



Four corners

Quad members still face the challenge of defining its common agenda

As officials from the ‘Quadrilateral’ grouping of India, Australia, Japan and the U.S. meet in Singapore on Wednesday, their challenge will be to accurately describe their common agenda. The Quad is billed as four democracies with a shared objective to ensure and support a “free, open and prosperous” Indo-Pacific region. During this round, the four countries are expected to discuss infrastructure projects they are working on, and building humanitarian disaster response mechanisms. Over the past few months, India and Japan have announced they will combine efforts on a number of projects in South Asia, including bridges and roads in Bangladesh, an LNG facility in Sri Lanka and reconstruction projects in Myanmar’s Rakhine province. Australia has unveiled an ambitious \$2 billion project to fund infrastructure and build maritime and military infrastructure in the Pacific region, on which it is willing to cooperate with other Quad members. The four countries are expected to talk about regional developments, including elections in the Maldives, the collapse of the government in Sri Lanka and the latest developments in North Korea. With Quad talks being held on the sidelines of the East Asia summit, the Regional Comprehensive Economic Partnership summit and the ASEAN-India informal summit, discussions will include some of the overlapping issues among these groupings.

However, despite the potential for cooperation, the Quad remains a mechanism without a defined strategic mission. In 2007, when the grouping was first formed following cooperation after the 2004 tsunami, the idea was to better coordinate maritime capabilities for disaster situations. When revived in 2017, the grouping seemed to have become a counter to China’s growing inroads into the region, despite denials that any particular country had been targeted. Even a common definition of the geographical area encompassed has yet to be found. While Washington sees the U.S. and India as “bookends” of the Indo-Pacific, India and Japan have included the oceans up to Africa in their definition. The entire focus on the Indo-Pacific makes the Quad a maritime, rather than land-based, grouping, raising questions whether the cooperation extends to the Asia-Pacific and Eurasian regions. Even on maritime exercises, there is a lack of concurrence. India has not admitted Australia in the Malabar exercises with the U.S. and Japan, despite requests from Canberra, and has also resisted raising the level of talks from an official to the political level. The fact that India is the only member not in a treaty alliance with the other Quad countries will slow progress somewhat, although each member is committed to building a stronger Quadrilateral engagement. The outcome of the third round in Singapore will be judged by the ability of the group to issue a joint declaration, which eluded it in the first and second rounds.

Changing trends?

A meeting of OPEC and its allies in December will decide the future course of oil prices

The fickle nature of the global petroleum market has been on display over the last few days as prices reacted to statements and counter-statements by producers and consumers. Over the weekend, Saudi Arabia signalled its discomfort with the falling prices and hinted at a fresh cut of one million barrels a day. The benchmark Brent crude, which slipped below the \$70 a barrel mark last Friday, reacted sharply on Monday, rising to above \$72. That prompted a tweet from U.S. President Donald Trump asking for lower prices, and so, on Tuesday prices again fell to below \$69! The price of Brent crude, which had risen over the \$85 mark in early October, is down by about 20% from its October peak. Interestingly, Saudi Arabia’s latest call to cut output comes just months after the OPEC cartel decided to increase its output. In their June meeting, OPEC members decided to ramp up supply after apprehensions over Iranian supplies in the wake of economic sanctions imposed by the U.S. Since then, the U.S. has granted a temporary waiver to eight countries, including major buyers India and China, to continue importing oil from Iran for at least the next six months. The way prices have responded to OPEC’s output decision, however, suggests that it may still be too early to dream about higher prices in the near future. A crucial meeting between the cartel and its allies in the first week of December will decide the 2019 output level. That might well set the trend for oil prices in the new year.

Even after OPEC’s sudden change in its supply outlook, oil surprisingly continued its longest losing streak on record, perhaps owing to expectations that the production cut would not raise prices significantly. In fact, technically speaking the oil market is yet to break its short-term downtrend that began after the fall from its peak in October. Oil prices were down on Tuesday as well. This price action suggests that markets could probably still be worried about the risks of any kind of sustained rise in oil prices. For one, strong U.S. opposition to higher oil prices could be making investors feel jittery. Mr. Trump’s tweet on Monday, for instance, negated the bullish influence of OPEC’s announcement almost immediately. The increasing output of shale is another significant threat to oil prices. The U.S. Energy Information Administration last week predicted that American crude output would increase at a higher pace than expected and lead to lower prices next year. This is not at all surprising because U.S. shale producers have traditionally increased their output in response to higher oil prices. Also, producers like Russia have been non-committal on any significant production cut. Any slowdown in global economic growth is another risk factor that may weigh down oil.

See Sri Lanka’s national crisis for what it is

The Sirisena-Rajapaksa alliance has to be challenged on principles of democracy and pluralism



AHILAN KADIRGAMAR

Over the past fortnight, Sri Lanka has witnessed an escalating political crisis, with a standoff between President Maithripala Sirisena and the Parliament. After the shocking and undemocratic appointment of Mahinda Rajapaksa as Prime Minister, the suspension of Parliament, and then its dissolution on November 9, Mr. Sirisena announced snap elections.

The court’s intervention

Significantly, the Supreme Court on Tuesday suspended the dissolution of Parliament until December 7. While the power struggle will continue, it is to the credit of the democratic regime change in January 2015, ironically led by Mr. Sirisena, that Sri Lanka’s governing institutions have resisted the authoritarian power inherent in the executive presidency.

Looking back, Sri Lanka’s liberal democratic turn in January 2015 was too good to be true, particularly when authoritarian populist regimes were steadily rising the world over. Mr. Rajapaksa, who further entrenched the executive presidency including by removing its two-term limit and later manoeuvred the impeachment of a Supreme Court Chief Justice, was dislodged by a broad array of political forces. That major democratic victory for Sri Lanka, in turn for the West, India and Japan, was met with relief over the removal of the China-leaning Rajapaksa and the normalisation of foreign relations.

In this context, Mr. Sirisena re-joining Mr. Rajapaksa has once again sparked the reductive analysis of power play over Sri Lanka involving China, India and the U.S. in the Indian Ocean. Such lazy analysis fails to consider the politi-

cal consequences of prolonged and flawed neoliberal policies and political-economic changes. Moreover, feeding into the frenzy of the international media seeing developments through a hollow geopolitical lens, the Sirisena-Rajapaksa camp claims that the sale of Sri Lanka’s assets to China and India and the Free Trade Agreement with Singapore over the last few years by the United National Party (UNP) led by ousted Prime Minister Ranil Wickremesinghe have undermined sovereignty and triggered an economic crisis.

Ideological gains

For some time the Rajapaksa loyalists have been stoking fears of international intervention – this xenophobia has been mobilised to consolidate power. In 2015, Mr. Sirisena claimed his major achievement was rebuilding global relations severed by Mr. Rajapaksa’s 10-year tenure. Today, Mr. Sirisena is loudly echoing strident nationalists, over protecting Sri Lanka from international agendas.

The UNP claims to have a monopoly on Western friendship and bringing in foreign investors. It paints a picture of international isolation and a Western aid strike if Mr. Rajapaksa returns, but does not reflect on how its own policies have led the country here.

This trend plays out differently within Tamil politics. Narrow Tamil nationalists in Jaffna and the Tamil diaspora see the emergence of an anti-West government as an opportunity to mobilise international opprobrium. They continue to dream of international intervention, ignoring local realities and political dynamics.

These fears of external intervention and trust in international support are more for ideological manoeuvring. In reality, it is national politics, power consolidation and negotiations with external actors which have determined Sri Lanka’s international relations.

Sri Lanka’s tensions with external powers – except for the Indian debacle in the 1980s – have rarely led to punitive measures and da-



AFP

ming sanctions. Nevertheless, confrontational rhetoric has helped nationalist governments mobilise popular support.

International pressures

The country’s decade-long contentious engagement, on war-time abuses, at the UN Human Rights Council is a case in point. While the U.S. mobilised resolutions to rein in Mr. Rajapaksa, who was tilting towards China and Iran, he politically gained from the condemnation in Geneva, projecting himself as a defender of war heroes from international bullies.

Sri Lanka’s deteriorating balance of payments and external debt problems are also pertinent. While there is much talk of the debt trap by China, in reality, only 10% of Sri Lanka’s foreign loans are from China.

Close to 40% of external debt is from the international markets, including sovereign bonds, of which an unprecedented \$4.2 billion in debt payments are due next year. Here the International Monetary Fund’s (IMF) vocal position in relation to its agreement with Sri Lanka from June 2016, and the rating agencies’ projections on Sri Lanka are crucial to roll over loans. Ultimately, the flows of such capital have little to do with diplomatic relations, but depend on national stability and strength, including the political will to ensure budget cuts and debt repayment.

During his earlier stint in power, Mr. Rajapaksa called the bluff of international economic isola-

tion after a most horrendous war. Despite Western opposition, with authoritarian stability, he had few problems mobilising loans from the global markets and international agencies such as the World Bank, and for that matter an IMF Stand-By Arrangement.

Neoliberal crisis

Sri Lanka’s economy is not immune from global forces. However, changes to the global economic order, rather than the instrumental moves of any one global power, are what trouble the island nation.

Declining global trade with increasing protectionism has foreclosed possibilities of export-led development. And that reality has completely escaped Sri Lanka’s neoliberal policymakers, whether from the UNP, or earlier under Mr. Rajapaksa.

Next, while the U.S. Federal Reserve for some years has been preparing to increase interest rates resulting in Western capital from emerging markets flowing back to the metropolis, measures to contain capital flight were not taken.

It is no coincidence that the political troubles escalated with the deteriorating economic situation a few months ago. It is only after the mounting balance of payments problems that restricting imports – taboo for Sri Lanka’s economic establishment – became a reality, and even ideas of restricting capital flows were considered. The economic crisis, once acknowledged by the government, brought to the fore long-simmering concerns over neglect of the rural economy, particularly in the context of a protracted drought. The political fallout of restricting fertiliser subsidies to farmers, policies of market pricing of fuel and the rising cost of living delegitimised the government.

Authoritarian populism

The backlash against neoliberalism coming to the fore with the global economic crisis of 2008, and the emergence of authoritarian populist regimes shaping global politics were bound to affect

Sri Lanka. The dangerous rise of a strongman leader such as Mr. Rajapaksa has little to do with the manoeuvres of external powers. Rather, the political ground of Mr. Rajapaksa’s popular appeal is shaped by the systematic dispossession of people with cycles of neoliberal crises.

While many of Sri Lanka’s neoliberal policies, including trade liberalisation, privatising medical education, sale of sovereign bonds and the controversial port city-cum-international financial centre in Colombo, were products of the Rajapaksa government, today the Rajapaksa camp claims to guard Sri Lanka from a neoliberal attack on sovereignty. While Mr. Wickremesinghe was shameless in promoting free markets and finance capital, the economic vision of Mr. Rajapaksa is of a populist variety with the same substance.

It is credible economic alternatives with a democratic vision that will arrest the slide towards authoritarian populism. During this time of crisis, the prevalent discourse of international interests deflects such alternatives. The UNP and its allies should be challenged on their blunders with the economy and failure to find a constitutional-political solution, including the abolition of the executive presidency. The Sirisena-Rajapaksa alliance, which is likely to peddle again the war victory and international conspiracies with Sinhala Buddhist majoritarian mobilisations, has to be challenged on principles of democracy and pluralism. The debate in Sri Lanka limited to personalities, corruption and geopolitics needs to shift with the public putting forward powerful demands of democratisation and economic justice. Otherwise, the thin wall of defence provided by the Parliament and the courts could crumble, and the deepening political and economic crisis may pave the way for authoritarian consolidation.

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A reality check on cooperative federalism

It is yet to be tested on issues related to the Goods and Services Tax



M.S. ANANTH

Since at least 1974, when the Supreme Court commented on the Constitution envisaging a cooperative federal structure, federalism has come a long way in India. In relation to the imposition of President’s rule under Article 356 of the Constitution, federalism is far more mature. Between 1947 and 1977, there were 44 instances when the power to impose President’s rule was exercised.

Between 1977 and 1996, the power was exercised almost 59 times. Prime Minister Indira Gandhi’s cabinet resorted to the power an estimated 50 times in her 14 years. The fact that it includes 15 instances between 1980 and 1984 after the Supreme Court held federalism a basic feature of the Constitution is quite telling. From 1991 till 2016, there have been 32 instances of the exercise of this power

– compared to 92 instances in the preceding period. In *S.R. Bommai v. Union of India* (1994), the limitation laid down by the Supreme Court might have placed gentle breaks on exercise of this power, but the Centre continues to wield superior legislative powers, including residuary powers and legislative precedence.

These are powers the Central government enjoys under the Constitution and States’ legislative powers have routinely yielded to the Centre. Given this constitutional framework, what is the cooperative federalism that one can hope for?

Recently, in *Govt. of NCT of Delhi v. Union of India*, the Supreme Court gently tilted the balance of executive power in favour of the Government of the National Capital Territory *vis-à-vis* the Lieutenant Governor (and by extension, the Centre). However, the court’s observations on cooperative federalism were stating the obvious considering members of both cabinets take an oath to uphold the Constitution. The facts behind the case and the acrimonious litigation, which the Supreme Court did not examine in its July 2018 ruling,



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clearly bring out the yawning gap between the Constitution’s intent and political reality.

Contentious terrain

Taxation powers are another contentious issue and the Central government has won most of the disputes purely due to express provisions in the Constitution. In the Goods and Services Tax (GST) scenario, States have foregone some taxation powers (octroi, entry tax, luxury and entertainment taxes, etc.) but have powers to levy taxes through panchayats and municipalities.

Such powers can result in an anomalous situation of a transaction being taxed under GST laws and a local law, and this is yet to be

tested in court. After the GST amendments to the Constitution, States have power to levy tax on sale of petrol, diesel, etc. and these would be revenues of the respective States. However, the GST Council is yet to recommend inclusion of these items under GST.

This brings us to another key dynamic that defines the Centre-State relationship – sharing of taxes. The southern States have been vocal about the false positives and negatives from tax sharing and this mechanism is largely subject to the recommendations of the Finance Commission (FC) and action by Parliament. State levies and State GST form part of a State’s revenue. Under Article 269A(1) the GST Council – and not the FC – has the powers to make recommendations in relation to sharing of taxes from inter-State trade.

This is important since States have a vote in the GST Council. However, Articles 270(1A) and 270(2) provide that taxes levied under the GST laws will be shared in the manner ‘prescribed’ in Article 270 (2) – which takes us to the FC, and not the GST Council. The possible

anomaly between roles and powers of the FC and the GST Council has not been tested but it may make sharing of these revenues subject matter of the FC and Parliament rather than the GST Council, where States have more power.

States don’t merely seek parity with each other, historically States have also sought parity with the Centre (Sarkaria and Punchhi Commissions). Recommendations of the FC are placed before Parliament and States have no role in the debate. There is no provision for an aggrieved State to challenge the FC report or seek its enforcement. If the Centre refuses to make allocations as per the GST Council, or if a State is aggrieved by the recommendations itself, an aggrieved State would have to litigate in the Supreme Court as it appears that the GST Council is yet to establish a mechanism for resolving differences in terms of Article 279A(11). In 68 years of the Constitution, there is limited precedent for such extreme actions. In an era of coalition politics, this would be a true test of cooperative federalism.

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LETTERS TO THE EDITOR

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Chhattisgarh votes

The fact that there was over 60% polling recorded in the first phase of elections in Chhattisgarh, as a result of the electorate ignoring a boycott call by Maoists, is not only a victory for democracy but also a resounding rebuff to Maoists and a reminder that violence never pays. This should be a wake-up call to extremist elements to shun violence and join the mainstream. Naxalite-affected areas are crying for development. Creating fear among people living in these areas and killing innocents without having achieved anything in the last five decades is meaningless.

K.R. SRINIVASAN,
Secunderabad

Exploring peace

Discover some political claims that the Naxalite

problem has been eliminated in some parts of India, the fact is that they still rule the roost in a few districts of eastern India, in turn stepping up destructive activities (Editorial, “Dangerous tactics”, November 13). The Maoist problem is like a festering wound and the strategy of attacks and counter-attacks will not solve this long-standing problem.

It is also not a simple law-and-order situation as is being made out in some quarters. If India can talk with Naga insurgents, surely the same can be done with Maoist leaders. There is little development in many parts of eastern India – the affected districts of Chhattisgarh, for example – due to the disturbed situation. There must be free dialogue with Maoists without preset

conditions. It may be necessary to engage with them through a third party as well.

D.B.N. MURTHY,
Bengaluru

■ A real solution to the Maoist problem lies in realising true ‘grassroots governance’ and walking away from the Raisina mindset of hyperbole that paints and shames the disenchanted. This will prevent bloodshed and restore dignity to peasants and tribals, thus taking away the moral support the Maoists enjoy. The state must play the role of an elder brother rather than a tyrannous overlord, but at the same time precisely incise the militant cadres. Else this will be another recursive loop of militancy.

GURPARTAP SINGH BHULLAR,
Chandigarh

Rafale deal

While the Supreme Court is all set to examine the claim of the Central government of its compliance with the laid down procedure for the purchase of 36 Rafale fighter aircraft, it has justified its action citing a growing enemy air threat from our adversaries inducting modern aircraft and upgrading their older versions (Page 1, “Rafale deal not done in a hurry: Centre”, November 13). This logic is strange to even common sense. If indeed our adversaries’ increased fire power was posing a threat to our security, it would have been more logical for any responsible government to take necessary measures to strengthen its air power by augmenting its depleting squadrons instead of cancelling on-going negotiations for acquiring as many as 126 such aircraft,

most of which were to be assembled in India. Now, the Indian Air Force is said to be preparing a fresh request for over 100 fighters. Given the complex process involved for such an acquisition, it is anybody’s guess when exactly these to-be-acquired aircraft would become a part of the IAF’s fleet. Thus, by its own admission, the present government has compromised our national security by settling for a lower number of aircraft. Interestingly, while both the Finance and the Defence Ministers have claimed the price negotiated by the present government is less than what was negotiated by the UPA government, experts have rubbished this claim by saying that the cost of a smaller number of Rafales is 40% more than Dassault’s earlier offer. One has to now await the Supreme Court’s verdict on the most

controversial defence deal in post-independent India.

S.K. CHOUDHURY,
Bengaluru

Name change

While the real motive behind changing the names of places may be political, it is an exaggeration to say that this amounts to ‘cultural genocide’ (OpEd, “The reason for renaming places”, November 13). Unfortunately, the writer does not seem to have been impartial in his analysis. It is a historical fact that several cities were renamed in medieval India. Quite a few places of worship were also demolished. Does all this not amount to cultural genocide? Perhaps it would have been better had the writer shed some light on some of these facts as well.

PRABHAV TRIVEDI,
Kanpur

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