LOK SATTA

People Power

An Agenda for Democratic Reforms

Anna Hazare gourp, Mumbai, 28\textsuperscript{th} May, 2003
True Swaraj

The real *Swaraj* will come not by the acquisition of authority by a few, but by the acquisition of the capacity by all to resist authority when abused

- Gandhiji
State and Liberty

- **Defend Freedom**
  - Laws to regulate conduct
  - Laws to protect liberty (child labor etc.)
  - Laws and systems to protect property rights

- **Common Services**

- **Facilitate enjoyment of freedom**
  - Public order and peace
  - Education
  - Health care
  - Elimination of drudgery
  - Conditions for economic growth
State vs Citizen

- Strong State → authoritarianism
- Weak State → anarchy
- Citizen-centered enabling state

Individual & Family

Community of Stakeholders

Local government

State government

Federal government
Irreducible Role of State

- Rule of law
- Public order
- Justice
- Education
- Health care
- Infrastructure
- Natural resources development
- Social security
Governance at a Glance

- Governments spend Rs. 1800 crores every day
- Out of 27 million organised workers, government employs 70%
- Fiscal deficit (Union and States) remains at 10% GDP
- 50% Union tax revenues go towards interest payment
Is Money the Issue?

School Education

- 1.6 million classrooms needed
- Capital cost: Rs.16,000 crores – 9 days govt. expenditure
- Recurring expenditure: Rs.8000 crores – 5 days govt. expenditure

Sanitation

- 140 million toilets needed
- Cost: Rs 35000 crores
- Equals just 20 days expenditure
In a Sane Democracy

- Political process should resolve the crisis
- Parties, elections and public office are the route to reform
- In India a vicious cycle operates
Failure of Political Process

Interlocking vicious cycles

Inexhaustible demand for illegitimate funds

Illegitimate Money Power

Political Power

Corruption
Interlocking Vicious Cycles

Most expenditure is to buy vote

Voter seeks money & liquor

More expenditure

Large spending may or may not lead to success, but failure to spend almost certainly leads to defeat

Greater corruption

Greater cynicism

Voter seeks more money

Contd..
Interlocking Vicious Cycles

Rise of Political Fiefdoms

Need for money, caste and local clout

Parties are helpless in choice of candidates

Rise of political fiefdoms

Absence of internal party democracy

Competition among a few families in most constituencies

Oligopoly at constituency level
Interlocking Vicious Cycles

Vote delinked from public good

Centralized polity

No matter who wins, people lose

Vote does not promote public good

Voter maximizes short term gain

Money, liquor, caste, emotion and anger become dominant

Vicious cycle is perpetuated

Contd..
Interlocking Vicious Cycles
Taxes delinked from services

Only 16% of GDP collected as taxes (union & states)

Fiscal deficits and crisis

Higher Taxes
- Unacceptable because of corruption and poor services

Desubsidization
- The poor do not see alternative benefits for the subsidies given up

Wage Reduction
- Centralization and Art 311 preclude it

Deeper fiscal crisis

Poorer services and public goods

Perpetuation of poverty and backwardness

Contd..
Interlocking Vicious Cycles

Political survival and honesty not compatible

Parliamentary executive

Government survival depends on legislative majority

Legislators spend a lot of money to get elected

They need multiple returns to sustain the system

Corruption and misgovernance endemic

Government has to yield to legislators’ demands

Corruption is perpetuated even if government has the will

Honesty not compatible with survival
Failure of Political Process

- Parties
  - Autocratic and unaccountable
  - Repel the best
  - A problem, not solution
  - Choice - Tweedledom & Tweedledee

Contd..
Contd..

Failure of Political Process

- Elections
  - Change of players
  - No change of rules of game
  - Criminalization
  - Money power
  - Flawed process
    - Electoral rolls (40% errors)
    - Bogus voting (22%)
Distortions of State Power

- Positive Power restricted
  Negative power unchecked
- All organs are dysfunctional
- A system of alibis
  Victims of vicious cycle
- Change of players
- No change in the rules of the game
- Political process ought to be the solution
  But has become the problem itself
Keys to Resolution

- Crisis is systemic
- Most players are victims of a vicious cycle
- Change of players not enough
- Change of rules of the game needed
- Institutions are the key
- Resources are not a problem
- The way they are deployed is the key
## Key Reforms

<table>
<thead>
<tr>
<th>Electoral reforms</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Criminalization</td>
</tr>
<tr>
<td></td>
<td>Voting irregularities</td>
</tr>
<tr>
<td>Electoral system</td>
<td>Proportional Representation</td>
</tr>
<tr>
<td></td>
<td>Separation of Powers</td>
</tr>
<tr>
<td>Decentralization</td>
<td>Local Governments</td>
</tr>
<tr>
<td>Rule of Law</td>
<td>Judicial reforms</td>
</tr>
<tr>
<td>Accountability</td>
<td>Right to information</td>
</tr>
<tr>
<td></td>
<td>Citizens’ charters</td>
</tr>
<tr>
<td></td>
<td>Independent crime investigation</td>
</tr>
</tbody>
</table>
Why Focus on Politics

- Whatever be the issue, political failure is the starting point
- Every election is a promise of peaceful transformation
- Politician is not the villain – but the responsibility rests with the politician
- If political process cannot deliver on the promise of change, violence and anarchy are the end results
- Freedom and order are the necessary conditions for economic growth and prosperity
Macro Perspective of Indian Polity

- Disaggregate volatility
- Broadly reflective of public opinion
- Ruling parties and powerful candidates do lose
- Rejection/Negative vote pretty common
Micro Perspective of Indian Polity

- Money power dominant
- Criminalization rampant
- Voting irregularities frequent
- People take money to vote
- Caste and divisive impulses are prominent
How is Democracy Surviving?

- A system of compensatory errors (competing distortions neutralize each other)
- Strength of Election Commission
- Tradition of Neutrality of Officials
- Pre-polling process scrupulously fair (nominations, ballot papers, appointment of polling officials etc.)
- Post-polling process - completely non-partisan (transport, storage and counting of ballots and declaration of results)
What is Wrong with Elections?

- Polling irregularities
- Autocratic political parties
- Money power
- Criminalization
Polling Irregularities

Serious flaws in voter rolls

Sample survey
- 40% errors in urban areas

State-wide survey
- 15% errors in villages
- > 40% errors in towns

21.7% possible fraudulent voting in cities
Simple Solutions

Voter Registration

• Post office as nodal agency

Polling Fraud

• Voter identity card

• Repoll if tendered votes exceed 1 %

• Wide publicity to utilise tendered vote
Criminalization

- Section 8 of RP Act not adequate
- Charges framed by magistrate
- Civil society pressure
- Transparency
- Media exposure
- Disclosure of prosecution, charges, History Sheet, Rowdy Sheet etc.
## Political Parties - Why Regulation?

<table>
<thead>
<tr>
<th>Political Parties</th>
<th>Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Monopoly or oligopoly</td>
<td>• Free choice</td>
</tr>
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<td>• Represent history, memories, aspirations of millions</td>
<td>• Mere organisations of convenience</td>
</tr>
<tr>
<td>• Seek power over all people</td>
<td>• Pursue members’ collective goals</td>
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<tr>
<td>• Cannot be easily formed or built</td>
<td>• Can be formed and dissolved at will</td>
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<tr>
<td>• People and members have no realistic alternatives</td>
<td>• Members have multiple options</td>
</tr>
<tr>
<td>• Vehicles for political participation of citizens</td>
<td>• Vehicles for voluntary pursuit of individual / group goals</td>
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</tbody>
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Political Parties – What Regulation?

Membership
• Free, open and voluntary
• Uniform, objective conditions / no restrictions
• No arbitrary expulsion
• Due process for disciplinary action

Leadership choice
• By regular, periodic, free and secret ballot
• Opportunity to challenge leadership through formal procedures with no risk of being penalised

Choice of candidates
• By members at constituency level through secret ballot
• By elected delegates through secret ballot
• Central leadership cannot nominate candidates
Problems with Current Campaign Funding Laws

- Explanation 1 of Section 77 of R P Act, 1951
- No public auditing
- Weak enforcement (non-existent)
- No disclosure norms
- No penalties
- No asset and income disclosures
- No incentive for public funding
Campaign Expenditure – India vs US

Expenditure for Lok Sabha + all Assemblies – all parties + candidates

Estimated: Rs.2500 + Rs.4500 crores
Total: Rs.7000 crores = $1.5 b
70-80% is for vote buying

US election expenditure in 2000
Presidency + House + 1/3 Senate + 1/3 governors

Estimated expenditure: (Soft + issue ads Hard) $3 billion
80% is for TV advertising.
Actual campaign expenditure: 50%

$1.5 billion

Adjusted to our low per-capita income, and high purchasing capacity of Rupee, our expenditure is 60 times that of US!
Campaign Expenses – Vicious Cycle

• Illegitimate expenses are often 5-10 times the ceiling or more
  (Assembly ceiling: Rs 6 lakhs
  Lok Sabha ceiling: Rs 15 lakhs)

• Every crore spent illegitimately
  ↓
  Rs 10 crore returns
  (to cover ROR, Interest, personal upkeep, supporters, family’s future, next election costs)
  ↓
  Rs 100 crore collected through bureaucracy
  (for every legislator, there are 2000 employees who need to collect ‘rent’)
  ↓
  people suffer ten times more.
  Payment extorted, on pain of delay, harassment, humiliation, anxiety and greater loss.
Political Funding

- Tax credits for funding
- Full and truthful disclosure by donor and party
- Severe penalties for violations
- Compulsory statutory auditing
- Election Commission final authority for determination of compliance
- Public funding indirect – free air time
- Direct public funding – non-discretionary and verifiable norms
Will Vote Buying Disappear?

- Not immediately
- People will continue to take money for voting
- Candidates will spend personal money for sometime
- Severe penalties will force disclosures
- Local government empowerment will reduce vote buying
  
  vote <-> public good
  tax money <-> services
  authority <-> accountability

- value of vote will then be far greater than the money offered
Other Critical Reforms for Reducing Unaccounted Expenditure

• Proportional representation (German model mixing with constituency election)
  o Incentive to buy votes in a constituency will disappear
  o Interests of local candidate will run counter to party’s need to maximise overall vote
  o Will give representation to small parties and legitimate reform groups, forcing change
  o Voting will be based on party image and agenda, not local expenditure
  o Ignored sections will find voice and get representation

contd..
Other Critical Reforms for Reducing Unaccounted Expenditure

- Direct election of head of government at State and local levels
  - No one can buy a whole state electorate
  - Image and agenda of leader will be decisive
  - With separation of powers, there will be no incentive to overspend for legislative office
  - At state level, there is no fear of authoritarianism as Union government, Election Commission, Supreme Court etc., will act as checks
Can Civil Society Accomplish Changes?

- Best practices in India and elsewhere offer us solutions
- Collective, informed assertion is the only means
- Inchoate discontent needs to be channelized into concerted action
- Focus on specific, practical, achievable reforms will yield results
Some Significant Successes

- Disclosure of candidate details (March 13 SC Judgment)
- Funding Reform Bill (now before Parliament)
- Post office as nodal agency for voter registration (agreed in principle)
- Cleansing subordinate judiciary (Maharashtra example)
- Outstanding success in health care (Jamkhed – Maharashtra)
National Platform

Electoral reforms

- Process improvements
  - Preventing polling irregularities
  - Arresting and reversing criminalization
  - Checking abuse of unaccountable money power

Contd..
National Platform

- System improvements
  - Political party reform
  - Proportional representation combined with constituency election
  - Direct election of head of government in states and local governments
National Platform

Judicial reforms

- National judicial commission
- Indian judicial service
- Procedural changes for speedy justice
- Local courts for speedy justice
Why Should Citizens Care

- Good governance is key to prosperity
- Political process is locked into a vicious cycle
- Legislators are disguised executives
- Honesty and survival in power are not compatible
- Politics of fiefdoms operating – with oligopolies
- Politics has become the problem
- Debilitating corruption is the visible symptom of political crisis
Window of Opportunity

- Deepening fiscal crisis
- Citizen’s disgust and concern
- Unsustainable status quo
- Relatively sound private economy
- Demographic changes and rising expectations
- Communications revolution
Two Paths - Choice is Ours

German example vs USSR example

- Freedom enhancing
- Democratic
- Orderly
- Integrating
- Growth-oriented

- Tyrannical
- Chaotic
- Disintegrating
- Debilitating
“The punishment suffered by the wise who refuse to take part in the government, is to suffer under the government of bad men.”

Plato