Start with the ministers

Abhijit Banerjee and Raghuram Rajan

If this election was about anything, it was about hope and trust. People voted for those who they thought were at least trying deliver something real, and mostly against the kind of shrill populism that promises the moon and delivers little or nothing.

For the UPA this is both the good news and the bad news. Good news because the fight has now moved out of the terrain of identity politics where the UPA has historically had limited purchase. Bad news because trust comes with expectations and as Buddhadev Bhattacharjee is learning the hard way, voters can be very harsh when they feel betrayed: Kolkata and its surroundings, home to the new enthusiasts of the Left Front as recently as three years ago, did not elect a single legislator from the left.

To make matters worse, the government, not to put too fine a point on it, is broke. Revenue growth has slowed with the global recession, but the commitments made in the expectation of continuing rapid growth –the NRHM and the scaling up of the NREGA being two expensive examples—remain with it.

Worst of all, it is widely accepted that, in terms of delivering human capital to the poor, India’s performance borders on the disastrous. According to the National Family Health Survey, our stunting rates (the fraction of our children who are two standard deviations shorter than the norm) and our wasting rates (the fraction of our children who are two standard deviations more underweight compared to the norm for someone of their height) are twice as high as the average for sub-Saharan Africa. According to ASER, the national-wide survey of children conducted annually by Pratham, 59% of children in class 4 and 44% of the children in class 5 in India read below the class two 2 level and 76% of class 4 children and 63% of class 5 children cannot do simple two digit by one digit divisions). Moreover despite Sarva Shiksha Abhiyan, these fractions have not budged at all over the last four years.

This is not only tragic –we are talking after all, talking about the future of our children – but also frighteningly short-sighted, given that we have opted for a strategy of development that relies heavily on high quality man (and woman) power. It might also be the reason we see growing support for Naxalites in many rural pockets—the world over, from Palestine to Pakistan, extremists have always harvested the resentment that state failure brings about. Yet despite the willingness to throw money at the problem—just NRHM will cost us over 1% of GDP—it is difficult to hold on to the conviction that the preceding governments have taken these issues really seriously. Go down the list of people who have been ministers of woman and child development, human resources, health and rural development over the last decade, and you will see cranky ideologues, prominent regional power brokers and well-connected has-beens, but essentially no one who has a reputation for running his or her ministry well.
Yet delivering to the poor is at least as difficult as anything the government does and plausibly, much harder. Just the scale of the problem, involving lakhs and lakhs of teachers, health workers, ration shops and their like, spread across many lakhs of villages, functioning with very little top down supervision, makes it unlike almost anything in the world. To add to the challenge, the outcomes of most human capital investments are hard to measure, at least in the short run—the railways, after all, have accident rates and passenger volume and profits which get routinely reported—stunting or wasting rates are only measured when there is a special survey (once in several years) to pick them up. Add to this the fact that most of these primarily state subjects, and any reform has to be mediated by the willingness of the state to go along with it, and you can see why the ministers who want to demonstrate performance may want to stay away from these vitally important sectors.

Unfortunately, the only solution, and the only way for the Congress to secure its future, is to recognize the challenge of really delivering to the poor to be what it is -- as the American expression goes, the mother of all challenges. It requires careful thinking backed by good research, realistic assumptions about government capacity, the willingness to shut down many dysfunctional government programs in order to focus on making a few work, and a stomach for taking on what will almost surely be some very painful political battles. And all of that has to start with the appointment of the right ministers. The next few days will tell us a lot about what we should expect.

---

i Professor of Economics, MIT

ii Professor of Finance, University of Chicago