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Today's Edition

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### 'Surely the Left Front can see that, in the end, to deliver you need the laws of the market'

Days after the Budget was presented, **Seetha** meets Kaushik Basu and discovers that the government's chief economic adviser is a multi-faceted man — an academic, an artist, a deviser of games and an inventor of two-person sudoku

#### Tête à tête



Adam Smith jostles with Karl Marx for space in economist Kaushik Basu's room. The guru of socialism peers at him from a wall, that of capitalism from the title of a manuscript. *Beyond the Invisible Hand: A Dissent on Contemporary Economics* is his forthcoming book, a take-off on the free market messiah's principle of the invisible hand, which sets the philosophical foundations of the market economy.

So does that make the government's chief economic advisor (CEA) a confused soul? Or a bundle of contradictions?

Neither. Just someone who doesn't like ideological straitjackets, the 58-year-old Cornell University don who's taken a two-year break from academics, would say.

We're sitting in Basu's study at his third floor Hauz Khas Extension flat, preferring that over the drawing room, the walls of which are covered with paintings by artists who were unknown when the art aficionado bought them and are just beginning to come into the limelight.

It's been just a few days since the Union Budget was presented and the first time in three months that Basu has had time for his book. He had finished it a week before joining as CEA in December. Fortunately, as it turned out, because he plunged headlong into formulating the *Economic Survey* (which is authored by the CEA's team) and the Budget exercise. Now he has to proofread the manuscript one last time.

The book brings out Basu's nuanced economic ideology. He's a firm believer in the markets but not a market fundamentalist. "We have to be aware of market forces but not everything is the work of the invisible hand — you have to keep the antenna up on other things." The state, he believes, still has a role — but not a micro-managing role. "What frustrates me about the Left Front in Bengal is that surely they can see that, in the end, to deliver you need the laws of the market because you can't deliver it yourself. The government is not perfect. You have to use a mixture of the state and markets intelligently."

This approach comes through in this year's *Economic Survey*. Chapter 2 — Micro Foundations of Inclusive Growth — has created a buzz because perhaps for the first time an official document is arguing for redefining the role of the government and talks about an enabling state versus an intrusive state. The theme found mention in the finance minister's budget speech. Working with Pranab Mukherjee has been amazing, says Basu. "He gives me the kind of space one needs and appreciates."

It was this horror of dogmatic positions that kept Basu from plunging into the students' communist movement of the 1970s. After schooling at St Xavier's, Calcutta, this only son

## THE BIGGEST CELEBRATION OF BENGAL IN LONDON

Ustad Amjad Ali Khan,  
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 Subhamita Banerjee, Goutam Halder  
 and many more...

Alexandra Palace, London  
April 1st-3rd, 2011



and youngest child of a city lawyer and former mayor came to Delhi in 1969, to study economics at St Stephen's — the hotbed of the communist movement that was at its peak in Delhi then. Some of his closest friends were drawn to Naxalism and went underground.

Basu (who thinks Marx is a phenomenal intellectual) found their concerns about justice and injustice "wonderful", but communism was too doctrinaire for his taste. "Any very deep ideological commitment to one thought creates an illusion in the head. To think that there was an easy solution which was all there and revolution was just around the corner — to me that part was illusion."

This academic of 35 years — after a masters and PhD from the London School of Economics (LSE), he's taught at the LSE, the Delhi School of Economics, Princeton, Harvard and Cornell — was taken by surprise when he was offered the CEA's job last August. He thought about it for two days and decided it was a challenge he would like to take up. His academic work mostly revolved around abstract theory, but Basu would like to believe that he's unlike most abstract researchers who have "no common sense about the world". In that, he says, he is like his guru, Amartya Sen.

But he has wrestled with policy issues. He was a member of a committee on education headed by Yash Pal. The committee report argued for a larger role for the government and the University Grants Commission in regulating universities. Basu felt that would lead to more problems. "You can't run 300 good universities under one centralised control. No country — not even the most powerful country — can do it." He found himself in a minority of one when he argued for freeing the system and allowing more private capital in education and submitted a dissent note.

It's not just economic policy that he applies his abstract theories (especially game theory) to; he also uses them to nab pickpockets. Basu and his wife — sociologist Alaka Malwade Basu — had just bought ice creams on a holiday in Venice when he realised his wallet was missing. He saw a young couple walking away and, on a hunch, followed them. "I was reasoning how they were reasoning and bringing that into my reasoning." If the couple turned back to check if they were being trailed, they were guilty, he reckoned. Sure enough, they did, and the slight-built, bespectacled, geeky looking economist confronted them and threatened to call the police. He got his wallet back. Wasn't he worried about being attacked? "No. And it's no reason of bravery. This was Venice. It was crowded. I wouldn't have done it in a dark street in New York."

His love of game theory is what led him to devise a game called Travellers Dilemma in 1994, on the reactions of two travellers who had to file a lost baggage claim. It is now used in several laboratory experiments on human behaviour in the United States.

Less esoteric is a two-person sudoku he invented in 2004. He himself has whiled away time playing the game and wanted to double the waste of time, he explained in a paper on the game, called *dui-doku* (*dui*, meaning two in Bengali). Basu's just discovered that someone has developed a software for it and put it up on the web, acknowledging his authorship.

He's had practically no time in the last three months for his eclectic pursuits — art being the main one. Charcoal and pencil are his main mediums, though he has done oils — the Marx on the wall is his work. He also paints saris — "for fun" — which his wife and daughter wear. He rushes out of the room and brings back a white silk sari, which has a painting of a man smoking a cigar and a woman on its *pallu*. He's painted T-shirts as well for his secretaries in the United States. But he himself is a conservative dresser, sticking to sober shirts and trousers or handloom *kurtas* and *churidars*.

He hasn't had to give up music — just lets it play in the background. It's old Hindi film songs and Rabindrasangeet for him. "I'm embarrassed when people talk about culture," he admits sheepishly, "People listen to classical music. I listen but without any deep understanding." The artistic streak has carried over into his children. Son Karna, an academic-cum-photographer in the US, assisted Rituparno Ghosh on *Chokher Bali*. Daughter Diksha is a theatre actress, who has performed in New York and is now in Mumbai, where she is also working on a novel.

Basu's reconciled to giving up his hobbies but what he misses most in his new job is the freedom he earlier had to pursue an idea over several weeks. "Over here your days are carved up in half-hour slots. The thought process gets interrupted." That frustrates him, but that's part of any government job, he realises.

He's also resigned himself to his briefcase being taken from him by his staff when he gets out of his car and his door being opened for him, things he was initially uncomfortable with. "But even now I am sure they find I do more things for myself than they would like me to."

Though bureaucracy can be rigid, he says it has been remarkably tolerant with many of his "little blunders". One of them, I refrain from pointing out, is freely handing out his mobile number to journalists, saying "you don't have my mobile number? You should". He's violated a lot of the hierarchical norms of the government. "I just don't understand

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hierarchy." It took him a while to stop addressing the Prime Minister as Professor Singh.

What he doesn't want to learn is *sarkari-speak* — the art of not being pinned down to your words. It's a dubious virtue that he conferred on a character in one of his plays — *Crossings at Benares Junction* — which appeared in an anthology published by *The Little Magazine* (he jokes about needing to put pressure on his daughter to get it staged). "I know that certain topics are out of bounds. What I would hate is to go into those topics and obfuscate on them. Not obfuscating is such a part of me, of a good academic."

The lift isn't working but Basu still insists on walking me down to the gate. He certainly has a lot to learn about the ways of bureaucrats.



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