

14 THE EDITORIAL PAGE

WORDLY WISE

THERE'S SOMETHING ABOUT THE SOUND OF A TRAIN THAT'S VERY ROMANTIC AND NOSTALGIC AND HOPEFUL.
— PAUL SIMON

The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

After the Greferendum

Greece needs macroeconomic discipline, whether it stays within the eurozone or exits it



ALOK SHEEL

TRUST DEFICIT

MP CM agrees to a CBI probe into Vyapam. Though belated, it could help his government regain some credibility

MADHYA PRADESH CHIEF MINISTER Shivraj Singh Chouhan's request to the high court to order a CBI probe into the Vyapam scam is a step in the right direction. He had for long stalled the Congress's demand to call in the CBI, claiming that only the high court could do so, since the special investigation team probing the scam was constituted under its directive in 2013, and reported to it. Chouhan's plea to the high court comes at a time when the Supreme Court is set to hear a clutch of petitions on July 9.

Chouhan was left with little choice but to acquiesce to the demand for a CBI probe after the spate of deaths of people linked to Vyapam — an accused, a witness and even a journalist probing the case — in the past few days. The unusually high mortality number — from 25 suspicious deaths according to state officials, to 45 according to activists — has spooked many. Doubts have been raised about the intentions of the state government. Its initial reluctance to protect whistleblowers even after they complained of death threats did not help. The statement by Uma Bharti, a cabinet minister at the Centre and a former MP CM, on Monday that she feared for the lives of 17 people whom she had allegedly recommended for employment is revealing. If Chouhan's government does not inspire confidence even among BJP leaders, if it has lost the perception war, it can only blame itself. Since the scam hit the headlines in 2009, the state government has done little to convince people of its commitment to nailing the guilty. Though it admitted to impersonation, copying and forgery in examinations and recruitment processes conducted by Vyapam, the Madhya Pradesh Professional Examination Board, the government played down the scale of the scam and the complicity of the highest public officials. As investigations proceeded, the governor's office was implicated in the scam and the opposition even accused Chouhan's family of involvement. Though nearly 2,000 people, including a state minister, have been arrested, the government has lost face.

Vyapam could scar Chouhan's reputation as an administrator and hurt his political future. A probe by an independent agency at arm's length would help clear the air. The CM should also rein in colleagues like his home minister, Babulal Gaur, who has a tendency to turn philosophical — and insensitive — about death at the most inappropriate moments. As Chouhan said at his press meet on Tuesday, a ruler ought to be above suspicion. The challenge before him, and the BJP, is to win back public trust. The CBI probe could be the first step in a long and difficult journey.

WHEN LAWMAKERS FAIL

SC judgment on unwed mothers is another instance of judiciary stepping in where legislators have feared to tread

THE SUPREME COURT struck a second blow on behalf of Indian women in a matter of a week, ruling on Monday that an unwed mother was not required to seek consent from the father to become the sole legal guardian of her child. If she does not wish to disclose his name, she doesn't have to, and authorities must issue a birth certificate that lists only the mother's name — she is only required to furnish an affidavit to this effect. This would mean, as the court explained, that the previously all-important box under "father's name" on school forms, passport applications and assorted official paperwork can be left blank — addressing one crucial aspect of the moral opprobrium encountered by single mothers.

While no single legal judgment can take away the social stigma attached to being an unwed mother, Justices Vikramjit Sen and Abhay Manohar Sapre have reaffirmed the apex court's position as the defender of human rights. Just last week, their colleagues, Justices Dipak Misra and P.C. Pant, unambiguously stated that there could be no compromise between a rape victim and the criminal who committed the act, putting to bed the horrific notion of forcing a rape victim into rounds of mediation with her rapist, or even encouraging them to marry. Earlier, in a separate case, the court had deemed both the mother and father to be the natural guardians of a child, holding her welfare to be the primary determinant.

The SC has routinely — and necessarily — expanded the rights available to women, and to other minorities, in no small part because the executive and legislature have together displayed a lack of vision in keeping pace with a changing India. In a landmark April 2014 judgment, the court recognised transgenders as a third gender and directed legislators to provide the community all the rights and benefits given to socially and economically backward classes. In 2013, the court acknowledged that the abominable "two-finger test" used on rape survivors violated their rights, and prohibited its practice. It extended the protections of the domestic violence act to live-in relationships in 2010. In 2006, it ruled that a rape accused could be convicted on the strength of the evidence given by the victim, even if there was no medical evidence to suggest rape. These are just a few instances in which the judiciary has stepped in to fill the void left by policymakers, who have failed their most vulnerable constituents. But perhaps partial redemption awaits — the court reversed a Delhi HC ruling on Section 377, which criminalises homosexuality, and left the task of repealing it to Parliament. Will politicians take the cue?

BACK TO THE WALL

Tihar's escape artists give the PWD high insecurity

LOVE RECOGNISES NO barriers," sings Maya Angelou in a widely shared verse on the internet. "It jumps hurdles, leaps fences, penetrates walls to arrive at its destination full of hope." And if the wall lacks cement, the love of the great outdoors just punches its way through. Recently, two young inmates read the writing on the wall of Tihar jail, which allegedly prophesied that successful escapees would be rewarded with Rs 20 lakh and an apartment by the government. That sort of thing flourishes in hacker culture, but should jailbirds see a future in it? Only a few stars like Houdini make it big in the escape artist business.

After the exploit and the suspension of the jail superintendent, the spotlight seeks not the escapees but some unsung PWD official who built the breached wall, who may be penalised. This is a lofty but dangerous precedent. India is celebrated as the land of relentless making, unmaking and remaking. Everything falls apart, from tarmac and buildings to whole projects and schemes, providing lucrative occasions for the issue of fresh tenders, creating employment, growth, liquidity and all the other goodies that economies strive for. Shall we endanger this fragile ecosystem of reliable renewal, only because two convicts punched a hole in a Tihar wall?

India's biggest detention facility has had a tumultuous summer. In April, an inmate was killed by five others armed with improvised weapons. In May, 15 prison officials were suspended after the suspicious death of two inmates. The ongoing population explosion behind bars may have contributed to this mayhem — the CAG found this year that Tihar is a flourishing settlement with a population exceeding 14,000, over double its rated capacity. That's too close for comfort, and no wonder inmates are seeking out walls low on cement, which are easily penetrated.

IT IS DIFFICULT to predict the fallout of the results of the recent Greek referendum. Greece has not voted for a "Grexit". It has voted to reject a compromise with its international creditors. This is likely to be interpreted as wilful default by its biggest creditors, namely the International Monetary Fund, the European Central Bank and the larger eurozone sovereigns, Germany, France, Italy and Spain.

European leaders will suffer collateral political damage from a Greek default. By denying debt restructuring and further assistance to Greece, they are attempting to shut the stables after the horses have bolted. They will be seen to be complicit in the earlier bailout of reckless private creditors and banks without forcing haircuts. This process transferred liabilities to eurozone taxpayers, who will now be forced to take haircuts, even though they are stoutly opposed to a "transfer union". This is because, at current growth rates, Greece has little option but to default on its external liabilities. German Chancellor Angela Merkel, the most influential European leader, recognises this. She is willing to consider debt restructuring, provided this leads to an effective fiscal and banking union. That would correct the fatal birth defect in the design of the eurozone that has held it hostage to financial markets.

Such a union would impose hard budgetary constraints on constituent states, the flip side of fiscal transfers, and curtail sovereignty far beyond existing Maastricht Treaty arrangements (which created the European Union). The eurozone would then resemble the American and Indian federations. Proposals to rectify these birth defects are on the drawing board, but leaders are resistant to them.

There is no better time than a crisis to take difficult political decisions. The Greek crisis presents a huge opportunity to bring long-term stability to the eurozone. Still, my best guess is that despite the IMF default and referendum, the can will be kicked down the road to buy yet more time. This will only be possible if Germany looks the other way while the ECB continues to backstop Greek banks. But the eurozone will continue to skate on thin ice until the bigger issue is resolved.

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The underlying problem is a pattern seen often in developing countries: fiscal weaknesses and over-consumption in peripheral European countries, leading to widening current account deficits and eventual market revolt, hurting the ability to continue financing the deficits. The crisis in each country had different roots, such as fiscal overstretch (Greece), a real estate bubble (Spain) and private debt (Ireland), but they all ended up as fiscal problems because banks had to be bailed out. With pan-European operations, European banks have balance sheets much larger relative to their governments. Unlike in the US, the problem lay not so much in financial institutions too big to be allowed to fail, but with sovereigns too small to bail out large banks. This is why several countries needed external assistance from the stronger EU members, the IMF and the ECB.

Greece's debt is denominated in its domestic currency, but has features akin to external debt. Greece does not have the monetary autonomy to print its way out of default, or to depreciate its currency to match its productivity. Only the ECB can print the euro. In such a situation, fiscal transfers are required to avoid default. And wages need to be adjusted through nominal, rather than inflationary, adjustments to restore competitiveness so external deficits can be reduced. This is politically difficult.

If the ECB withdraws support to Greek banks, Greece will have no option but to exit the eurozone in a disorderly manner. This would mean a great deal of frontloaded pain for the Greek population. Pension payments and healthcare services will be disrupted, economic activity will be hit on account of dislocations in the banking payments system and Greece might be in for a bout of hyperinflation.

A Grexit would, however, also give Greece the fiscal, monetary and exchange-rate flexibility to kickstart a recovery. During the euro crisis a few years ago, affected countries within the EU but outside the monetary union (the eurozone), such as Iceland, recovered much faster. Default and Grexit will do short-term reputational damage, but markets have a short memory. Defaulters have been known to regain access once funda-

mentals improve. Greece needs macroeconomic discipline to recover, whether it stays within the eurozone or exits it. By agreeing to a fiscal union, it can at least negotiate staggering the pain.

Will the No result in the Greek referendum lead to another international financial crisis? Ironically, despite all the post-crisis attention on financial institutions too big to be allowed to fail, neither the global financial crisis nor the eurozone crisis emanated from too-big-to-fail entities. The US subprime housing market was a relatively small segment of the very deep US financial markets. Greece is less than 0.5 per cent of the global economy. The danger lies in contagion.

In the case of the global financial crisis, opaque and complex structured financial products distributed through shadow banks made it impossible or difficult to determine on whose balance sheets the defaults would show up. This led to generalised risk aversion in financial markets and a credit freeze. In the case of Greece, it is clear that the risks sit on the balance sheets of strong sovereigns, the ECB and the IMF. Markets are unlikely to test them. But there are several weak, slow-growing eurozone economies with high levels of sovereign debt that can be serviced only so long as interest rates remain low. Greece's public debt is around 175 per cent of GDP. But average European levels are as high as 100 per cent, above the threshold that has in the past had a negative impact on growth and macroeconomic stability. The threshold for the external debt of developing countries is even lower, at 60 per cent. Markets may be tempted to test them.

A Minsky moment (a sudden major collapse of asset values) can see borrowing costs increase, making existing levels of debt look increasingly unsustainable. Any contagion from the Greek crisis can snowball to expose Italy and even France. But the ECB can prevent this by acting on its "whatever it takes" pledge to maintain financial stability in the eurozone by stepping up its quantitative easing programme and buying bonds of weaker eurozone countries.

The writer is a civil servant. Views are personal



PRAKASH SINGH

POLICE REFORMER OF INDIA

Justice Sabharwal's landmark judgment is being trifled with. SC must take note

FORMER CHIEF JUSTICE of India Y.K. Sabharwal's passing would be mourned, among others, by the country's police fraternity. There are few people who really empathise with the police, understand its problems, and appreciate the need to improve its working conditions. Justice Sabharwal was one such person. He knew the police had to be insulated from extraneous pressures to be able to enforce the rule of law, and that without a professional police, the country could not have a stable democracy or achieve sustained economic progress.

The petition for police reforms had been filed in 1996. It got an initial push from Justice J.S. Verma, but after that, with the exception of Justice S.P. Bharucha, no other judge took significant interest in the matter. The case meandered for almost 10 years — until it was taken up by Justice Sabharwal. He decided to clinch the issue. In a historic judgment delivered on September 22, 2006, Justice Sabharwal recorded that "having regard to (i) the gravity of the problem; (ii) the urgent need for preservation and strengthening of rule of law; (iii) pendency of even this petition for last over 10 years; (iv) the fact that various commissions and committees have made recommendations on similar lines for introducing reforms in the police set-up in the country; and (v) total uncertainty as to when police reforms would be introduced, we think that there cannot be any further

wait, and the stage has come for issue of appropriate directions for immediate compliance so as to be operative till such time a new model police act is prepared by the Central government and/ or the state governments pass the requisite legislation."

The court's directions included setting up three institutions: state security commissions to insulate the state police from extraneous pressures; police establishment boards to give autonomy to the department in personnel matters; and police complaints authorities to ensure better accountability of the force. The court also laid down a procedure for appointment of the DGP and gave him a fixed tenure of two years, mandated a two-year tenure for officers performing operational duties in the field, and gave directions for the separation of investigation from law and order in towns with a population of 10 lakh or more. The directions were to be implemented by December 31, 2006.

The judgment caused a huge flutter. The states never expected such far-reaching directions. They mobilised the best lawyers to stall the reforms. Justice Sabharwal, however, held his ground. He chided the state governments/UTs and even the Centre for not making any submissions during the argument stage that the suggestions of the National Police Commission, NHRC, Julio Ribeiro Committee and Soli Sorabjee Committee not be accepted, and categorically stated that the

court shall not permit review of its judgment, for which there was a proper procedure. He divided the directions into two parts: the self-executory directions, which related to the appointment of DGP, the prescribed minimum tenure for field officers and the setting up of police establishment boards, and said these had to be implemented forthwith; and, in view of the submissions made by the states, extended the time limit for the remaining directions till March 31, 2007.

It is a great pity that his legacy is being frittered away by state governments and the apex court has not been able to ensure its implementation. Some states have cleverly passed laws to circumvent the implementation of the judgment while others have passed executive orders that violate the letter and spirit of the court's directions. The Centre has been chary of mounting pressure on the states and has not passed a model police act.

Justice Sabharwal had vision. He understood that the architecture of a progressive, modern India could only be built on the foundations of a sound criminal justice system, of which the police is the central pillar. The big question is: Will the SC remain a spectator to its directions on police reforms being trifled with by the state governments?

The writer, a retired DG BSF and DGP of UP and Assam, filed the 1996 PIL on police reforms



JULY 8, FORTY YEARS AGO

OUR BABUS

A study revealed that a majority of India's civil servants could be below the age of 45. The study, based on a questionnaire circulated among a sample of Class I, II and III officials, indicated that 60 per cent of them "belonged" to rural areas, though only half had "actually lived" there up to the age of 18. A high percentage of Class I officials had spent their "impressional" years in urban areas — a previous study said 77 per cent of officers came from cities and towns.

LAND BILL READY

The cabinet was "understood" to have approved a bill that imposed a ceiling on hold-

ings of vacant urban land and restricted the plinth area of new buildings. The report added that the bill may have a provision for "socialising land" to prevent private parties from making huge profits by purchasing and reselling plots after developing them.

PM TO INDUSTRY

Indira Gandhi told industry not to resort to lockouts, layoffs and retrenchments. She asked them to address demands of workers.

ISRAELI ATTACKS

Israel launched land, air and sea strikes on Palestinian refugee camps in south Lebanon, killing at least 13 persons. A bombing, al-

legedly by Palestinian guerrillas, had killed 14 persons in Jerusalem some days ago.

CAUSING CANCER

A report said several brands of oil and vanaspati were capable of causing cancer. In tests held at the Cancer Research Institute, these fats produced tumours in mice. Some proved so carcinogenic that they resulted in invasive tumours irrespective of whether they were fed to mice, applied on their skin or injected, according to Dr Kamal Ranadive of the CRI. Ranadive, however, warned against drawing conclusions from the tests that these oils could produce cancer in humans with the same intensity, the report said.