

LOK SATTA
People Power

Presentation made to CEOs of IT Industry

Hyderabad, 10th April, 2003

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

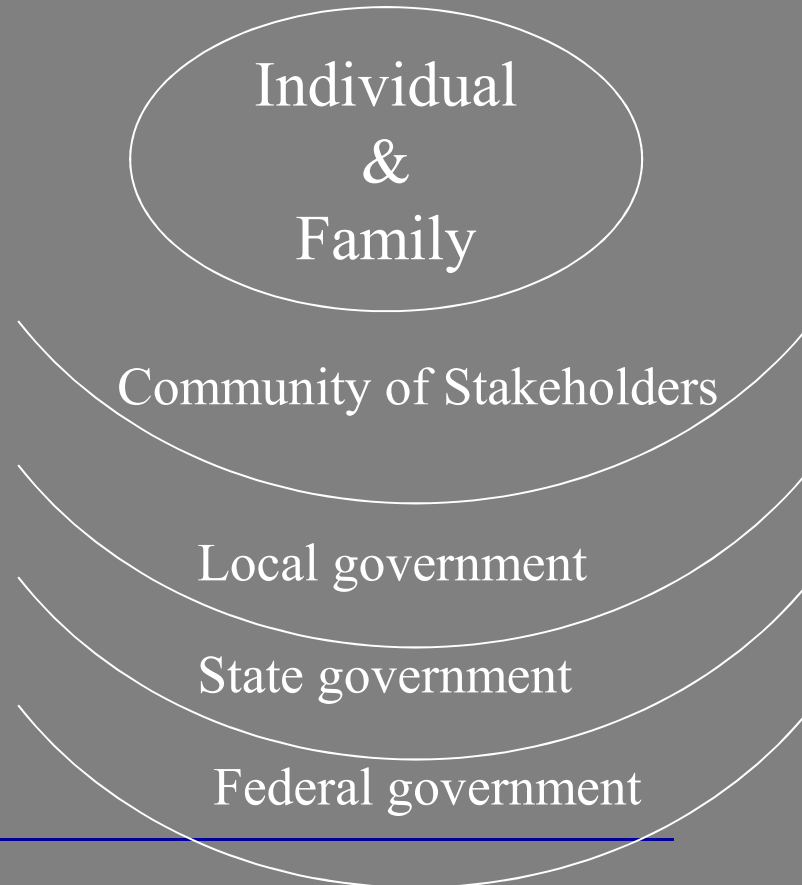
Sir Gladstone

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
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State vs Citizen

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



Can Economic Reforms Alone Deliver?

- Smaller and more focused government will help
- But government still has large role

What the Reform Process has not Attempted so far

- Freeing ordinary citizens from shackles of government bureaucracy
- Strengthening agriculture
- Reducing corruption
- Promoting transparency
- Enhancing accountability
- Enforcing rule of law
- Building adequate infrastructure
- Improving public services

Persistent Regulatory Shackles

- The long arm of state hurting economic activity and livelihoods
eg: rickshaw pullers, hawkers etc.
 - Extortionary corruption debilitating industry
 - Customs
 - Central excise
 - Commercial taxes etc
 - Absence of reforms to generate demand for labour
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Unintended Consequences of Early Phase of Reforms

- One time grand corruption – golden goose effect
- Abdication of state in critical areas
- Corruption shifting to sovereign areas
- Continuing regional disparities

Way Out

- Genuine democratic reforms
- Reinventing the state
- Effective state – not weak state
- Genuine liberal democratic paradigm in public discourse
- High quality scholarship in non-marxist framework
- Special package for low-growth regions

Bottlenecks for Sustained High Growth

Weak role of state

- Rule of law
 - Public order
 - Justice
 - Education
 - Health care
 - Infrastructure
 - Natural resources development
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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
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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
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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
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Failure of Political Process

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

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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%)
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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
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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

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
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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
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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)
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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')

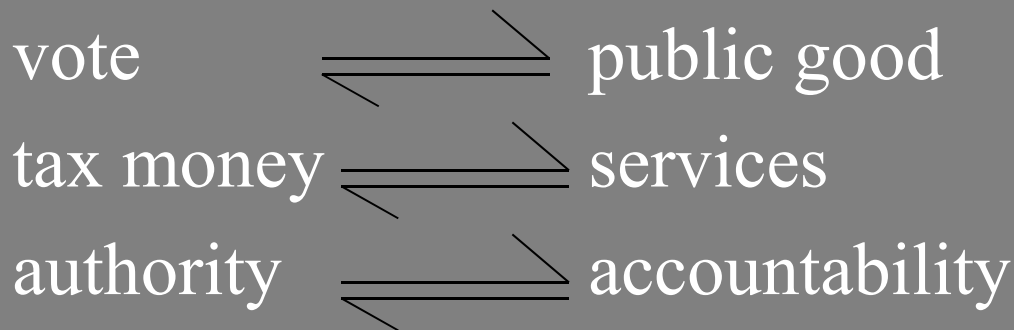


people suffer ten times more.

Payment extorted, on pain of delay, harassment, humiliation, anxiety and greater loss.

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



- 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)
 - Incentive to buy votes in a constituency will disappear
 - Interests of local candidate will run counter to party's need to maximise overall vote
 - Will give representation to small parties and legitimate reform groups, forcing change
 - Voting will be based on party image and agenda, not local expenditure
 - Ignored sections will find voice and get representation
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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
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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
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Impact of LOK SATTA

- Citizen's Charters – introduced in 9 departments by AP government
- Citizen's Charter for Municipalities in AP – LOK SATTA's creation – provides for compensation of Rs. 50/- day for delay in services – first in India
- Cessation of short delivery at petrol stations all over A.P. – benefit of Rs 1 crore / day
- Stakeholders' empowerment – laws enacted in the State to constitute water user associations and school education committees

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Impact of LOK SATTA

- Toilets for every household – largely on LOK SATTA's advocacy over 2 million toilets were built in the last 3 years
- Stopped enactment of a restrictive Societies Law and ensured passing of an enabling law (in collaboration with CDF)
- Several local successes
eg: Building regularization scheme - Kukatpally /
Successful fight against central excise corruption in small industries in AP

Contd...

Impact of LOK SATTA

- LOK SATTA created wide public awareness on the necessity for a Right to Information law in the state to increase transparency in government.
- Election Watch – arresting growth of criminal elements in politics
eg: Could influence selection of candidate for ZP chairperson in Kurnool district through public pressure
- LOK SATTA's advocacy made common electoral rolls for local, State and national elections a reality

Contd...

Impact of LOK SATTA

- At State level, Tendered Vote is now accepted as proof of rigging and repoll is ordered
- Altered the nature of debate on power sector reforms. Our proposal for micro privatization of distribution is accepted and adopted by the state government. LOK SATTA has emerged as one of the most authoritative and authentic voices on power sector reforms in the country.

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Impact of LOK SATTA

- Emerged as a powerful advocate for genuine decentralization and empowerment of local governments.
- LOK SATTA is relied on as a non-partisan and credible advisor by the government and all major political parties on a range of public policy issues.
- LOK SATTA emerged as a powerful civil society platform to give voice to people's concerns.
- LOK SATTA is the largest people's movement in AP reaching out to almost 35% of the state's population.

Impact of LOK SATTA at the National Level

- LOK SATTA was instrumental in putting Electoral Reforms on the national agenda.
- LOK SATTA's surveys influenced Election Commission to make post office nodal agency for voter registration.
- Effectively lobbied for right to information and political funding legislations.
- Altered the nature of debate on women's reservation. Any new law will be on the lines suggested by LOK SATTA.

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Impact of LOK SATTA at the National Level

- LOK SATTA's work led to Delhi High Court judgment on criminal record of candidates
- LOK SATTA's work formed the basis for the May 2, 2002 Supreme Court land mark judgment on candidate disclosures. LOK SATTA filed a petition in the Supreme Court resulting in the March 13th judgment upholding the voter's right to know.

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Impact of LOK SATTA at the National Level

- Spearheading the National Campaign for Electoral Reforms eg., the recent candidate disclosures issues
- Emerged as a leading think tank on governance reforms in the country.
- LOK SATTA leads the National campaign for Electoral and Governance Reforms.

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
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Why Should Business 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
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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