

Move on, Mr Goyal

If the government is intent on bailing out Jet Airways, it should seek a full personal guarantee from the promoter



OUT OF THE BLUE

ANJALI BHARGAVA

At least two large and significant carriers were either destroyed or at the doorstep of ruin during the reign of UPA I and II: Kingfisher Airlines (KFA) and Air India. In both the cases, the authorities, ministers and government officials are directly responsible for either creating the problems or abetting them.

In the case of the national carrier, we can only blame poor management and decision-making, involving none other than the bureaucracy and ministers. In the case of KFA, there was no reason for the airline to continue flying even as long as it did since it was bleeding cash. It was the pressure used by the powers-that-were that various public sector banks and institutions were persuaded to offer loans and lines of credit to the airline long after it made any commercial sense. We have all seen the outcome of those follies: Air India burns cash like a Nasa space shuttle — to use a term I had previously used to describe KFA's plight — and KFA's flamboyant and reckless promoter has got away without paying his dues as of now.

It, therefore, comes as quite a shock to me that the current government seems to have willfully committing the same error as the previous one and is

offering a government subsidy to bail out the struggling Jet Airways. The State Bank of India (SBI) is to offer a fresh loan of \$215 million to the carrier. It already has an exposure of roughly the same amount in the airline. Jet Airways in fact defaulted on the payments of the earlier loan to SBI. Yet SBI is to offer a fresh line of credit. Why? Which commercial entity would do so? Can we, for instance, ask Standard Chartered or HSBC to consider Jet's case?

This brings me to the question as to why SBI should venture where no other sane man would. I think the answer is clear: The government is not keen on watching a large company and airline go down at least during its tenure or till this year's general elections. Besides 16,000-odd lost direct jobs, sinking of a large corporation would have all kinds of other implications for the wider economy. Let me add here that nobody in the

aviation industry at present wants to see Jet Airways go down — even rivals are aware that Jet's demise would lead to repercussions for them as well.

The bad news is that the present condition of the airline is far worse than what SpiceJet's was when the latter was one day away from closure in December 2014. Jet's total dues are now touching a whopping ₹23,500 crore. This includes a cash debt of ₹8,500 crore, letters of credit of ₹4,000 crore and ₹11,000 crore is owed in the form of dues to all vendors, lessors, airports and related bodies, TDS not paid and salary arrears, among other things.

Moreover, the airline's promoter Naresh Goyal (NG), a smart operator, is at loggerheads with Etihad — the airline partner that holds 24 per cent in the airline. I remember a top official of the airline telling me soon after the signing of the Etihad deal that Goyal entered with a divorce in mind. His words to me were: "He was planning Etihad's exit even as he was watching the deal with his new partner".

Etihad has flatly refused to bring in any new funds unless Goyal relinquishes control, which he is stubbornly refusing to do. He is willing to reduce his stake to 26 per cent but wants to keenly watch over any new owner's shoulder.

That leaves no option but SBI — or a government subsidy in effect. There's been some talk of SBI converting some of the loan into equity, which to my mind amounts to some kind of nationalisation of the carrier. But unlike Malliya, Jet's promoter is a non-resident Indian and has very few assets if any in India. Whatever NG owns — and that is likely to be quite substantial — is in London, Dubai and god knows where else.

So here's my suggestion. A personal guarantee for the full amount that SBI or any government controlled entity lends the airline should be sought from Goyal. If he's certain he can lead the airline out of its current troubles, he shouldn't have a problem offering such a guarantee. If he refuses or is unwilling to guarantee the full loan amount, SBI should only agree to a loan provided he steps down with no board presence and a token stake in the airline. His presence in the airline is no longer an asset to it. It's time he accepts it and moves on.

PS: Even as this column went to press, news reports were coming in that Etihad would increase its stake to 49 per cent and Naresh Goyal would step down. The company, however, has not confirmed

CHINESE WHISPERS

A reinvigorated BJP

After its hugely successful booth-level strategy failed to leave the usual impact on the Madhya Pradesh Assembly polls late last year, the Bharatiya Janata Party (BJP) is working harder to fire up the rank and file. Its cadre in the state is now working on a three-month programme calendar prepared by the party's central leadership to woo back voters before the general elections. The party has appointed new *panna pramukhs* (page in charge) at the booth level after dropping many of the incumbents. The new *panna pramukhs* have each been handed a page from the electoral roll with mobile numbers and addresses of at least 15 families. It is the duty of the person in charge to contact these families from time to time, listen to their problems and then solve them, and, if possible, lead the members of these families to the polling booth during this year's election.

Cabinet expansion in MP



Madhya Pradesh Chief Minister Kamal Nath (pictured) will expand his cabinet later this week. While a formal announcement on the expansion or the possible date is awaited, Nath's meeting with his party's central leadership in Delhi on Sunday fuelled speculation that it would happen before January 20. Other senior party leaders from the state were also present at the meeting where they gave their suggestions on the prospective candidates to be inducted into the CM's team. According to sources, MLAs of the Samajwadi Party (SP), Bahujan Samaj Party (BSP) and one independent MLA may get cabinet berths. Nath formed his cabinet on December 25, inducting 28 ministers, all from the Congress. Given that the Congress was able to form the government in the state with support from the SP and the BSP, it is likely their demands will be met.

Tejashwi in friendly appearance

A day after meeting Bahujan Samaj Party (BSP) supremo Mayawati, Rashtriya Janata Dal leader Tejashwi Yadav met Samajwadi Party (SP) chief Akhilesh Yadav on Monday. Tejashwi used the opportunity to target the Central Bureau of Investigation and the Enforcement Directorate, saying the central agencies had become "alliance partners" of the Bharatiya Janata Party (BJP). He said that while the BJP had about 118 seats in Uttar Pradesh, Bihar and Jharkhand together, after the newly formed SP-BSP alliance in UP and the Mahagathbandhan in Bihar, the party would "go down to less than 100 seats in the three states".

Don't throttle private schools

Delhi's experience holds valuable lessons for other states. Most certainly emulate its effort to improve government schools but tread carefully while regulating private schools



RAHUL KHULLAR

Nursery admissions for 2019 in Delhi's private schools opened two weeks ago. The gold rush ends in the first week of March. Until then, parents remain tense; so too the school admission committees that have to cope with an elaborate points-based system.

Arguably, private schools vary both in quality of service provided and fees charged. Certainly, there is self-selection, namely, parents choose schools depending on what they can afford. But, the stampede is across-the-board. Parents' revealed preference is clear. First, private schools are preferred to government (publicly-funded) schools. Second, there is excess demand for all private schools, irrespective of the fees and quality of services provided. Third, a 25 per cent quota exists for the economically weaker sections (EWS) and admissions are lottery-based. They, too, overwhelmingly prefer a private school to a government school.

To most, the policy response would seem straightforward. First, radically improve the quality of education in government schools.

The Delhi government has made a highly commendable effort to upgrade infrastructure and teaching in govern-

ment schools. This will result in better learning outcomes and improved quality of education services. But it will take time.

Second, increase the supply of private schools and encourage competition amongst them in service quality. Here, the government has faltered. It has not enabled an increase in the supply and its regulation of private schools is limited to fees. This borders on the absurd. But first, some background to fee regulation.

Over the last few years, many states have taken to regulating fees charged by private schools. This was in response to parents' protests about the regular and allegedly arbitrary hikes in school fees. Many statutes stipulate that a District Level Committee headed by a Judge and comprising civil servants (responsible for the government school system) shall decide on the permissible increase in fees and the fees shall stay in force for three years. Other statutes envisage a cap (8-10 per cent) on the increase in fees. For instance, in Madhya Pradesh and Punjab.

The Supreme Court has ruled that private schools can earn a reasonable surplus for furtherance of education but cannot "profiteer"; regulation (fee fixation) is not an infringement on the school's autonomy but fixing a rigid fee structure would be an unreasonable restriction on the autonomy of the school.

Fees in Delhi's private schools have not been raised in three years; in some schools for even longer. The Delhi government has put a freeze on any fee hike. The same government has exhorted and then directed private schools to pay teachers as per the 7th Pay Commission. Many schools raised teachers' salaries



but are now in a jam because fees are frozen. Forget earning a reasonable surplus, many schools are simply broke. And, it can be argued that the fee freeze is precisely what the Supreme Court has ruled to be an unreasonable restriction on the autonomy of the schools.

Some stylised facts. The vast majority of private schools in India are low-cost and parents choose them of their own volition over "free" government schools. As they offer instruction in English, they are a major draw. Learning outcomes in private schools are better than in government schools (ASER). The onerous requirements of the RTE Act resulted in the closure of many low-price schools. Other private schools are struggling because 25 per cent of the students (the EWS group) are not required to pay school fees. Lastly, teachers in private schools are paid far less than their counterparts in govern-

ment schools (not even counting the pensions government teachers get).

The consequences of Delhi's Kafkaesque "regulation" are dire. First, more of the low-cost schools face closure. Even others are in serious trouble. Perversely, reserves cannot be drawn down to pay for salaries and other recurring expenditure — those have to be met by fees collected. Second, the only way to balance the books is to raise the student teacher (S-T) ratio, that is, raise the number of students per class. The outcome: Fewer private schools (because of closures) exacerbating the excess demand problem; a decline in the quality of learning as the S-T ratio rises; adverse impact on primary school — that is where S-T ratios are the lowest. The irony: The worst hit will be parents seeking low-cost schools — those will go belly up first. "Regulation", where input prices and output prices are "fixed" by govern-

ment, is a throwback to the Soviet era. Private schools are mandated to ensure that EWS students (25 per cent) do not pay any fees. The law obviously envisaged that paying students would cross-subsidise the EWS students. Surely, schools cannot be expected to simply absorb the costs; the tariff for paying students had to be raised to provide the "cross-subsidy".

Further, costs rise annually — for instance, maintenance, school supplies and DA for staff. The cost of the infrastructure and land also rises annually. The latter directly impacts new schools. If these are not factored into a fee increase, there is no incentive for entry, and the excess demand remains unmet.

A simple solution: Permit schools to raise fees by up to 7 per cent every year; only schools seeking an increase above the ceiling need to approach the government for approval/clearance; schools can increase fees only prospectively; and, where fees have not been raised for three years or more, schools may compound the increase over the period. Delhi's experience holds valuable lessons for other states. Most certainly emulate its effort to improve government schools. But tread carefully while regulating private schools. Focus on quality of education and bring a degree of reality to fee regulation.

Our public-funded government schools will take time to become the "go to" schools and quality institutions. Meanwhile, don't kill the schools that seem to be doing what they do well — deliver education for a price.

The writer was an IAS officer of the AGMUT (Delhi) cadre for close to 40 years

ON THE JOB

An invisible hand



MAHESH VYAS

Somesh Jha filed a revealing report on the unemployment situation in 2016-17 in this newspaper last week. What was most revealing was not the unemployment rate in the year that he gained a notoriety of its own because of demonetisation. What was most revealing was that the Labour Bureau's employment/unemployment report for 2016-17 was deliberately held back from release by the government.

This was the sixth report on the subject by the Labour Bureau. The first was conducted in 2010. The Bureau has conducted six large household surveys in as many years.

Unlike the NSSO, the Labour Bureau has been very quick in conducting labour market surveys and relatively quick in releasing results from the same. Its fifth survey, that covered a respectable sample of 156,563 households, was completed in nine months from April through December 2015 and the report was released in another nine months, in September 2016.

If the Labour Bureau had conducted a survey during 2016-17, then, going by the Bureau's past record, its report should have been released latest by December 2017. So, the report was overdue by over 12 months.

Somesh reveals that the report was apparently held back by the government. If this is true, it was certainly not a very wise thing to do.

The report does not paint an extraordinarily grim picture. For exam-

ple, it states that the unemployment rate was 3.9 per cent in 2016-17. While this is higher than in 2013-14 (3.4 per cent) and 2015-16 (3.7 per cent), it was lower than the level in 2012-13, which was 4 per cent.

These variations are not damaging enough to warrant a censoring of their release. Now that Somesh's reportage has exposed the invisible hand of the government, it only makes matters worse for the government — and unnecessarily.

Data presented by Somesh in his report show a small increase in the labour participation rate — from 52.4 per cent in 2015-16 to 52.8 per cent in 2016-17. I believe the labour participation rate is a more important indicator of the labour market situation in India than the unemployment rate. Any increase in the labour participation rate is a cause for celebration.

Labour Bureau data show that male labour participation rate, which had been falling steadily from 2011-12 till 2015-16, rose in 2016-17. It is a shame though that female labour participation rate continued to fall.

The rise in male labour participation is in sync with the good agricultural year that 2016 was. But the simultaneous fall in female labour participation is telling. Female labour participation rate fell from 27.4 per cent in 2015-16 to 26.9 per cent in 2016-17 and unemployment among women rose from 5.8 per cent to 6.1 per cent. Less women entering the labour force could be because of education or customs or fears. But the few numbers that enter the labour force suffer a higher unemployment rate than men. This latter phenomenon is a reflection of gender bias in employment.

It is evident that the estimates are based on the usual status (ps + ss) which considers a respondents' status for an entire year. This is too liberal. As a result, unlike CMIE's CPHS, these estimates are not suitable for understanding impact of short-term

shocks like demonetisation.

Besides, although the data are referred to as of fiscal year 2016-17, they are not associated much with demonetisation which happened in the same year.

The Labour Bureau's employment/unemployment surveys are usually conducted during a period that is less than 12 months. This is often criticised as it does not factor in the seasonal nature of employment in India. The relevance of this criticism, however, should be decreasing. The stress of unemployment is more universal and seasonality now plays only a marginal role. Note that labour participation rate in urban India is low and unemployment rate is high and the share of urban India has risen substantially in recent times.

The 2016-17 survey of the Labour Bureau was conducted during April-December 2016. Assuming that the questions were similar to the ones administered in earlier rounds it is likely that the reference period was of the entire one year period before the date of the survey. In such a case, the demonetisation effect in the revealed data would be minuscule.

We may therefore infer that unemployment was rising and labour participation rates were generally falling independent of demonetisation and independent of government regimes.

The reported deliberate delay in releasing of the Labour Bureau's report raises questions on the release of NSSO's employment/unemployment survey (now the Periodic Labour Force Survey) results which should have been completed in March or June 2018 and was expected to be released by December 2018. Its delay may now raise suspicion of an invisible hand of the government attempting to control the narrative in an election year.

The author is managing director and CEO, Centre for Monitoring Indian Economy P

LETTERS

For long-term health



This refers to "Foundations for health policy" by Ajay Shah (January 14). The author has given a fascinating insight into the nature of health care delivery. Indian people traditionally view getting sick as a fatalistic event. Hence, the nature of the transaction between a doctor and a patient is primarily an event-based interaction. Prevention strategies are difficult to enforce as health care delivery remains low on the priority for strategic planners.

Despite documented effects of adverse air quality on long-term health (higher incidence of non-communicable diseases), there has been no visible reduction or voluntary initiative by citizens to reduce their dependence on motor vehicles. Manufacturers, aided and abetted by strong lobbyists, have conveniently circumvented rules and regulations dealing with emissions. While it is convenient to blame medical providers for over-dependence on multiple procedures, health care delivery is exceedingly complicated to merit oversimplification. Dietary factors have contributed to an increasing incidence of obesity with major multinationals advertising their products as a lifestyle choice. There is a conscious consumption of poor quality meat away from vegetables.

Public health care delivery systems have capped prices purely from grants from the government. The cost for consultation, for example, has been kept artificially low (or free). The politics on general insurance has curtailed intelligent conversation towards mass adoption of electronic medical records and population

data that could give clear insights into disease trends.

A preventive approach to healthcare would require massive re-engineering of the socialist-era mindset where people are encouraged to partner with their healthcare providers for optimal health. Common sense shouldn't be sacrificed at the altar of populism that brings harm to people.

Abhishek Puri Mohali

A strong partnership

With its formalisation, the Samajwadi Party (SP)-Bahujan Samaj Party (BSP) alliance for the upcoming parliamentary election assumes considerable political significance and lends an entirely new dimension to the electoral battle. It is organic, solid and formidable and can prove to be a winning combination and a game-changer. It represents the unity between the forces standing for social justice and secularism and gives a fresh impetus to Opposition unity. The partners of the new alliance are from the same ideological domain and make natural allies. The cohesive power of common political objectives is sure to make the alliance work as it did during the by-polls. Both the parties can rely on mutual vote transfer. The poll pact is predicated on parity in seat sharing. The alliance ensures the avoidance of a split in the anti-BJP secular vote to some extent.

It is said that the road to Delhi goes through Lucknow. No other state determines the overall outcome of the Lok Sabha election as does Uttar Pradesh. UP is crucial for the formation of the next gov-

ernment. It will be an uphill task for the Bharatiya Janata Party to return to power if the pre-poll alliance reverses the party's near clean sweep in 2014. Implicit in BJP's denunciation of the *bua-bhatija* tie-up as opportunistic is the recognition of the insurmountable challenge posed by it. The BJP needs more than the Hindutva card and coinages like *mazboot*, *majboor* to woo and win back voters.

G David Milton Maruthancode

Fair game

The edit "Not cricket" (January 14) ignores the following facts in concluding that the government alone was responsible for the sudden transfer of former Central Bureau of Investigation (CBI) chief Alok Verma. One, the root cause of the action was a feud between Verma and Rakesh Asthana, a special director in CBI. Both made grave accusations against each other. The government sent Verma on leave on the recommendations of the Central Vigilance Commission (CVC). Two, the final order to transfer him was taken by the selection panel, of which Supreme Court Justice A K Sikri was a member nominated by the Chief Justice of India. It was Justice Sikri's opinion which tilted the case against Verma.

Y G Chouksey Pune

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HAMBONE

BY MIKE FLANAGAN



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Gated airlines

Govt-mandated caps on airline landing slots unwelcome

The government's proposal to cap the number of landing slots an airline can hold in congested airports — principally, Delhi and Mumbai — is a good example of applying the wrong solution to a valid problem. The plan is to set an upper limit in percentage terms for landing slots for an individual airline per airport, and, once it reaches the threshold, it will be last in queue for new slots and eligible only if other carriers reject those slots. The plan has been floated at the instance of incumbents and new entrants. These airlines claim that the current allocation policy is enabling market leader IndiGo, which has a 43 per cent market share, to monopolise landing slots in congested airports and build its monopoly at the cost of other airlines.

Slots are decided by the Slot Allocation Committee of airport operators, which follow International Air Transport Association guidelines. Since about 2007, the allocation has been based on usage — an airline gets to keep its slot if it has used it for 80 per cent of the time and half the slots freed up under this "use it or lose it" norm are reserved for new airlines. The key issue is that IndiGo is leveraging its dominant 43 per cent market share to cut fares, raise the frequency of its flights and block landing slots. Airlines complain that there are no prime-time slots available in the major airports. From a pure consumer interest point of view, there is some merit in the competitors' argument. No industry should create conditions that enable one company to build a dominant position at the cost of competition.

But there are several issues that need to be considered in this respect. First, the government may not be the appropriate entity to exercise judgement on slot allocation. True, it is a joint-venture partner in these airports, but it also owns and operates a major competitor, Air India, the third-largest airline by market share. Oddly, no airline appears to have a problem with the fact that the national carrier owns appreciably more slots in Delhi and Mumbai than does IndiGo — 169 to 150 in Mumbai, 111 to 97 in Mumbai. Second, since the issue appears to focus primarily on alleged anti-competitive behaviour, it would be incumbent on the Competition Commission to judge the issue and suggest solutions. Third, penalising an airline for being successful by applying uber-standards of cost control and efficiency is surely an illogical way to address the problems of smaller competitors.

The obvious solution to the problem would be for the civil aviation ministry to move towards speeding up the expansion of airport infrastructure. But this takes time to come on stream — the Navi Mumbai airport's tortuous progress being a case in point. Ahead of that, there are common-sense solutions too. Enabling allocated slots to be shared with other airlines during slack hours (typically between 11 am and 5 pm) is one solution (though Mumbai's runway upgrade precludes that till April). Re-auctioning slots after a fixed period is another. The broad point is that the development of the domestic aviation industry has been a visible beneficiary of liberalisation, and re-imposing government control to address an airline-specific issue will set an undesirable precedent.

Whither grand alliance?

Congress should manage regional parties better

There has been hectic activity in political circles in the past few days. First, the Bharatiya Janata Party (BJP), led by Prime Minister Narendra Modi and party President Amit Shah, exhorted the party cadre to make one last push towards defeating the so-called Mahagathbandan or grand alliance among several Opposition parties. In fact, the PM appealed to the citizens to use the NaMo app and share with him whether a grand alliance will work in their areas. Both Mr Modi and Mr Shah also termed the tie-up between the Bahujan Samaj Party and the Samajwadi Party as a "leaderless opportunistic alliance" which can at best provide a "majboor sarkar" (helpless government) as against a *majboot sarkar* (strong government), which can be provided by the BJP.

The alliance between the BSP and SP is for the 2019 Lok Sabha elections, and both Mayawati and Akhilesh Yadav indicated that it would continue beyond that. However, this could not be converted into the beginning of a nation-wide grand alliance, as the two regional satraps left the Congress out of the alliance. This was the second snub for the Congress, as the BSP had walked out of alliance talks with the party in the assembly elections in Madhya Pradesh, Rajasthan and Chhattisgarh as well, dealing a severe blow to the efforts of the opposition to forge a united front against the BJP. Though the Congress defeated the BJP by a long margin in Chhattisgarh, the party somehow managed to hit the majority mark in Madhya Pradesh and Rajasthan, leading many experts to argue that the victory would have been far more comfortable had the Congress been able to strike a pre-poll alliance with the BSP and SP. For that, the grand old party had to shed what Mayawati termed its "big brother" approach.

In Uttar Pradesh, of course, the situation is quite different with the two regional parties enjoying a much greater vote share than the Congress. In the general elections in 2014, for instance, the SP and BSP had roughly 22 and 20 per cent vote share, respectively, while the Congress barely managed to cross the 7 per cent mark. The BJP had slightly more than 42 per cent. The decision of the SP and BSP to leave the Congress aside places a big question mark on the feasibility of a grand alliance, not to mention the ability of the Congress to present itself as a viable alternative at the national level. That's because the Congress needs to ally with several regional parties across different states in order to have enough numbers at the national level. The Congress has stated it will fight all the 80 Lok Sabha seats in UP, but the show of bravado does not impress as the party simply does not have enough cadre or support base to launch a real challenge to the BJP on its own. In UP, however, things have become tough for the BJP as well because the SP-BSP combine has enough vote share to considerably reduce the BJP's tally in the country's most populous state.

ILLUSTRATION BY BINAY SINHA



The vanishing middle manager

Can business schools re-invent their role?

Business schools are in such a period of boom — with the leading ones struggling to deal with the flood of applicants and leading recruiters coming through with eye-popping sums as starting salaries for their students — that it is easy to ignore some worrying signals, which could threaten their very existence. We also regularly see news headlines report de-layering efforts in businesses ranging from conglomerates like GE, the giant Indian IT services companies, supermarket chains, erstwhile leaders like IBM and Ford...the list is very long. What is going on?

What could threaten business schools? After all, starting from the 1970s to up until now, there was no post-graduate degree as sure of putting you on a well-paid, well-respected career track as an MBA. Students passionate about sociology or psychology or literature or even the hard sciences such as physics or chemistry were used to being cautioned by their well-wishers that jobs in these disciplines were hard to get and compensation levels in these professions would not rise fast enough. There were no such fears about post-graduates in management: Well-paying jobs in New York or London and superfast career progression were for the asking for the graduates of the top management schools.

To fully appreciate the nature of the threat facing management schools, it is necessary to go back in history a little. For centuries, running a "business" meant running a shop where you stocked and displayed goods and to which, hopefully, customers flocked. And in much of the world, perhaps more so in India, even today, being a "businessman" meant running

such a shop. Of course, there were judgement and strategy involved in running a shop: What type of goods to stock, how much discounts to offer, who to offer credit and so on.

It was the spread of mass production following the Industrial Revolution that large-scale business organisations employing hundreds or even thousands of people, not the half-a-dozen as in a shop, sprung up in the West. Suddenly, owners needed to find some people who could help him "manage" these people, tell them what they ought to do and ensure that these instructions issued from the central owner were followed by all.

It is as a response to this demand for people who could "manage" other people that a flurry of "management schools" appeared as the 19th century turned to the 20th: In 1908, the Kellogg School of Management was founded as Northwestern University's School of Commerce in Chicago. In the same year, the Harvard Business School was founded at Harvard University. It was the first programme in the world to offer a Master of Business Administration degree. The Massachusetts Institute of Technology's (MIT's) Sloan School of Management followed in 1914. The management school movement spread from these origins to other parts of the world, including India, where the first one, the Indian Institute of Management, was set up in 1961 in Calcutta.

Since then and for the last 150 years, management theory has been about making a large centralised organisation effective and about the effective ways to issue orders and get compliance, because extracting productivity by increasing the scale of operations was the essence of the Industrial Age. It is



AIT BALAKRISHNAN

From Yellow Vests to the Green New Deal

It's old news that large segments of society have become deeply unhappy with what they see as "the establishment," especially the political class. The "Yellow Vest" protests in France, triggered by President Emmanuel Macron's move to hike fuel taxes in the name of combating climate change, are but the latest example of the scale of this alienation.

There are good reasons for today's disgruntlement: Four decades of promises by political leaders of both the center left and center right, espousing the neoliberal faith that globalisation, financialisation, deregulation, privatisation, and a host of related reforms would bring unprecedented prosperity, have gone unfulfilled. While a tiny elite seems to have done very well, large swaths of the population have fallen out of the middle class and plunged into a new world of vulnerability and insecurity. Even leaders in countries with low but increasing inequality have felt their public's wrath.

By the numbers, France looks better than most, but it is perceptions, not numbers, that matter; even in France, which avoided some of the extremism of the Reagan-Thatcher era, things are not going well for many. When taxes on the very wealthy are lowered, but raised for ordinary citizens to meet budgetary demands (whether from far-off Brussels or from well-off financiers), it should come as no surprise that some are angry. The Yellow Vests' refrain speaks to their concerns: "The government talks about the end of the world. We are worried about the end of the month."

There is, in short, a gross mistrust in governments and politicians, which means that asking for sacrifices today in exchange for the promise of a better life tomorrow won't pass muster. And this is especially true of "trickle down" policies: Tax

cuts for the rich that eventually are supposed to benefit everyone else.

When I was at the World Bank, the first lesson in policy reform was that sequencing and pacing matter. The promise of the Green New Deal that is now being championed by progressives in the United States gets both of these elements right.

The Green New Deal is premised on three observations: First, there are unutilised and underutilised resources — especially human talent — that can be used effectively. Second, if there were more demand for those with low and medium skills, their wages and standards of living would rise. Third, a good environment is an essential part of human wellbeing, today and in the future.

If the challenges of climate change are not met today, huge burdens will be imposed on the next generation. It is just wrong for this generation to pass these costs on to the next. It is better to pass on financial debts, which can be somehow managed, than to confront our children with a possibly unmanageable environmental disaster.

Almost 90 years ago, US President Franklin D. Roosevelt responded to the Great Depression with his New Deal, a bold package of reforms that touched almost every aspect of the American economy. But it is more than the symbolism of the New Deal that is being invoked now. It is its animating purpose: putting people back to work, in the way that FDR did for the US, with its crushing unemployment of the time. Back then, that meant investments in rural electrification, roads, and dams.

Economists have debated how effective the New Deal was — its spending was probably too low and not sustained enough to generate the kind of recovery the economy needed. Nonetheless, it left a sustained legacy by transforming the country at a crucial time.



JOSEPH E STIGLITZ

But how good was Salinger, really, as a writer? I mean, how did he become a Bob Dylan of prose? And would he have spurned the Nobel?

To find out, I bought a book called *JD Salinger: The Last Interview*.

It actually turned out to be nine in all, plus a lengthy introduction. The interviews in the book have been conducted for over 67 years.

It is not clear who got more out of these interviews, the interviewer or the interviewee. Certainly, the reader did not emerge very much the wiser.

Salinger preferred to keep his responses short, on average about five words because most answers were monosyllabic, usually just a 'No'. As one critic wrote, Salinger "took himself out of the narrative". When he died, PBS tried to find a voice clip because there is no recording of his voice.

Nil nisi bonum — do not speak ill of the dead — is a well-known saying. Nor

would I intend to do any such thing here even if I were equipped to do so.

But the question does come to mind: Would an eccentric have become such an icon if *Time* magazine had not taken upon itself to delve into his life? At one point, it had several private detectives poking about.

The result was a long article called "A Private World of Love and Death" and the Salinger myth was launched. The more he tried to hide, the more insistent America became.

Just a few weeks later, *Time's* sister, *Life* published another article called "Why is Salinger Hiding" and the myth turned into an obsession. Salinger became a literary phenomenon by not writing. As I said, this could only happen in a nutty country like America.

But the Salinger saga has given me hope. I am convinced that 10 years from now I will also become an icon of "Indian writing in English" and everyone who has not heard of my novel will feel quite silly, more so if by then I am a DWIM.

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Salinger: The one-trick pony sensation



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Last time I had written about a DWEM, short for Dead White European Male. This time I am going to talk about a DWAM, a Dead White American Male, namely, JD Salinger.

The guy wrote one major book — and

33 short stories of indifferent quality with strange titles — in his life. That one novel, *The Catcher in the Rye* was published in 1951. After that Salinger went into hiding for the rest of his life.

And he became an American icon. For the first 10 years after the publication of *Catcher*, however, the American literary establishment was highly critical of him for breaking a variety of taboos, including mentioning farting once. Then in the 1960s opinion did a turnaround and he was resurrected.

Since about 1962, even people who have not read his book say they have. In 2000, his book sold around 450,000 copies and still sells around 250,000, says Google.

There are two other reasons I am writing about him. The first is that, like him, I have also written a novel that will

be my last. Actually, he did write two other novellas, which were duds with names like *Franny and Zooey* and *Raise High the Roof Beam, Carpenters*. But I have no such noble intention.

The second reason is that, to begin with unlike his novel, which became a major bestseller — 30 weeks on the New York Times bestseller list — mine has gone entirely unnoticed, most notably by the bosses of the various listfests. That speaks very poorly, if of nothing else, of their taste in classy writing.

But jokes apart, Salinger is a wonderful example of a highly successful one-trick pony. I cannot think of a single writer who has become such a timeless celebrity with just one book.

Catcher went into a decline until the late 1950s when bored teenagers -- the book's hero was one such -- re-

discovered it. Newspaper editors with teenage children started wondering about it and in 1961, *Time* magazine did a feature on him.

It follows that reams upon reams have been written about him and his book which, in the final analysis, is no more than a fun read, the angry autobiographical rant of a rebellious young man against prevailing social mores. Oscar Wilde, Bernard Shaw, Jack Kerouac and countless others also did that but not with just one book. The poor guys had to slog for it.

What happened with Salinger could only have happened in America at that particular time of youthful protest against the accepted norms and certainties of the era.