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Bottom of the barrel

The proximate reason for the hike in petroleum product prices last month was the likelihood of shortages in these products, as cash-strapped oil firms ran out of money to import crude. To the extent that crude oil prices have dropped since then, after rising briefly to \$147 a barrel a month ago, the situation is more manageable today, but shortages have started cropping up again. The waiting lines for CNG in the capital have lengthened; new connections for LPG cylinders are routinely delayed; and reports of diesel not being available keep surfacing as oil firms try to push the premium blends where losses are lower. The reason is simple – over and above the ‘under-recoveries’ which the oil companies have to bear, the government has still to pay the companies around Rs 60,000 crore of past dues, which it is committed to doing in the form of oil bonds. Some Rs 40,000 crore out of this is for the last quarter of 2007-08 and the first quarter of 2008-09, while the rest is for the current second quarter of 2008-09. So far, companies have managed to stay afloat by selling old bonds that are with them, but all these have now been sold, so that tap has run dry. Companies have also been putting off routine capital expenditure (no new petrol pumps are being set up by any of the state-owned oil firms), and postponing greenfield investments. Since the explanation for the delay in the government issuing fresh bonds is that Parliament has to approve them, the issue of fresh bonds could get delayed for some weeks yet, as no date has been set for reconvening Parliament. If the session is delayed indefinitely, more petroleum product short-

ages are on the cards.

What can be done to avert a crisis? The obvious thing to do is to pass on the cost of petroleum products, so that the oil marketing companies do not need subventions from the government. But such straightforward logic will doubtless be dismissed by our wise political leaders as naïve. A second option would be for the oil companies to borrow from the open market, but this is not an inexhaustible resource as credit limits come into play. If the only option that remains is to catch one’s nose the long way round, then oil bonds present themselves as an option, but then Parliament has to meet. A final option might be on-account payments being made to companies, but whether the Constitutional scheme on parliamentary oversight permits this will have to be examined.

Under its Special Market Operations scheme, the Reserve Bank of India has been drawing on its foreign exchange reserves to give the oil companies dollars in exchange for the oil bonds, so that the companies can import the crude needed in their refineries. But the oil bonds are exhausted, so the oil companies are forced to buy dollars in the open market. As a result, the rupee, which had stabilised when the RBI’s Special Market Operations were on, has started to depreciate. The only way to arrest this is to dampen demand, which means raising petroleum product prices. Because of the price distortions, industry has started using diesel in place of furnace oil. So diesel consumption, which grew by 1-2 per cent per annum in previous years, is rising by over 20 per cent. In short, the chickens are coming home to roost.

Art for money’s sake

Wind back to the seventies and the eighties. It was an age of penury, when artists — almost a pejorative term then — would prac-

in the West than in their own country, their prices now at par with what the moderns command.

In times such as these, people might



Illustration by BINAY SINHA

The politician’s tragedy: From hubris to nemesis

Manmohan Singh is the sort of hero that Homer knew — a man of strength, courage and wisdom, says DEEPAK LAL

Observing the political scene two phenomena are notable. First, that academic political social science’s claims to be able to predict political outcomes through quantitative analysis are little more than statistical snake oil (see my April column). Second, that many political careers have the lineaments of Greek and Shakespearean tragedy. This column is about this politician’s tragedy.

Political scientists as well as many historians remain sceptical of the role of individuals in determining political outcomes, relying instead on deeper social and economic causes. For them the Greek tragic sense, also embodied in Shakespearean tragedies, is an archaic and irrelevant form of explanation. It is useful to see how this has come about. There is no better guide than the eminent literary critic George Steiner, whose 1961 book on *The Death of Tragedy* I have been rereading.

The Greek tragic sense of life asserts that “the forces which shape or destroy our lives lie outside the governance of reason or justice” (p. 4). The Fates govern human lives. Amongst them is Lachesis, chance, the element of luck that a man had a right to expect. But,

he can suffer from hubris: through offending the moral law or overweening pride. Such imprudent mortals were pursued by Nemesis — the divine anger — and destroyed.

This Greek tragic sense, Steiner argues, is alien to the Judaeo-Christian sense of the world, which sees Jehovah as just, even in his fury. Not only are the ways of God just, they are also rational — a view strengthened by the Enlightenment, particularly Rousseau. “The misery and injustice of man’s fate were not ... the consequence of some tragic, immutable flaw in human nature ... The chains of man ... were man-forged. They could be broken by human hammers” (p. 125). Marxism inherited this Judaeo-Christian and Enlightenment insistence on justice and reason. Marx repudiated tragedy. “Necessity,” he declared, “is blind only in so far as it is not understood.” Tragic [Greek] drama arises out of precisely the contrary assertion: necessity is blind and man’s encounter with it shall rob him of his eyes, whether it be in Thebes or in Gaza” (p. 4-5). The end of this Greek sense of tragedy in the modern world was replaced by the “rationalist” pretensions of political sci-

ence and sociology.

Now consider how the Greek sense of tragedy still imbues some recent political careers.

The first is the fall of Margaret Thatcher, and the consequent banishment of her party to the political wilderness for over a decade. Her hubristic moment came with the introduction of the Poll Tax. This gave the opportunity for her political assassination by her colleagues. But, as in *Julius Caesar*, their resolve, self-belief and hold on power were undermined, as was Brutus’ by Caesar’s ghost at Philippi. Only with the retirement of that whole generation of Conservative conspirators has the party finally escaped the stain of her assassination.

The second example of hubris followed by nemesis is the embattled Labour prime minister, Gordon Brown. He achieved his life time ambition last June — albeit by a coup against his elected predecessor — and glowed for a few months in public adulation, as he dealt with Biblical style afflictions: floods and terrorist attacks. His position seemed so unassailable that every one thought he would call a snap general election last October, which he would have won,

legitimising his ascent to the top of the greasy pole. But then like Hamlet, he prevaricated. Since then, his and his party’s poll ratings have plummeted. Conspiracies to assassinate him politically are rife. Watching him lurching, bruised at PM’s Question Time in the weekly joust with David Cameron, who like the legendary Mohammad Ali seems to “float like a butterfly and sting like a bee”, one forgets that as a young opposition politician he was a formidable debater. Though his claims to have abolished the trade cycle, and to being the greatest Chancellor since Gladstone, can be looked upon as tempting the Fates, he can hardly be blamed for Britain’s current economic woes. His current woes defy a rational explanation. It does seem like hubris followed by nemesis.

The third exhibit is Pervez Musharraf. Two years ago, his position seemed unassailable. He was triumphantly promoting his autobiography on the steps of the White House. He had deftly made himself indispensable in the US-led War on Terror, even as it now seems the ISI continued to be involved in promoting the Taliban’s resurgence in Afghanistan. His moves for a rapprochement with India on Kashmir, and attempts to counter Islamist influences at home, seemed to augur well for making Pakistan a “normal” secular Muslim country like Turkey. His well-chosen technocratic economic team engineered an economic boom, albeit on the basis of large inflows of foreign aid. Then, inexplicably, he decided to sack the Chief Justice of the Supreme Court, and the rest is history. No rational explanation seems to explain this change in his fortunes, except hubris followed by nemesis.

A final, but less politically weighty example is provided by Manmohan Singh’s coalition partners (in particular Comrade Karat), who have exercised power without responsibility. Having over-reached themselves on the US-India nuclear agreement, they find themselves on the way to being consigned to the dustbin of history. Hubris, bred of their sense of electoral indispensability, has led to nemesis: no more dining at top tables, or being wooed by the TV channels!

The Greeks, however, also believed in heroes. Homer saw the Greek hero as a man of strength and courage or one who was especially venerated for his wisdom. India today has such a hero — Dr Manmohan Singh. He has in his two terms of political office saved India from the economic, and (if the Indo-US nuclear deal is completed) the foreign policy morass in which India had been mired. Being an accidental politician he will, hopefully, not suffer from the politician’s tragedy.