



Subir Gokarn: Execution enigmas

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The secret to effective execution in public services is the same as it is anywhere else.

The recent ad campaign launched by Tata Tea under the "*Jaago India*" slogan may or may not help the company sell more of its product. But, it certainly raises some fundamental issues about the quality of governance and what needs to be done to improve it. In the first ad of the series, the candidate, Bhanwar Lal Bhandari, is hard pressed to justify the fact that, despite twenty-five years of being in the "line", he has no experience of "construction, engineering, or water-works", which, his young interlocutor believes, is critical to the "job" of running the country.

The young chap obviously wins that particular exchange, sealing his victory by offering the candidate a cup of tea. We are, presumably, expected to accept the validity of his premise that the quality of governance depends on the professional profile and work experience of the political class.

On the face of it, this is an appealing argument, entirely consistent with the way in which we seem to be managing our public affairs. Even as the economy appears to grow from strength to strength, the quality of infrastructure, particularly that which is managed by the government, deteriorates visibly day by day. The quality of life, on the one hand, is enhanced by the increasing availability and affordability of goods and services supplied by the private sector while, on the other, is vitiated by the persistent failure of public services to keep pace with rapidly rising demand.

Why don't we try and address this obvious mismatch by using the methods that the private sector uses to put capable and experienced people in leadership positions to ensure effective execution? Mr Bhandari and his ilk should be prepared to deal with the public in exactly the same way that any candidate for a senior management position is expected to deal with the panel interviewing him.

If we accept this line of reasoning, then, we have to face up to the fact that we are in deep trouble. The origins of our political class are not, barring the rare individual, rooted in professional and technical cadres. Our bureaucracy may be, but that is another matter; the premise of the ad is that these capabilities are necessary for the political cohort to effectively run the country. And, for validation of this argument, we need look no further than our favourite benchmark and constant source of envy, China.

A book by Laurence Brahm, *Zhu Rongji and the Making of Modern China*, which I reviewed a few years ago, provides a vivid description of the emergence of the contemporary Chinese political establishment and the link between this and the overall approach to policy and execution. Zhu himself was a former mayor of Shanghai, who eventually became premier of China and was associated with the massive expansion of infrastructural capacity in the country, without which the growth momentum would probably not have sustained.

The management of the Shanghai growth and transformation process, one of the most prominent examples of rapid and successful urban development, gave him the credentials to run a programme with similar objectives at the national level. But, while Zhu was perhaps the most visible of his cohort, it is their collective background that is most important in Mr Brahm's narration.

A large number of the people in the higher echelons of both the Chinese Communist Party and the government were resurrected by Deng Xiao Ping after the Cultural Revolution, during which they had been purged. Their

common characteristic was that they were in government agencies, typically in urban or regional planning departments or in charge of administering programmes. They thus came into the firing range of the Red Guards, in what was fundamentally a party vs. government confrontation during the late 1960s, which the former won decisively.

Their return to favour with the new dispensation blurred this distinction and perhaps reduced the potential for conflict between ideology and development strategy. At the end of the day, what emerged was a cadre of technically-oriented professionals, with hands-on experience in planning and executing projects early in their careers. This is just the sort of background that the young chap in the ad is seeking in his candidate and, going by the Chinese experience, we have to concede that he has a point.

It isn't as though we don't have such people within our political system. CRISIL launched an Urban Initiative Award scheme in 2003, which recognises significant achievements by city governments in reforms and efficiency improvements. At the first award ceremony, I had a conversation with the Mayor of Nashik (I apologise for not recalling his name), who was there to receive an award for his city's waste management system.

I was highly impressed by his account of how he put the system into place, bringing both citizens and commercial service providers into the process. He said that the one piece of the system that was missing then was the recycling component, which he was thinking about and he felt that it would make the whole programme financially self-sustaining. Listening to him, I couldn't really differentiate between his articulation and that of any corporate CEO expounding on his business vision and strategy.

Is this gentleman the rare exception, or is he representative of a widespread cohort of efficient local politicians, who have cut their teeth managing complex systems and are ready to move on to bigger things? And if so, why aren't we seeing such people move up the political ladder to take on bigger responsibilities, as they seem to be doing in China?

The counter-argument is obvious. We have followed the western democratic model of a highly generalist political class overlaid on a permanent bureaucracy with strong professional capabilities. The origins of the political class in the West lie in three distinct groups "" trade unions, the legal profession and, more recently, environmental and civil rights activism. These people typically do not have any experience in construction, engineering and water-works, but seem to do a reasonably good job in delivering what their constituents want by way of public services.

Ultimately, I would imagine the secret to effective execution in the public services sphere is the same as it is anywhere else. There has to be a high degree of compatibility between organisation, people and incentives. Without this compatibility, capable and efficient people will come together to make stupid decisions and deliver inadequate outcomes. The young chap in the ad is certainly right in his assessment of India's condition. However, we need to think somewhat deeper about his prescription "" over a cup of tea, of course!

The writer is Chief Economist, Standard & Poor's Asia-Pacific. The views are personal