of the trumped up charges.

Add to this the statement of the director-general of Chhattisgarh police who said his belief is that "dalit movements, women's empowerment movements, human rights movements, environmental protection movements" are all suspect because Naxalites want to penetrate and hijack "movements not linked with CPI(Maoist)". Are these statements acceptable coming from the senior-most echelons of civil administration?

Iqbal once said: "Jis khet se dehkan ko mayyassar nahi roti, Us khet ke har gosha-e-gandum ko jalaa do" (burn every stalk of grain from the fields that cannot provide food to the tiller). Naxalism is a shrill alarm of what the future holds and indeed a hint that [India Inc travel](#) beyond the glamour of rapid GDP growth towards a state where people are able to participate more and get a greater share of the fruits of its growth.

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