

LOK SATTA
People Power

Democracy & Governance: Challenges

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The purpose of a government is to make it easy for
people to do good and difficult to do evil.

William Gladstone

Democracy – Myron Weiner's Four Conditions

- Competitive elections
- Political freedoms for all
- Peaceful transfer of power and no retribution
- Real power with elected governments

Elements of Democracy

- Liberty
- Self governance
- Rule of law
- Empowerment
- Self-correcting mechanisms

Nature of Our Democracy

Genuine

- Elections
- Liberty
- Change of governments
- Political contention
- Independent judiciary

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Nature of Our Democracy

Deep rooted

- 1977 verdict
- Peaceful transfer of power
- Dalit and OBC empowerment
- Balanced federalism
- Local governments taking root

Contd..

Nature of Our Democracy

Stable

- Constitutional authorities
- Strong bureaucracy
- Tradition of neutrality of civil services
- Impressive administrative infrastructure
- Bipolarity in most states
- Stable conditions at the Union level
- Broad consensus on most policies

Free and Fair Elections

- Disaggregate volatility
- Broadly reflective of public opinion
- Ruling parties and powerful candidates do lose
- Rejection vote common
- Strength of Election Commission
- No state-sponsored rigging
- Neutrality of civil servants
- Compensatory errors even when there are defects

Big Political Questions

Communal divide

- Transient
- System has resilience
- Bombay 1993 and 2003 are symbols of India – not Gujarat 2002
- Judiciary is strong
- Civil society is vigorous
- Political process is safeguard

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Big Political Questions

Economic Reform

- Political consensus available
- Process irreversible
- Continuity of policy
- Stridency not to be confused with substance
- Young Indians (71% below 34 yrs of age) in favour of markets
- Rule of Law and sanctity of contracts - record is mixed
- Political games do cause delays
(eg. disinvestment)

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Big Political Questions

Regional divide

- North and East lagging behind South and West
- But problems not intractable
- Effective rule of law, population control and infrastructure will alter the scenario

Corruption

- Rooted in electoral funding problems
- Centralization
- Slow and tortuous judicial process
- Poor accountability systems

But Things are Improving

- Telecom sector
- Railway freight
- Improved highways – rapid execution
- 6-7% growth still sustained
- 20% of all judges removed in Maharashtra
- Population control in Tamil Nadu, AP etc
- Governance and control of corruption are on the agenda
- States competing for investment and growth
- Young people are ambitious, educated and hungry for success

Crisis of Governance

- Increasing lawlessness
- Inefficient state apparatus
- Unresponsive bureaucracy
- Ineffective judicial system
- All pervasive corruption
- Criminalization of politics
- Money and muscle power in elections
- Political instability
- Erosion of legitimacy of authority

Irreducible Role of State

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

Public Expenditure as % of GDP

Country	Public Expenditure as % of GDP
United Kingdom	37.7
Germany	44.5
United States	32.7
India	26.0

Priorities in Public Spending

Country	PE on Education as % of GDP	PE on Health as % of GDP
United Kingdom	4.5	5.9
Germany	4.6	8.0
United States	4.8	5.8
OECD	5.2	8.1
India	3.2	0.9

Governance at a Glance

- Governments spend Rs. 2000 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

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

Micro Perspective of Indian Polity

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

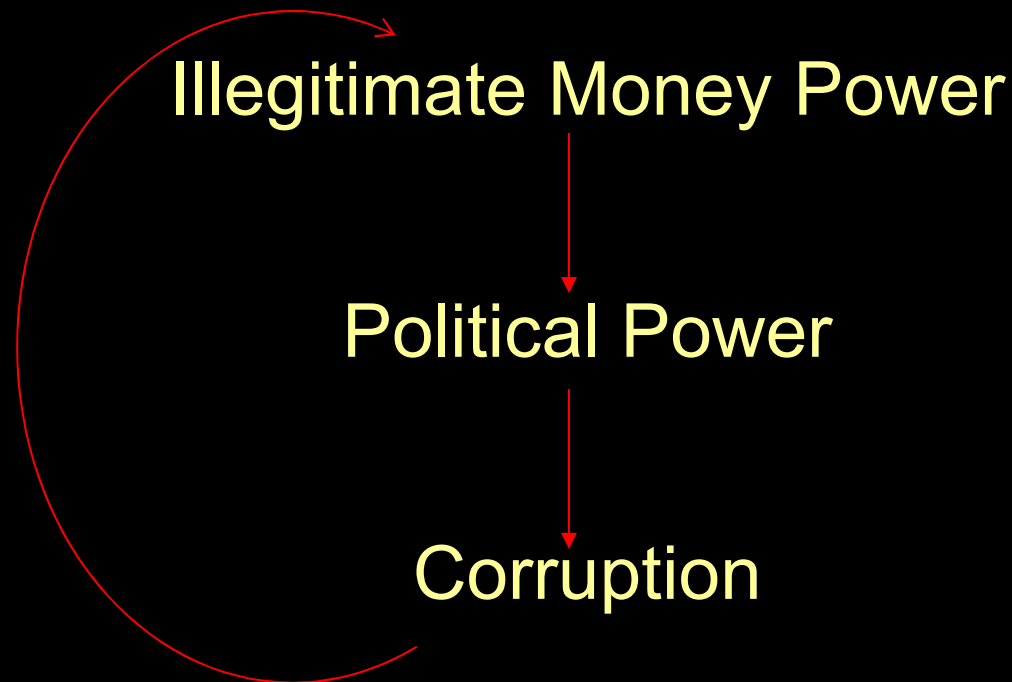
How is Democracy Surviving?

- 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)

Failure of Political Process

Interlocking vicious cycles

Inexhaustible demand for illegitimate funds



Interlocking Vicious Cycles

Most expenditure is to buy votes

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

Contd..

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 de-linked 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

Contd..

Interlocking Vicious Cycles

Social Divisions Exacerbated

FPTP

Scattered minorities unrepresented

Marginalization and Ghettoization

Strategic voting and vote bank politics

Obscurantists become interlocutors drowning voices of reason and modernity

Politicians pander fundamentalists

Counter mobilization of other groups based on primordial loyalties

Communal polarization and strife

Contd..

Interlocking Vicious Cycles

Competence and integrity excluded

FPTP

Need for money power and caste clout

Honest and decent elements have little chance

Bad public policy and incompetent governance

Deepening crisis

Contd..

Interlocking Vicious Cycles

Oligopoly of parties

FPTP

Only a high threshold of voting ensures victory

Parties with 35 - 50% vote, or social groups with local dominance get elected

Significant but scattered support pays no electoral dividends

Voters prefer other “winnable” parties

Marginalization of reformers, and national parties

Regionalization of polity & perpetuation of status quo

Contd..

Representational Distortions

FPTP



Women & deprived sections not represented

Reservation with rotation is arbitrary and leads to proxies

Perpetuation of dominance of traditional groups

Representational illegitimacy

What Ails Bureaucracy

- Life time security of bureaucracy
- Penchant for centralization and secrecy
- Lack of professionalism and specialized skills
- Absence of incentives for excellence
- No accountability
- Corruption and mal-administration

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

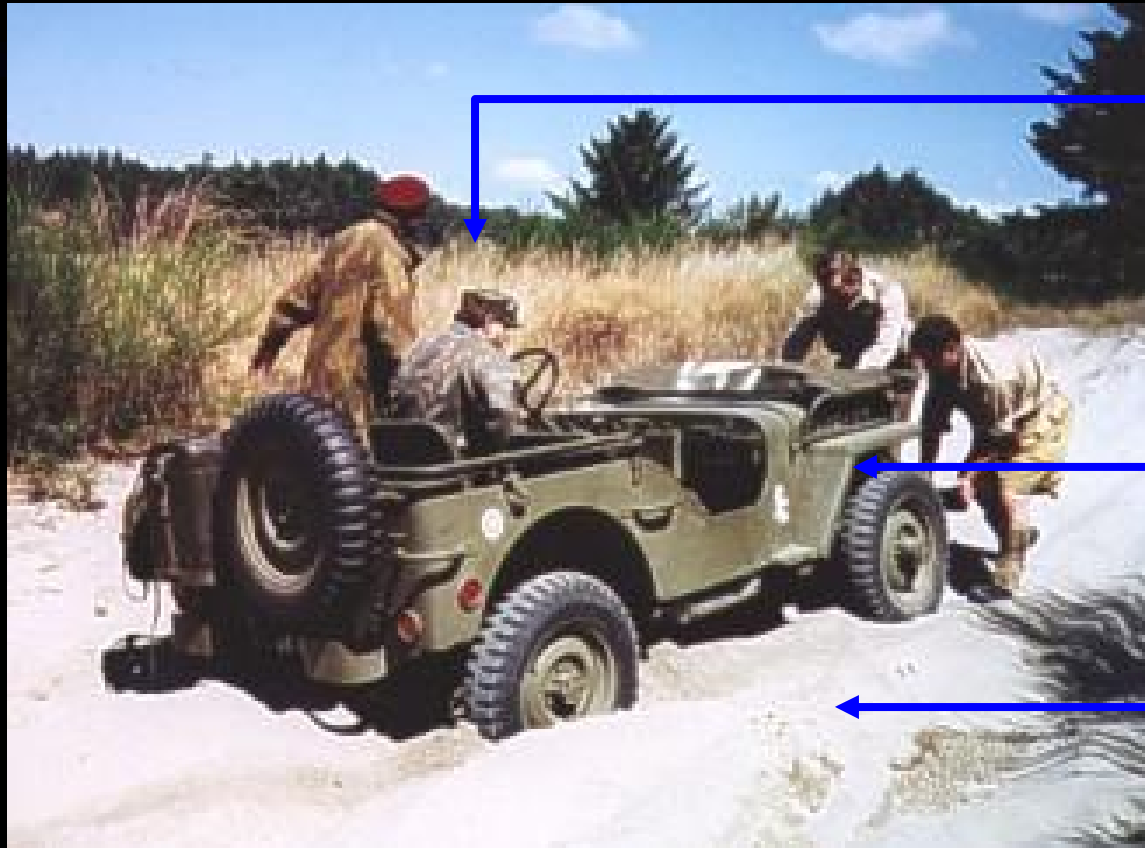
Keys to Resolution

- 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

Electoral reforms	Funding
	Criminalization
	Voting irregularities
Electoral system	Proportional Representation
	Separation of Powers
Decentralization	Local Governments
Rule of Law	Judicial reforms
Accountability	Right to information
	Citizens' charters
	Independent crime investigation

The Track Which Impedes



Players (drivers)

**Democratic Institutions
(Engine)**

**Railings / Track
(political system)**

Recent Political Reform Initiatives

- Disclosure of candidate details
- Political Funding Reform Law
- Changes in Rajya Sabha election
- Strong anti-defection provisions
- Limiting the size of the council of ministers
- Empowered local governments
- Balanced Federalism
- Improvements in voter registration etc.
- National Judicial Commission

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Recent Political Reform Initiatives

- Removal of corrupt judges
- Right to Information Law
- Citizen's charters with compensation for delays
- E-governance and convergence of services
- Reigning in bureaucracy
- Fast track courts
- Local courts for speedy justice
- Procedural reform in Law

Key Systemic Reforms

- Proportional Representation
- Clear separation of powers
- Political party regulation

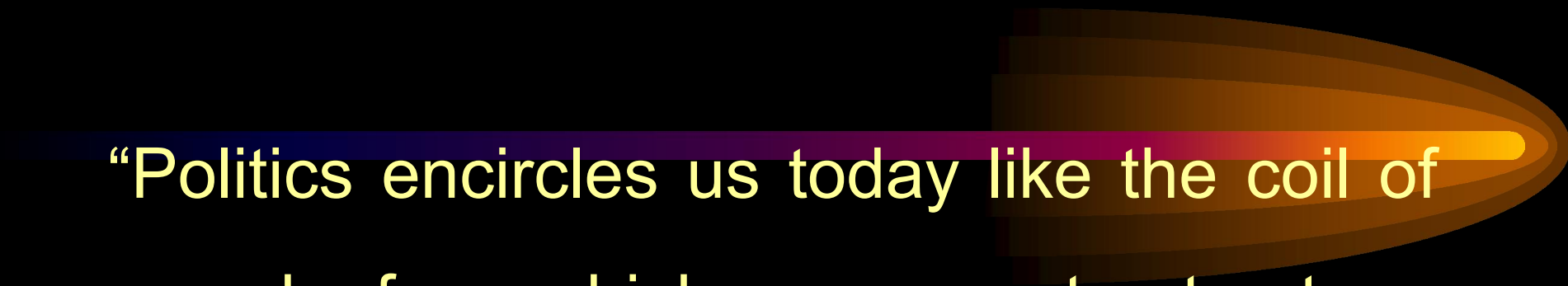
Window of Opportunity

- Demand for reform
- Relatively sound private economy
- Demographic changes
- Large, skilled, young, low-cost manpower
- Communications revolution
- Improved transport
- Power sector reforms in progress
- Road blocks to growth being removed
- Stable polity
- Mature financial system
- National mood upbeat

Two Paths - Choice is Ours

German example vs USSR example

- Freedom enhancing
- Democratic
- Orderly
- Integrating
- Growth-oriented
- Tyrannical
- Chaotic
- Disintegrating
- Debilitating



“Politics encircles us today like the coil of a snake from which one cannot get out, no matter how much one tries”

- *Mahatma Gandhi*