

Haircut

A slang adopted to mean “a sudden loss of equity or drop in income”.

“**H**AIRCUT Politics Bad for Big Three,” headlined *The Detroit News*, as hometown automakers made financial sacrifices to get what the government resolutely terms a “rescue” and the rest of the world scornfully calls a “bailout”. The *Asia Sentinel* in Hong Kong headlined a lead article “Asia’s Top Tycoons Take a Haircut”.

The metaphor, probably based on the weakening effect of the biblical Delilah’s shearing of Samson’s invigorating mane, is clipping along at a great rate. A Lexicographic Irregular calling himself Mark Tomarket asks: “Why is this fine word being given a pejorative connotation? What’s so bad about getting a barber to make you look your best?”

Look, Mark, your attempt at pseudonymity is transparent. According to a hotly e-mailed update to *The Associated Press Stylebook*, the phrase on every bean-counter’s lips – *mark to market* – means “an accounting requirement that securities must be valued at their current price, rather than the purchase price or the price they might fetch later. Also called ‘fair value’.” Opponents of this requirement argue that when buyers disappear en masse, there is no market to mark to, and wild guesses about value are unfair. The question about the origin of haircut’s new sense, however, is worth an investment of time in this space.

J. Sinclair Armstrong, chairman of the Securities and Exchange Commission, told the Dallas Security Dealers Association on November 1, 1955, about rules to “provide more stringent standards in valuing the broker’s assets.... These are the so-called ‘haircut’ provisions” that sought a 30 per cent deduction from the market value of

stocks in computing the broker’s net capital. Armstrong used the colourful term in subsequent Congressional testimony, but always with “so-called”, a dignity-conscious person’s way of dissociating himself from bean-counter slang.

Discovery of this early usage was provided us by the netymologist Ben Zimmer, executive producer at the lively Visual Thesaurus Web site (www.visualthesaurus.com).

(I thought I just coined *netymologist*, combining *net* and *etymologist*, to mean “one deft at using the Internet to track the origin of words and phrases”. But when I Googled the word to make sure no other great mind was thinking alike – drat! – up popped a previous usage by a communications-design group named M2 urging, “If you think you’ve got what it takes to be a Netymologist, contact us.” When it comes to coinage-claiming, the increasingly omniscient Web would not let you get away with a thing.)

Haircut is not the best word to characterise the economic turmoil.

Haircut, however, which the world has adopted to mean “a sudden loss of equity or drop in income”, is not the best word to characterise the past year’s near-universal economic turmoil. Jack Rosenthal, my *Times* colleague and yearly pinch-hitter in this space for the past three decades, writes: “There’s still no agreed name for what’s happening. Journalists call

The English Language

WILLIAM SAFIRE

it the global economic crisis or downturn or credit crunch. The lead piece by Roger Altman in the latest issue of *Foreign Affairs* magazine is titled ‘The Great Crash, 2008’. That puts ‘crash’ in the nomenclature sweepstakes. I’d be interested to know what word you have settled on.”

Let’s see: *market crash*, with some 16 million Google hits about the 2008 hyperhaircut, is clearly in the lead. *Market meltdown* has a nice alliteration with a nuclear connotation but is limited to stocks and bonds, not the loss of jobs and the worry about impending *hard times*. *Recession* has lost credibility because its economic arbiters of nomenclature, after nine months, changed the definition to backdate it, but *Great Recession* is showing early foot. *Slump* is too cheerful and *depression* too alarmist, especially when capitalised. *Economic Armageddon* is panic-stricken, though the combination of four-syllable words nicely fills the mouth.

This is a job for the Lexicographic Irregulars. Mail in your cards and letters (Who sends cards these days? Who even writes letters? Can you remember your last telegram?) or send your e-mail messages to Name That Plunge, safireonlanguage@nytimes.com.

I have long used this mail-pulling device, and bloggers have recently given it a name: crowdsourcing. Whoever coined that, please identify yourself, but better check Google first. □

The New York Times Service

Pedestrians in peril

They are forced to negotiate their passage in direct competition, and often confrontation, with speeding vehicles.

THERE are probably as many definitions of underdevelopment as there are developing countries. So let me offer another definition that may be appropriate for the early 21st century: a developing country is one with few places where urban residents can walk safely. This need not be a reflection of crime rates but may simply be a matter of inadequate facilities for pedestrians.

The almost complete lack of safe and continuous pavements and footpaths that is so typical of the many urban sprawls across the developing world is almost as notable as the extensive provision of these in, say, cities and towns of western Europe. Indeed, those cities of the developing world where pedestrians are given some attention and civic space are generally in the more developed parts: Singapore, Malaysia, Argentina, for example.

Developing countries currently have rapid rates of rural-urban migration, and it is estimated that already more than half of the population of the developing world consists of urban residents. Yet the provision of basic infrastructure has lagged far behind the movement of people.

The shortage of basic amenities in urban areas especially in the slums is well known. The problems of inadequate supply of safe water and electricity, poor sanitation, environmental pollution and congestion have been widely studied. The shortage of space, with cramped and crowded living and working conditions, no playgrounds for children and few parks for residents, has been noted.

Increasingly, there is also recognition of the ecological footprint of urbanisation. Generally, towns and cities



Preoccupations

JAYATI GHOSH

in developing countries have a lower per capita energy consumption than those in the developed world. Even so, developing-country urban sprawls cast adverse environmental shadows on the surrounding region through the generation of solid waste and air pollution, the contamination of water sources, the using up or degradation of what used to be prime agricultural land and the destruction of natural vegetation. These eventually affect environmental conditions in the urban spaces themselves and have an impact on the quality of urban life, especially for the less privileged residents who cannot protect themselves from the negative impacts.

These issues are now commonplace in discussions on the urban condition. But one very crucial aspect of city life in developing countries is missed out in most such discussions – the importance of having safe, continuous and usable walking spaces. This is evi-

dent in India even though rates of urbanisation in India are lower than in most of the developing world. In general, urban development in India is engaged in the process of destroying footpaths and pavements. It seems to be that most municipalities rarely accommodate footpaths in urban planning exercises, or if they do, they subsequently turn a blind eye to breaches of plans that destroy walking spaces.

CONGESTED NIGHTMARES

As a result, cities that even a decade ago used to be seen as pleasant havens with leafy walkways are now congested nightmares, with paved roads for vehicles taking precedence and reducing or even removing the spaces available to pedestrians. The problem is not confined to the rapidly expanding metros but spreads across almost all urban conglomerations. As a result, pedestrians walk at their peril, typically having to share the road with unregulated traffic involving all sorts of vehicles and without access to any separate protected space.

To take only one example, consider Hyderabad, a city that has grown rapidly in the last decade not only in population but even more in geographical spread. Two aspects of Hyderabad's growth make it even more instructive as an example with wider significance.

First, urban development in Hyderabad has raised property prices so sharply that land has become a major source of both accumulation and speculation. This in turn has given rise to numerous scams around land-grabbing and insider deals, of which the one related to Satyam/Maytas is only the latest. Second, both the current

State government and the previous one emphasised the “beautification” of the city and the creation of “world class” urban infrastructure.

So what are the “world class” facilities that Hyderabad now delivers its residents? Mostly, the new urban development consists of some major new urban road arteries, the widening of existing roads, the spanking new Shamshabad airport (which is almost desolate in its distance and imitative grandeur) and the usual paraphernalia of contemporary metropolitana: shopping malls and high-rise apartments.

Much of this has predictably excluded the majority of residents, and the lack of emphasis on basics such as adequate sanitation or clean and affordable housing for the poor is only too evident in the continuing chaos and growing congestion of much of Hyderabad and Secunderabad. The road expansion, in particular, has had another effect: the almost complete destruction of pavements and walking spaces in large parts of the twin cities.

Wherever roads have been widened, the assumption seems to have been that no one will ever need to walk along them but will simply use mechanised transport to traverse them even for short distances. There is no other way to understand why in many places no apparent attempt has been made to create any pavement, and pedestrians are forced to negotiate their passage in direct competition (and often confrontation) with speeding cars, buses and two- and three-wheelers. Since vehicular traffic in India is almost universally aggressive in its attitude to pedestrians, this does not make for easy or safe journeys on foot. And the problem is compounded by the various animals that are usually to be found on our streets.

On those streets where some minor concession to pedestrians remains in the form of a few limited pavements, these are little more than complicated and often malicious obstacle courses. The narrow pavements are usually uneven, poorly paved and apparently never cleaned. They tend to be punctuated with trees, electric poles,



K.V. SRINIVASAN

DESTROYING FOOTPATHS AND pavements is part of urban development in India. Here, a scene in Chennai.

stumps of open live wires, heaps of rubbish and sludge, broken glass and other discarded items – forcing those trying to use them to jump off them and on to the crowded roads.

All this makes it difficult enough for healthy adults to walk on the roads. Imagine the problems of old people, small children, pregnant women, people with some physical disability or those carrying heavy and bulky burdens. The simple act of perambulation becomes not just arduous but something fraught with risk, a near-impossible task.

Since urban planning in India also apparently ignores the obvious need for public conveniences for ordinary people, and Hyderabad appears to be no exception to this rule, public toilets are few and far between. They are certainly hard to find on most major roads or even in most markets and other crowded urban spaces. This creates huge problems for women who are forced to be in such public spaces for long periods, but the male of the species is typically not constrained by such a lack of facilities. Therefore, the pavements tend to have another, less dangerous but often more unpleasant,

feature: the pervasive stench of urine.

Combine all this with other sources of unease for hapless pedestrians: noise pollution because of the constant honking of car horns and the rumble of engines; atmospheric pollution because of the emissions from the vast diversity of vehicles of every size and age; and the difficulty of crossing streets even when there are traffic lights because of so many transgressions by vehicles. Street life is nasty and brutish not just for the poorest of the poor, who are forced to live on the streets, but even for those who have to walk on them for a short while.

I have picked on Hyderabad as an example, but clearly the problem is not unique to this city. From Mumbai to Kolkata, from Pune to Chennai, from Bangalore to Amritsar, we are destroying urban spaces and making them dirty, difficult and dangerous for most people to use. What is extraordinary is that much of this is done in the name of making our cities “world class”! Perhaps, if we stopped thinking of the world and started thinking of the needs of most of our own urban residents, we might actually begin to make our cities liveable. □

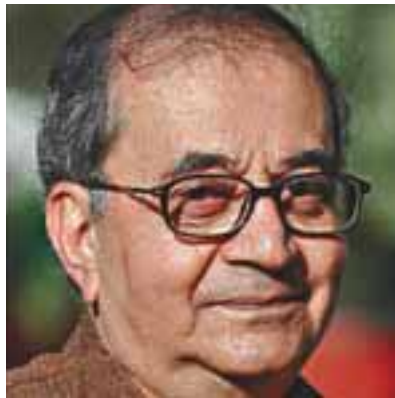
Tragic irrelevance

Given the freedom that poets have to use such forms as they think appropriate, a number of people have been writing garbage and passing it off as poetry.

POSSIBLY from the time human beings began to use some kind of language, they used poetry. Perhaps words and gestures were not enough, and something more was needed for communication, and that 'something more' was poetry. It should not surprise us, then, that the oldest chronicles that have come down to us have been written as poetry: the *Ramayana* and the *Mahabharata*, the *Iliad* and the *Odyssey*, and many others. Poets recited their verses in royal halls and courts, bards narrated tales of valour and romance in poetry and song.

For centuries, poetry was an integral part of communication and respected as a higher form of language. Poets were admired and in many communities and civilisations they were revered. Sanskrit plays that had a theme or tale of high seriousness were in the form of poetry while those which were comedies used prose and poetry together. This is, coincidentally, the manner in which theatre developed elsewhere; in Elizabethan England, Shakespeare and his peers wrote their plays in poetry, using prose to bring the mood either to a more down-to-earth level or for comedy. That was more or less the French theatre tradition, too, around the same time.

As the years passed, poetry gradually moved away from recitation and into books, although for a good many generations books of poetry continued to be widely read, and poets greatly admired. Rabindranath Tagore had an enormous number of devoted admirers, and in the mid-19th century Byron had a large cult following, much in the manner of a modern rock star.



Point of View

BHASKAR GHOSE

But the years passed, and poetry became more and more eclectic; in their quest for new ways of expressing themselves, poets distanced themselves from society in general. They began to be regarded as odd. From the early stereotype of a man with wild, long hair, and an other-worldly look who progressed – or degenerated – from a figure of some wonder to a curiosity to an object of derision, to the modern poet who does not always cultivate a “poetic” look but passes for just another figure hurrying somewhere, the appearance has changed for a number of reasons.

What has really changed, though, is the nature of poetry. It has receded almost completely from the sensibilities of the common man, who vaguely remembers it as a kind of June-moon thing he had to learn in school and found either boring or strange or distasteful. And those who write poetry have looked continually for a personal

language, finding standard ways of expressing themselves ineffective.

True, in some parts of this country, there are *mushairas* and *kavi sammelans* where poets recite their works, often to large appreciative audiences. But that happens largely in northern India; one is not aware of similar gatherings of poets in the south. There certainly are no such events in eastern India. But generally, poetry has gone into the closet, as it has, perhaps, the world over.

It is ironic that as Indian novelists writing in English have been recognised and admired the world over, and a play written by an Indian has won an international award – *Harvest*, by Manjula Padmanabhan won the Onassis Prize in 1977 – Indians poets writing in English have become more and more isolated. They are certainly not alone in this; poets have been drifting away from the mainstream of writing for some years now.

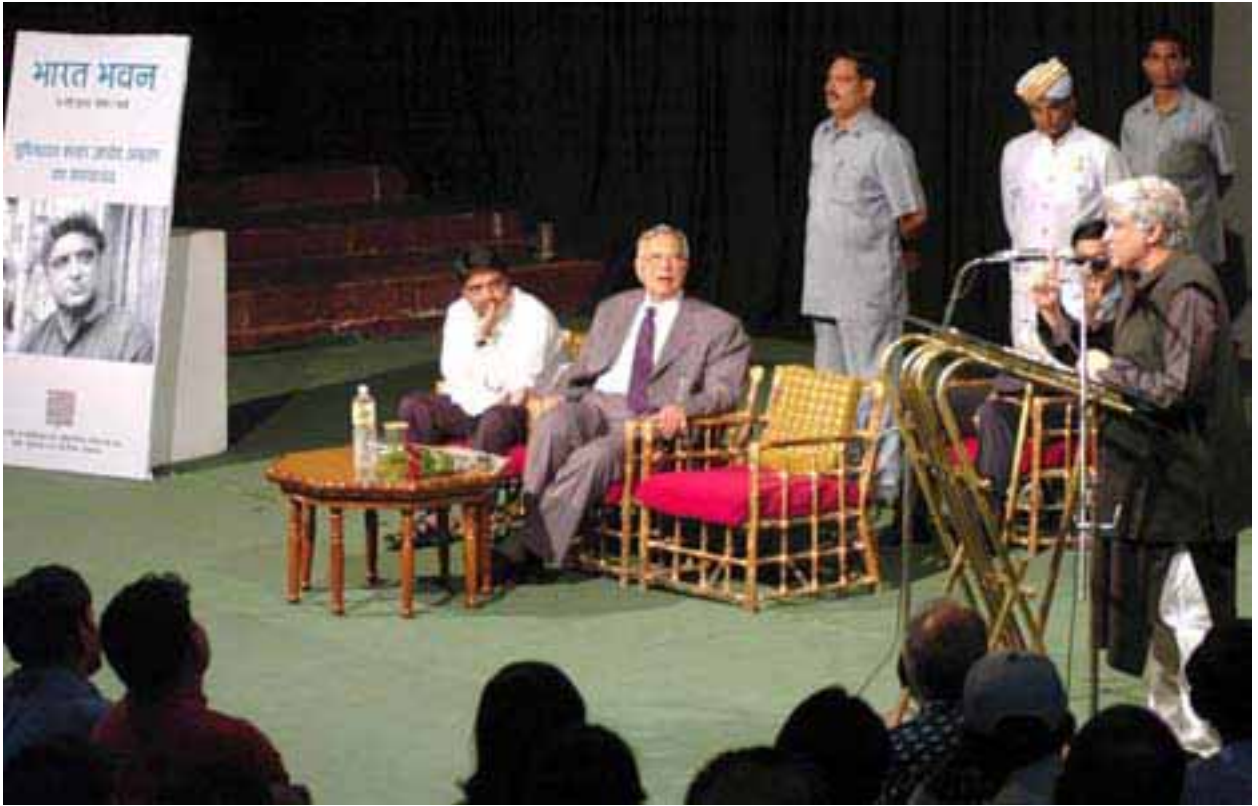
For three years, out of key with his time,

*He strove to resuscitate the dead art
Of poetry; to maintain 'the
sublime'*

In the old sense. Wrong from the start.

Ezra Pound wrote these lines in *Hugh Selwyn Mauberly* in the early years of the 20th century, and their relevance today is as sharp as it was then.

One may, however, quarrel with his definition of poetry as a “dead” art; true, that is how it seems to most people, but it is not really dead. Seamus Heaney, the Irish poet, got the Nobel Prize in recent times and some of his poetry is not easy to comprehend when one reads it first. Poets have become



A. M. FARUQUI

POET AND FILM lyricist Javed Akhtar reciting his poetry at Bharat Bhavan in Bhopal, Madhya Pradesh, in May 2005. A few poets like him have found the means to bring their work out and place it before society.

very contextual, and the contexts are sometimes so private as to appear nonsensical.

Spring too long
Gongula

is a classic example of this.

Poetry has become irrelevant to everyday life, which is tragic. It means that a great deal of depth, richness of expression and awareness is now confined to the circle of poets who read one another's poems, and to a small number of lovers of poetry.

This may be contested by those who write in other Indian languages, but the hard fact is that publishers are not just reluctant to publish poetry, they quite often absolutely refuse to do so. One publisher, known and respected for his fine sense of discrimination and faultless taste, told me that he generally did not publish poetry except for the works of a few, because no one bought the books in even modest numbers.

One big reason is that, given the present freedom poets have to use such forms as they think appropriate, a number of people have begun writing

garbage and passing it off as poetry. A. Alvarez, who edited a collection of poems by English poets called *The New Poetry* in 1962, prefaced the collection with a rather mournful essay called *The New Poetry, or Beyond The Gentility Principle*.

He reproduced a poem and said of it, "Perhaps the logic seems a little tenuous? The shifts a little hard to follow? The content a little too fine-drawn? They should do. The piece is synthetic; it contains eight [lines from] the *New Lines* poets." His intention was to show how close new poetry (as he called it then, and as it may well be called even now) is to being nonsense.

Some poets have gained respect among those who love poetry, but the tragedy is that it has remained confined to those few. No poet can hope to make a living by being a poet. Some write lyrics for films and can be said to live off their poetry but that is not quite what one means, as is obvious. Some have tried to bridge the gap; Sumon Chatterjee in Bengali set his poems to music and won admiration for the effort, as did the Canadian poet Leonard

Cohen for doing the same thing.

But poetry still remains in the closet. And, as I said, to that extent we are all impoverished, and society is more ordinary, monotonous, superficial. In an age when, thanks to technology, we are individually and collectively inundated with many forms of communication, much of which shape young sensibilities in ways that take them further away from the richness that poetry can bring them, the onus, huge though it is, is finally on the poets themselves.

As a few like Javed Akhtar have done, poets must find the means to bring their work out and place it before society. They must find the language that makes this possible without in any way compromising their essential skill and sensibility.

Years of endeavour will be necessary before something begins to change in the general perception. But it can be done; the way has been shown by a handful. It is now up to poets in general to determine what the future of poetry as an attribute to our society will be. □

Funding terrorism

Anti-terrorist agencies would greatly benefit from building the expertise required to monitor and interpret goings-on in the stock market.

Trying to starve the terrorists of money is like trying to catch one kind of fish by draining the ocean.

– (The 9/11 Commission Report, page 382)

INSPIRATION for my column this time comes from two brilliant articles of contemporary interest in the latest issue of *Policing: A Journal of Policy and Practice*, a weighty publication from Oxford University Press that has seen just two summers. I am privileged to be associated with this journal as a member of its International Advisory Board. In the short time it has been in existence, *Policing* (www.policing.oxfordjournals.org) has impressed its readers with the erudition of its contributors. Both academics and criminal justice practitioners write for it on a variety of criminal justice issues. Dedicated to “violent extremism”, its present issue addresses several aspects of crime and terrorism as we know them today.

One intriguing feature of violence of the modern variety is the ease with which it is perpetrated. Resources seem aplenty and never pose a constraint to its executioners. The question to be asked is while personal vendetta could be financed by the person who stands to gain materially or otherwise, what about violence promoted by a collectivity that professes to stand for a political/religious ideology? Specifically, how is the modern terrorist financed?

This subject evoked feverish attention immediately after 9/11. One does not, however, any longer see great excitement or interest in this regard. This is inexplicable because terrorism



Law and Order

R.K. RAGHAVAN

remains unabated, and the global escalation in the costs of goods and services must have pushed up the budgets required to orchestrate and execute operations like last November’s attacks in Mumbai. The logistics involved in that horrific crime were mind-boggling. Identifying, training and equipping 10 young men – if there were just 10 and not more as some suspect – and ferrying them across the sea must have cost a lot of money. Where did it come from? Finding money and material for terrorism must be a key issue for its sponsors, who are not necessarily flush with cash, especially if they are driven solely by religious fanaticism. This is why one invariably suspects state mechanisms to be behind such adventures.

Ideology is attractive as long as it is described and read on paper. Implementing such ideology costs considerable sums of money, and there are few private organisations or industries

that would be willing, except under duress, to chip in because extending a hand for such questionable activities is not only not profitable but is also risky if that hand gets to be detected by law enforcement agencies. Finally, how much does an attack like the one in Mumbai cost? With so much cynicism about costing practices in general, academics tend either to overstate or underestimate terrorist costs. The 9/11 Commission computed the costs for the Al Qaeda attack to be less than \$500,000, which by all means was just peanuts even eight years ago. The London underground train and bus explosions of 2005 were estimated to have cost less than \$15,000. These are approximate figures.

Expert attention to terrorist finances and associated matters in the recent past has focussed on two major issues. Assuming that terrorists need sizeable amounts of money to execute their diabolic plans – an assumption whose logic is not easily disputed – and that they have to acquire it through surreptitious means because of close monitoring by law enforcement agencies, how do they go about this job? Secondly, there is growing evidence of terrorist interest in financial markets and all that goes on in such markets. If this is true, how does one account for such an interest and what does a terrorist gain by manipulating the trade in stocks?

POLICYMAKERS’ DILEMMA

The first of the *Policing* articles “Money Talks, Money Walks: The war on terrorist financing in the West” is by Donncha Marron of The Robert Gordon University, Aberdeen, United Kingdom. Marron chronicles the vari-

ous efforts made by the United States and other Western nations since the 1999 United Nations Convention for the Suppression of the Financing of Terrorism, which incidentally confined itself to fund-raising within a country. The concept of transnational terrorism was yet to make its presence felt.

During the months following 9/11, however, focus shifted to international prevention after Al Qaeda was found to be adept at raising funds in various parts of the world and moving them across nations. President George W. Bush was quick to issue the much-talked-about Executive Order 13224, dated September 24, 2001, which authorised the freezing and blocking of some financial assets and transactions. In retrospect, this appeared to be more “firefighting” rather than “problem-solving”.

Simultaneous with the globalisation of terrorism that occurred in 2001, one witnessed a glorification of the benefits of the globalisation of trade. Interestingly, the two phenomena appeared to go hand in hand. This is the dilemma that now faces policymakers: Can we halt the nearly irreversible trend of globalised trade just because it makes it easier for terrorists to move men and money? Again, is the evidence on hand sufficient to move forward with crippling anti-trade measures in the belief that this strategy will contain terrorism? This becomes all the more relevant because of the interdependence of nations.

Marron also refers to the debate that questions the wisdom of looking upon terrorists as rational actors who look for every opportunity to make money and have acquired an expertise in managing their finances. There is an interesting myth, one of several associated with Osama bin Laden, that he has expertise in financial affairs, especially in moving money from place to place. Marron therefore advocates moderation and caution in tinkering with the globalisation of trade only with a view to reducing the terrorist's capacity to collect funds. This is especially because measures to cut into ter-

rorist finances in a big way are extremely slow to yield results.

Of equal concern is the interest shown by terrorists in acquiring a capacity to disrupt the economic life of an adversary nation. The 1993 World Trade Centre basement explosions followed by the frontal 2001 attack on the Twin Towers showed a morbid desire to destroy the U.S.' economy, at least symbolically if not in real terms.

One can perceive the same motive in the attack on two prestigious hotels in Mumbai. The obvious intention was to deal a body blow to what is internationally known as India's financial capital. As part of this diabolical scheme to disrupt the economic life of adversary nations, some groups are known to have set their eyes on stock markets in order to create as much confusion as possible.

TERRORIST SHARES?

Ironically, allied to this is a desire to make money utilising trends in an unsteady market. National Security Adviser M.K. Narayanan told a Munich conference on security two years ago that there was evidence that terrorists attempted to manipulate the Indian stock market. Not many were willing to buy this at the time. Unexplained fluctuations on a few occasions in the market when the economy was doing well until mid-2008 could possibly be attributed to manoeuvres by terrorist groups or elements close to them. The article in *Policing* “Do terrorists play the market?” by Professor Thomas Baumert of Spain raises interesting issues.

A terrorist attack undeniably causes more than a ripple effect on stock exchanges although such an effect may only last for a short time. Interestingly, stock exchanges are not only victims of attacks. They also serve as instruments to make money through “insider information”, which in this case is not the rise/fall of stock prices but is actually the timing of a terrorist attack that would introduce uncertainties and therefore lead to a drop in share value.

Buying up stocks at low prices

around this time and selling them as soon as the market recovers is a practice ascribed to some terrorist groups looking for huge resources.

Baumert believes that speculation on derivatives, by which one can make the maximum profit, is a distinct activity that attracts terrorists. In his view, this possibly took place in the case of 9/11 although the national commission that probed the attack did not unearth any evidence on this. The goings-on in the stock market should therefore not be the concern only of regulatory bodies such as the Securities and Exchange Board of India (SEBI). Anti-terrorist agencies would also greatly benefit from building the expertise required to monitor and interpret such happenings.

There is a chorus of criticism after every terrorist strike that “intelligence” failed. In its broader context, “intelligence” should not be confined to the timing of an attack or its mode. It should encompass information on what kind of preparation each group is engaged in well before it launches an offensive. For instance, there is credible information that Al Qaeda no longer uses conventional methods to collect money. A recent study by the Washington Institute for Near East Policy indicates that groups have shifted from formal banking channels to using cash couriers and informal transfers such as *hawala* transactions. Cellphone transfers of money are also talked about. All this may be speculative but does not appear to be fanciful when we consider the changes that have come about in our own finances.

MORAL OF THE STORY

The moral of the story is that terrorist financing is extremely adaptive, and those that drive it are alert and unbelievably ingenious. The latter look for every opportunity to disrupt normal economic activity, with the twin objectives of bringing about instability in a nation's life and seeking financial gains from the instability. There is an apparent paradox here. But then this is how terrorists operate to put monitoring agencies out of gear. □

Sleaze India Inc

The dominant culture of our corporate nabobs has contempt for democracy and regards profiteering as its right – to be respected by the state.

THEY were supposed to be the brightest and the best – products of the finest that India has to show by way of technical prowess, and shining examples of what industry, perseverance and innovation can achieve in a globally important sunrise industry. Our information technology professionals put India into the cutting-edge sector of the world economy; they even helped make the earth flat, in the super-adulatory but illusory description of the Roaring Nineties.

IT rookies were considered “rain-makers”, who would produce miracles through unstoppable 20 to 30 per cent growth year after year. Why, some business analysts even thought computer software would become a new paradigm, where “development” could be achieved while bypassing the traditional route of industrialisation and broad-based services.

This magic wand would allow India to raise standards of living across the board without addressing the people’s elementary needs, including health care, education and nutrition, leave alone redistribution of assets. This might be the Great Shortcut our rulers have always craved.

Going by the mystique around them, our IT professionals personified the virtues of honesty, commitment, self-confidence, an adventurous spirit and loyalty to their companies, clients and shareholders. They could do no wrong. They were the best grooms on the marriage market. They were everybody’s favourites. They deserved all the pampering the industry got – tax exemptions, land at concessional rates, and low-cost connectivity.

The Satyam scandal has shattered the dream. We have a scam, where the



Beyond the Obvious

PRAFUL BIDWAI

amount stolen – going by promoter-chairman B. Ramalinga Raju – is two and a half times higher in absolute terms than that was lost in the Enron scandal. Involved here is every trick in the scamster’s book: forging bank certificates, inflating expenses, spiriting away assets, and browbeating senior executives.

It defies credulity to believe that over seven years Ramalinga Raju did not take large sums out of Satyam to buy real estate and other assets, influence business contracts, and bribe politicians and bureaucrats in return for favours. According to officials in the Ministry of Corporate Affairs, his family floated more than 100 companies, 23 of them branded with the “Maytas” name alone.

Underlying the Satyam swindle is the failure of all supervisory bodies, including PriceWaterhouseCoopers (PwC), the statutory auditor, indepen-

dent directors, and Securities and Exchange Board of India (SEBI). Irregularities were reported in PwC’s handling of Satyam accounts in 2001, but there was no investigation. Similarly, complaints filed with SEBI were not pursued. PwC, which has audited Satyam’s accounts since 1991, should have faced punitive action from the Institute of Chartered Accountants of India (ICAI). The ICAI’s disciplinary council met, but failed to act.

Satyam’s independent directors acted largely as rubberstamps. When the board met in mid-December to approve the scandalous proposal to invest \$1.6 billion in Maytas, it ignored the elephant in the living room: the conflict of interest in buying a company floated by the promoters’ family in an unrelated business.

Even worse was SEBI’s approval for Satyam’s foul transactions, including the Maytas deal. Other authorities also ignored complaints about illegal land allocations to Satyam group companies in different cities, in violation of their master plans.

A major reason for these gross failures of supervision and regulation is the naive belief that in order to create a favourable investment climate, state agencies must sincerely trust entrepreneurs, and it must be generally assumed that corporations tell the truth – unless proved otherwise. This makes nonsense of all considerations of prudence and precaution, including rigorous verification of accounts and tough investigation into grey areas. It also ignores the specific context in which the IT industry has recently evolved. This is marked by fierce competition in the low-value-added, largely repetitive software development business. Not every IT company is an Infosys, which

reportedly looks for challenging assignments in high-end businesses. Although it was the IT industry's Number Four, Satyam had 690 clients, most of them small. The average firm is smaller and faces bigger challenges.

Under tight conditions, there is an increased temptation to look for shortcuts such as artificially boosting company ratings by employing more people than necessary, paying bribes to win contracts, and moneymaking through funds diversion and speculative investments.

What is true of Satyam may be true of many other IT companies. The World Bank has blacklisted two well-known firms, besides Satyam, for making "improper payments" (read, open bribes or favours like stock options). This, plausibly, could be the tip of the iceberg. Official agencies have failed to discover irregularities or subject IT corporate activities to scrutiny on the assumption that they are, must be, all in order; it would be counterproductive to rock the boat. This has promoted lack of accountability and impunity, and encouraged IT entrepreneurs to assume that they are immune from critical scrutiny. Coupled with the celebration of the Greed Creed in our media and social discourse, and the neoliberal doctrine that there must be no limits on incomes, profits and wealth, this culture of impunity makes for a deadly cocktail.

Following the older Friedman (Milton), many of our businessmen have convinced themselves that their only corporate social responsibility is to make profits. And following the younger or lesser Friedman (Thomas), they tell themselves that the world is flat: it is only natural that their consumption should match that of the elites in the industrial North. So they must make money by any means.

There is an even stronger reason to suppose that Satyam is not a one-off case or exception. A major feature of the swindle is its connection with land and political leaders under different regimes. Some of the biggest concessions and doleouts handed over to corporations in India concern natural

resources and the infrastructure, including land, hydrocarbons, minerals, water, airwaves and spectrum within the telecommunications band.

This is the site of a particularly odious intersection or collusion between greedy businessmen and politicians sold on the neoliberal model. That is where some of the greatest scams are to be found. This warrants deep and serious investigation by an impartial commission, which must open up natural-resources contracts signed over the past two decades.

IRRATIONAL DEREGULATION

Impunity for businessmen in the so-called New Economy closely follows actual practice in brick-and-mortar companies, where patently irrational deregulation has aggravated corruption and corporate malfeasance, which have long been rampant.

My off-the-record conversations with corporate executives over a number of years suggest, as do many highly credible independent accounts, that a substantial proportion of promoters in many businesses in India routinely milk their companies by inflating project costs (and siphoning off the difference), appointing buying and selling agents who will give them a cut, fudging input costs and product prices, misrepresenting contents to duck duties and value added tax, under- or over-invoicing imports and exports, and by systematically evading taxes. The gutting of the composite textile-mill industry is a terrible instance of this. Indian businessmen have stashed away billions of dollars in bank accounts abroad. According to a recent report attributed to the Swiss Banking Association, the estimated amount is an astronomical \$1,456 billion, higher than the deposits from all other countries put together.

Criminality has long been an integral part of business in India. And the general ethos of the business community has got increasingly debased over the past couple of decades. The introduction of neoliberal policies has done nothing to change this.

Indeed, as Rajeev Chandrasekhar,

president of the Federation of Indian Chambers of Commerce and Industry holds liberalisation has not produced "a new type" of entrepreneur – "espousing good corporate governance and honesty as the norm. Actually, the reverse is true... increased opportunities and a significant effect of political influence and public policy on the creation of wealth have... created more greed and far too many corporates... walking the narrow line between right and wrong... This is the ugly side of economic liberalisation..."

The dominant culture of our corporate nabobs has contempt for democracy and regards profiteering as its right – to be respected by the state. The campaign by industrialists such as Ratan Tata, Anil Ambani and Sunil Mittal for making Narendra Modi India's Prime Minister is a consequence of this culture. They love Narendra Modi because he is a ruthless administrator dedicated to promoting business interests no matter what the social cost. He offers businessmen terms that no other Chief Minister does.

In the Nano case, for instance, he has given the Tatas a Rs.9,500-crore loan at 0.1 per cent for a project investment of Rs.4,000 crore, besides stamp-duty waiver, cheap land and dedicated water and power supply. This will subsidise the Nano by an estimated 60 per cent. Guaranteed such superprofits, our businessmen can erase Narendra Modi's role in the 2002 communal pogrom and its cover-up. All that matters to them is "efficiency" – read, centralised, authoritarian decision-making, which favours them. After all, Italy's businessmen too admired Mussolini because he made "the trains run on time". German industrialists adored Adolf Hitler for building autobahns and the industrial infrastructure even though he conducted the Holocaust.

This speaks of abysmal moral degradation and fascination for a pathological politics totally opposed to a civilised democratic ethos. An elite so deeply implicated in shielding criminality and communalism forfeits its right to leadership. □