

# Good for Venkaiah And for the Nation

Venkaiah Naidu will be a good Rajya Sabha chair

Four things can be said about M Venkaiah Naidu's choice as the ruling National Democratic Alliance's (NDA) nominee for vice-president of India. He will make an excellent chairman of the Upper House. He has tact, good personal relations with political leaders from across the spectrum, a sense of humour and the good sense to appreciate the value of diversity (he is an avid carnivore in a party mostly of vegetarians, at least at the leadership level). He would not have led, for example, to the sort of situation where a leader like Mayawati is shut down while speaking on attacks on Dalits and announces her decision to quit the Upper House in protest.

The second thing that can be said with certainty is that no wave of regional goodwill towards the BJP is going to sweep across south India because of the nomination of a south Indian for the vice-president's post. People know what is a decorative post and what is not. Just because one of the active leaders from the south is being pulled up from his political roots and, so to speak, put within a gilded frame and hung upon the wall, people south of the Vindhyas are not going to swoon for the BJP en masse. The third thing that can be said about Naidu's choice is that the Opposition did the country a service by nominating Gopalkrishna Gandhi as their nominee first. This made it difficult for the ruling coalition to spring a Kovind out of total obscurity for the vice-president's post as well. They had to come up with a decent name that would command respect, and not just votes. Naidu is a savvy politician, who can be trusted to make the best out of a bad situation, which is what the NDA faces in the Rajya Sabha, which would be presided over by the vice-president.

Finally, Naidu leaves behind some important ministries: urban affairs and information and broadcasting (I&B). While the immediate allocation of I&B to Smriti Irani and urban affairs to NSTomar gives the impression of well-oiled efficiency, the Union council of ministers could do with some fresh faces to relieve several ministers of the multiple burdens they bear.



Venkaiah Naidu

# SWAMISPEAK A universal basic income that makes it feasible to avoid working is immoral

## A Doleful, Wasteful Idea



Swaminathan S Anklesaria Aiyar

Delhi seminar last week discussed what intellectuals see as the next great idea for social revolution: a Universal Basic Income (UBI). Prof Pranab Bardhan proposed a UBI of ₹10,000 a year as a citizen's right, to be funded by raising a whopping 10% of GDP by eliminating tax breaks and wasteful subsidies. Prof Vijay Joshi proposed a UBI of ₹3,500 a year, costing 3.5% of GDP. A finance ministry official presented the UBI proposal discussed in Economic Survey 2017.

Most speakers viewed UBI as desirable, though many thought it was a task for the future. Others worried about the cost, the diversion of funds from worthy causes, and the granting of this privilege to all including the richest.

### Working Hardly

I was the one speaker to oppose UBI on moral and practical grounds. 'Basic income' must be enough to live on. It must provide at least a poverty-line income. All the proposals so far provide only a fraction of the poverty line, yet require draconian fiscal efforts. Joshi's UBI of ₹300 a month is the pocket money of a middle-class schoolboy. Why call such small sums 'basic income', and hype them as a social revolution that expands the Rights of Man? I want a society where people stand on their own feet. The State must pro-

vide high-quality public goods, including security, basic health and education, infrastructure. It must also have targeted efforts to uplift the poor. But I denounce as immoral a UBI that makes it feasible to avoid working altogether. I want an India taking pride in hard work, not in a large public nipple for sucking.

When my son turns 18, I want him to look forward to working for a living. I don't want him to be able to collect a UBI and sit at home playing video games. That will make for a lousy society.

An idle mind is the devil's workshop. Without work, people will get into undesirable activities, from petty crime and gambling to terrorism. Muslim ghettos in Europe have unemployed hordes living off welfare, and produce Islamic radicals. President Bill Clinton in the US converted welfare into workfare, with great social and economic success.

The conversion of some subsidies to cash transfers can be a useful palliative, but not a cure for poverty. The cure lies in improving state capacity and public goods. Poor people with no access to decent education, health and networks are excluded from the development process. Providing human capital and opportunity to the poor is far more important than cash grants.

Economists can cite ways of creating massive fiscal headroom of 10% of GDP, enough to finance both a big expansion of public goods and UBI. But this means creating an efficient, innovative and non-corrupt polity that steers clear of populism. If we had such a polity, GDP growth would accelerate to 12-15%, prosperity would boom and UBI would become irrelevant. Alas, we must live with the highly flawed polity we have, where fiscal headroom is a fantasy.

When one state after another got



Unique non-selling proposition

stamped into announcing farm loans waivers, did they first create fiscal headroom? No, the spending spree was announced with no fiscal space at all. The money will be found by cutting other programmes and delaying payments.

In every election campaign, parties compete in announcing ever more freebies, even if fiscal space is zero. Politically, UBI will have to compete with a hundred new freebies aimed at specific vote banks. Guess who will lose?

### Universal Baby Income

Without fiscal headroom, UBI can only be at the expense of other essential spending. We must set priorities. I am clear that improved health, education and infrastructure must take priority over doles.

A large UBI will create incentives for having more babies. Lalu Prasad Yadav is laughed at for having nine children. But if that means getting an additional nine UBIs from the government, Yadav could become the new role model. Hum do, hamare nau.

A UBI will attract millions of immigrants from Bangladesh and Ne-

pal, mostly illegal. This will create horrendous problems for Assam, which already fears being swamped by Bangladeshis. You can see Assam refusing to implement any UBI.

Proponents of UBI say it will not lead people to reduce work. But the sharp rise in agricultural wages after 2008 led to the massive withdrawal of over 40 million women from the workforce. Clearly, a cash bonanza affects the labour market. US President Clinton's workfare reforms raised employment hugely through new rules to encourage work over doles.

UBI proponents think they occupy the high moral ground. Mohandas Gandhi would disagree. He declared, "My ahimsa would not tolerate the idea of giving a free meal to a healthy person who has not worked for it in some honest way. If I had the power, I would stop every Sadavarta where free meals are given. It has degraded the nation and it has encouraged laziness, idleness, hypocrisy and even crime. Such misplaced charity adds nothing to the wealth of the country, whether material or spiritual, and gives a false sense of meritoriousness to the donor."

# Focus on Distribution, Not Power Generation

It is welcome that Union power minister Piyush Goyal has offered the Centre's good offices to sort out the problem of stressed stranded projects in the vexed power sector. As many as 54 projects adding up to over 25,000 MW are currently stranded and not generating power. But the problem, in the main, is the sorry lack of reforms in distribution and attendant, routine and large-scale theft of power.

It is rampant revenue loss in distribution and moribund finances of state power utilities that stultifies offtake and demand. In a shocking illustration of the problem, engineer Abhimanyu Singh was killed and four of his colleagues injured while fleeing a mob attack in southwest Delhi on Monday, where they had gone for spot inspection of power theft. The powers that be must immediately resume CISF protection for theft detection teams, which was questionably withdrawn in 2009. The fact is that despite showcase power reforms in Delhi, large pockets continue to experience massive theft and recurring non-payment with 25-50% of power unaccounted for.

The point is to clamp down on political patronage of theft and non-payment for power in the states. It is true that of late, 25 states have issued bonds under the Ujwal Discom Assurance Yojana for over ₹2 lakh crore, to clear state power utility losses. But in tandem, we need revamped institutional mechanism and improved governance to stem revenue losses in distribution. The way forward is to mandate stringent norms to boost transparency. For starters, distribution results need to be compiled and published widely on a quarterly basis. Utilities can provide steady returns for the long term, and the Narendra Modi government needs to put distribution reforms at the core of its reform agenda.

An Ugliest Dog contest offers some insights into human emotional distress

# The Beauty and the Beast in a Dog Show

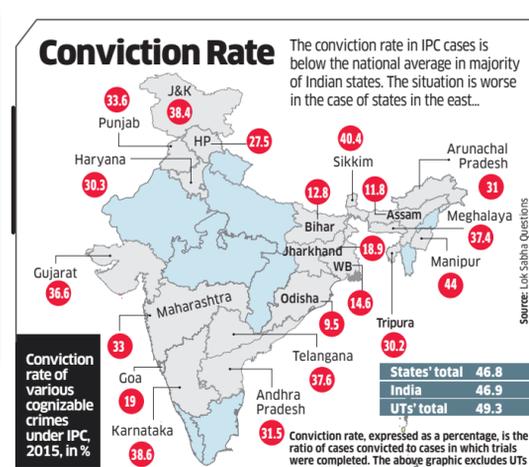
In Petaluma, California, they hold the World's Ugliest Dog contest. The winner gets \$1,500, a trophy and a trip to New York. What does this contest, now in its 27th year, tell us? The first part is easy: Americans continue to think they are the world, their marines are the best of the best, their ugly dogs, the ugliest of the world. If we set the superficial aside and go below the skin, which is how deep beauty is supposed to be, things get interesting. Is being ugly endearing, rather than revolting? After all, every contestant who strutted his or her hideousness on the contest stage was brought there by an owner, mostly of the doting kind. Dogs with hunchbacks, tongues that stuck out all the time and at ridiculous angles, hair missing where it adds grace and luxuriant where it is gross, undulating rolls of hirsute flesh for an upper lip that still offered up a permanent sneer; assorted embodiments of unseemliness, all of them had found someone to love them and care for them.

Perhaps the clue to resolve this apparent paradox lies in another old saying: handsome is as handsome does. Whatever their appearance, these pooches remain quintessentially dog: all unconditional love in full animated display without respite. Our ability to roll beauty into the beast is a measure, perhaps, of our own need for love.

**WIT & WISDOM**

"History is a vast early warning system."

Norman Cousins  
Writer



### MEME'S THE WORD

## LETTER FROM WASHINGTON

# India-US Biz Not As Usual



Seema Sirohi

Breaking up is hard to do. And when it's two business associations trying to separate, things get even harder. Issues of control, money, ownership and egos all collide in a dangerous downward spiral.

That's exactly what's happening after the board of the US-India Business Council (USIBC), the premier organisation promoting interests of US companies in India, voted earlier this month to cut ties with the US Chamber of Commerce, the parent body, after long-simmering disputes boiled over. One fundamental difference revolves around how best to persuade India on reforms. Should you continually name and shame the government? Or should you patiently work behind the scenes to encourage reforms?

The Chamber of Commerce, the largest lobbying organisation in the US, likes to berate countries that don't fall in line, while the USIBC follows a gentler tack. No prizes for guessing whose approach works better with New Delhi. Tensions have surfaced in the past over autonomy and turf. In 2010-11, the then-USIBC chairman, Harold Terry McGraw, CEO of McGraw-Hill companies, brokered an understanding with the Chamber on autonomy and policy issues. But there was no doubt that the USIBC was a part of the Chamber.

Over the years, the USIBC has steadily gained clout, developed a personality — some argue even 'attitude' — and grabbed turf to the annoyance of the Chamber. All grown up, it finally walked out. But it may find itself in splendid isolation.

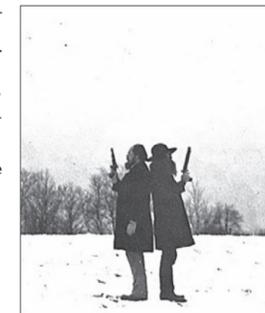
The drama unfolding behind the Corinthian columns of the Chamber's historic building across from the White

House doesn't help either side. The main battle is primordial — about who's boss at the end of the day. Can the USIBC set its own policy agenda? Or should it be answerable to the Chamber, which technically owns it?

Then there are matters of etiquette and niceties. Should the Chamber be acknowledged, at least minimally, during USIBC events? Sounds childish. But who said big men are not childish about seeking validation, being acknowledged and demanding thanks. Egos of powerful CEOs and powerful Washington operators can clash bitterly over small and big slights.

The forces arrayed are thus: on one side is a self-selected 29-member USIBC board comprising CEOs of major US companies (Lockheed Martin, Pepsi, MasterCard, Walmart, etc) with business interest in India. On the other is the might of the entire Chamber of Commerce headed by a force of nature called Tom Donohue.

A tormentor of American presidents, Chamber CEO Donohue destroys politicians in his spare time. He doesn't like rebellion, a revolution even less. No surprise then Donohue dismissed the USIBC's vote to split from the Chamber with typical contempt. "The



Council & Chamber, a duel identity?

USIBC has no separate existence and its board has no legal authority," he told members and then made his letter public. "The USIBC is a part of the Chamber, and the Chamber does not plan to transition it anywhere."

These are fighting words and a nasty legal battle may ensue. Neither side will come out looking pretty and, in the process, the business of doing business in India will suffer. The USIBC has been a regular stop for Indian prime ministers. Modi has addressed the Council twice.

Indian companies are also USIBC members, but none is on the board so far as your columnist can determine the opaque governance structure. The board is not elected, but appears to be constructed depending on personal clout and friendship. This is a source of grief for many members.

For now, Mukesh Aghi, USIBC's high-profile president known for his proximity to the BJP, is staying below the radar. If the USIBC actually breaks away, it will most likely lose control of its substantial kitty: said to be over \$10 million. It will also have to think of another name.

Aghi may continue to head a reconstituted organisation. And his reputation for relentless fund-raising, especially during events featuring Prime Minister Narendra Modi, will be tested because there is no way Donohue will let him get the money.

Some among the USIBC membership are not amused by the decision to split. How could 20-odd board members decide the fate of 400 others? "If you break a 40-year relationship, shouldn't all the members be consulted?" asked one irate, dues-paying member. "You can't just take the ball and go home."

How many companies will follow a breakaway organisation is unclear. And whether it can recreate its clout without infrastructural support from the Chamber is also unclear. Losing that address will carry invisible costs. What would be truly harmful is the USIBC and the Chamber working at cross-purposes.

## Citings

# Smart-City Design

SAM PITRODA

"Smart city" is one concept that has been, to some extent, oversold and under-understood. It is not about sensors and gadgets and software and more routers and more IBM equipment. A smart city [endeavour] is more about building a happy city. We are not saying that existing cities are dumb, but we need to use technology so that people are better off in terms of pollution, traffic, education, health, jobs and living conditions.

All of these are very important aspects of building a happy city, including security. But the idea is not to bring more cameras and more police and more guns. The idea is to build better communities. The idea was to build the human capacity in software and digital technology. It was about changing the mindset — that telecom is not just an urban luxury but it is also a rural necessity.

Telecom requires not just getting equipment from abroad but also requires human capacity to be able to understand and build [the necessary] software and hardware. The idea was to focus on indigenous development... When people talk about a hundred smart cities in India, they have no clue as to what they are saying. If you cannot empower the mayor of the city, how do you build it?

[What about] organisational autonomy, freedom and flexibility? If you don't allow your cities to raise money of their own for projects, how do you get cities to fund them?... If you don't give cities autonomy, you can never bring technology to solve your problems.

From "Why Smart Cities Need to be Happy Ones, Too"

## The Models of Reality

BANSHIDHAR PANT & NALINI TRIPATHI

If we are what our thoughts make of us, the question arises: how is thought created? The Dhammapada states, "All that we are is the result of what we have thought." Then what in our minds controls our thoughts and thereby alters the entire course of our lives for better or worse? Recent psychological research offers an answer.

Psychologist Kenneth Craik, in 'The Nature of Explanation', says that our minds construct small-scale models of reality. Models are representations of a new, unfamiliar object by a similar, but more familiar, object. Based on those models, we reason, explain things and anticipate events. Even Greek philosophers, hundreds of years ago, proposed that our minds carry 'copies' of objects similar to those seen outside. Vedic and Vedantic literature is replete with mental models clarifying the concept of self, life and death.

While we look at the external world with our physical eyes, we give meaning to what we have sensed, with our inner eye made up of a complex network of mental models. This eye looks inwards and disentangles our thoughts and feelings under the light of our buddhi. It unifies our experiences and goals us to action towards our mission.

Guided by the illumination from buddhi, our inner eye looks deep into our unconscious mind that is a reservoir of incredible power and wisdom. Self-restraint, poise and discipline (sadhana) of body and mind enable us to access this incredible resource, as do yogic practices, meditation, prayers and auto-suggestions help.

## Chat Room

# Losing Trust in Paper Currency

Apropos the news report, 'No Fresh Window for Note Exchange' (Jul 18), the Centre's response to the Supreme Court saying it cannot provide more time to people to exchange old ₹500 and ₹1,000 notes does not address the concerns expressed by the apex court about the denial of opportunity to genuine holders of old notes. There are chances of such individuals not having been able to exchange their old currency notes for their reasons. The development will have far-reaching implications for public trust in paper currency.

MG WARRIOR  
Mumbai

# India, Just Do Your Own Thing

This refers to 'Ride Out the Pendulum' by Gaurav Dalmia (Jul 18). Protectionist and populist tendencies in the West are due to the rising influx of an intellectual and multi-skilled aspirational generation

from developing countries such as India and China. World-class institutions in the West focus more on artificial intelligence

and robotics that push the boundaries of human intelligence. India needs to develop its own economic model now working on a balanced approach that blends both protectionism and openness.

SANJAY TIWARI  
Hisar

# Only the Human Race Matters

Apropos the Edit, 'A Calf That Points to Earth's Vulnerability' (Jul 18), global efforts are needed to save the human race from mass extinction. The US is already vulnerable to regular storms. Apart from the efforts to reduce carbon footprint, there is also a dire necessity to reduce population. Easing the pressure on population would reduce the burden on resources that must be utilised in an efficient way. Instead of wasting energy on politics for one-upmanship, governments should come together to save the human race from extinction.

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