



Mind the perimeter

The security protocol at military installations must be speedily upgraded

The number of casualties in the terror attack on the Sunjuwan Army base in Jammu has risen to seven after clearing operations. The garrison of the 36 Brigade of Jammu and Kashmir Light Infantry was attacked last Saturday by a small group of heavily armed terrorists that managed to enter the residential quarters of soldiers. While three terrorists were killed, six soldiers and a civilian lost their lives. Many more sustained injuries. This is the latest in a series of attacks on military installations over the last few years. The worrisome aspect is the repeated success of terrorists in infiltrating high-security military complexes. As in every case, the Army will conduct a court of inquiry into the incident to identify lapses. However, the Sunjuwan attack exposes the vulnerabilities in perimeter security and the scant progress made in improving the security protocol since the attack on the Pathankot Air Force station in January 2016. Since then, there have been major attacks in Uri, Handwara, Nagrota and Panzgam, with significant casualties. In the aftermath of Pathankot, a committee headed by a former Army vice chief, Lt General Philip Campose, undertook a security audit of all military bases across the country. It identified sensitive installations and recommended measures to fortify them. In addition, in July 2017 the government delegated substantial financial powers to the three services to strengthen perimeter security at military installations. The Sunjuwan attack underscores the need for speedy measures on the ground, beyond the inquiries and policy announcements, to overhaul the system.

As the terror attack in Jammu was under way, the Defence Ministry sanctioned ₹1,487 crore to strengthen sensitive military installations across the country as per the recommendations of a 2016 audit. Defence Minister Nirmala Sitharaman has also directed the Army to complete its implementation by the end of the year. This impetus is welcome, but the implementation must be broad-based, and go beyond *ad hoc* measures. It must be borne in mind that a successful attack does not necessarily mean that the soldier on the ground is lax in performing his duties. Many bases along the border are located in tough terrain, and are in close proximity to civilian dwellings, demanding care from the soldier to avoid civilian casualties in crossfire while adhering to the standard operating procedures. For a country that takes pride in its modern, technologically advanced military, India still relies heavily on putting more boots on the ground and on the calibre of the soldier. It is time the Defence Ministry adopted a holistic approach, making sure that the soldier is fully backed by technology and calibrated security drills. Preventing terrorists from scoring a strike is the best defence.

Suppressing history

Poland's 'Holocaust' legislation highlights its continued shift to the far right

A new law in Poland that makes it a crime to blame the country for Nazi atrocities has reopened the Holocaust denial issue. Expressions such as Polish death camps to describe concentration camps including Auschwitz have touched a raw nerve over the years. Now the ruling ultra-nationalist Law and Justice party (PiS) appears intent on drawing political mileage from this dark chapter in Polish and European history. The government of Prime Minister Mateusz Morawiecki has enacted legislation to impose a fine and three-year imprisonment for all references that imply the complicity of the Polish nation and the state in Nazi war crimes. Its contention that artists and scholars would be exempt from the restrictions has not assuaged critics, who are challenging assaults on freedom of expression. Clearly, responsibility for the atrocities perpetrated against Jews during the Holocaust rests with the occupying Nazis, and not the people of Poland. Yet, to discount or deny the complicity of some Polish officials who may have acted in collusion with the Nazis would be tantamount to falsifying history. Any refusal to recognise the heroism of Poles who rescued and rehabilitated Jews would also be liable to over-simplification of that larger narrative. The motive behind the latest law is to suppress evidence that has emerged of some of those uncomfortable truths. But then, rewriting Poland's recent history has been a persistent preoccupation with the current dispensation since its 2015 election.

Predictably, the 'Holocaust' law has stoked a major controversy with international reverberations. In an equally selective reading to counter the Polish move, some Israeli lawmakers are for expanding the definition of Holocaust denial to include a refusal to admit the role of those who collaborated with the Nazis. The U.S. State Department has cautioned Warsaw about the implications of the law for its strategic relationship with Washington. Warsaw has already come under sharp scrutiny from the European Union for attempting to undermine the independence of the judiciary. A formal sanction by Brussels for the breach of the rule of law and deviation from European values would be an unprecedented step. Moreover, the resulting loss of Poland's voting rights in the bloc would be most ironic for a government that has staked its position on the assertion of national sovereignty on the EU stage. Polish President Andrzej Duda seems more alive to the ire the Holocaust legislation has invited internationally. He gave his assent to the bill, but sought a review from the constitutional court, a body already rendered toothless by parliament. Moderates within PiS should exert greater influence to roll back the extreme steps taken by the government, such as the 'Holocaust' legislation, or Poles risk denial of the fruits of their 2004 EU membership.

Back to the chessboard?

The political crisis in Sri Lanka will likely end in a reconfiguration of coalition forces



JAYADEVA UYANGODA

Sri Lanka's local government election held on February 10 has become more than a mid-term poll that usually helps the opposition. Rather, it has led to an immediate political crisis of sorts, threatening the stability of the present government.

While the disunited ruling coalition, jointly headed by President Maithripala Sirisena and Prime Minister Ranil Wickremesinghe, has lost the election badly, the newly formed Sri Lanka People's Front, unofficially backed by former President Mahinda Rajapaksa, has secured a sweeping victory in provinces except in the north and east.

Pressure points

There are two dimensions to the crisis. The first is the pressure from the Rajapaksa camp for the Wickremesinghe government to resign, interpreting the local government election as a referendum on the government as well as a loss of its popular mandate of 2015. The government can easily dismiss that pressure by showing that Mr. Rajapaksa's new party polled only 44% of the popular vote this time while the parties that were partners in the coalition that brought them into power in 2015 have nearly 52% of votes between them.

Besides, the outcome of the local government election has no direct bearing on the government's parliamentary majority. Mr. Rajapaksa has only about 50 MPs. Thus, the balance of power within Parliament has not been altered, and it is likely to remain that way

unless the ruling coalition breaks up.

It is in that sense that the second dimension is more serious than the first. The hostility and disunity between the two centres of power of the ruling coalition — one headed by Mr. Sirisena and the other by Mr. Wickremesinghe — has shaken the very foundations of the government. Mr. Wickremesinghe heads the United National Party (UNP), which is the largest component of the coalition with 106 MPs. Mr. Sirisena heads the Sri Lanka Freedom Party (SLFP) and United People's Freedom Alliance (UPFA), with only 37 MPs with him in the coalition government. The local election showed 32% voter support for Mr. Wickremesinghe's UNP — and Mr. Sirisena's UPFA and SLFP polled a low 12%.

The discord build-up

The discord between the President and the Prime Minister has been building up for over a year on a mixture of policy and personal issues. The President has been open in saying that Mr. Wickremesinghe and his ministers had been mishandling the economy, slowing down the investigation into alleged corruption by the Rajapaksa family, and even engaging in large-scale corruption while preaching clean governance. Mr. Sirisena also felt that Mr. Wickremesinghe has been ignoring him on policy issues. Thus, due to the simmering disharmony, bitterness and mutual distrust, the Sirisena and Wickremesinghe camps of the government could not even contest this election as a coalition. Once in the fray as competitors, the two main parties of the coalition quickly transformed themselves into rivals and adversaries.

In the backdrop of the escalating cold war between the two leaders was a major policy failure of the government — a massive financial fraud that was committed dur-



ing the central bank's bond sales in 2015. This was under the new government, within three months of its coming to power on a platform of corruption-free good governance.

Much of the blame for the bond sales fraud was laid at the door of the Prime Minister by the opposition and the media for allowing it to happen and then attempting a cover-up. Amidst a public outcry, Mr. Sirisena appointed a commission last year to investigate the fraud. In its report, submitted to the President late last year, the commission recommended the prosecution of the bank's former Governor, his son-in-law and their accomplices. This was a blow against the government, and caused further deterioration of relations between the President and the Prime Minister.

The issue dominated campaigning for the local government election, which began early in December, with Mr. Sirisena targeting the UNP. He also pledged that he was going to clean up the government after the election, indirectly suggesting a change in the composition of the cabinet.

It is this conflict that exploded in February 11 soon after the election results showed Mr. Rajapaksa's new party winning comfortably. Mr. Sirisena began to search for a replacement for Mr. Wickremesinghe, despite not having the constitutional authority to sack or appoint the Prime Minister or

members of the cabinet. Mr. Sirisena failed to make any headway after two days of manoeuvring. Alive to the threat, UNP Ministers and MPs, even amidst fresh divisions, have now closed ranks against Mr. Sirisena. By the night of February 13, the UNP began a line of action independent of Mr. Sirisena and his SLFP/UPFA and then to reconstitute the coalition government.

In this scenario, the UNP envisages an outcome in which Mr. Wickremesinghe will continue as the Prime Minister of a reconfigured coalition government, with a much weakened Mr. Sirisena as President. Mr. Wickremesinghe has 106 UNP MPs in the 225-member Parliament.

There is speculation that nearly a dozen SLFP Ministers, who are currently with Mr. Sirisena, are ready to join Mr. Wickremesinghe's new government in case of a clear split between the two leaders. There is also speculation that the Tamil National Alliance (TNA) is ready to offer conditional outside support to Mr. Wickremesinghe. Devolution, peace building and constitutional reform are sure to be the themes of those conditions.

There is another scenario in which Mr. Sirisena will continue to insist on Mr. Wickremesinghe's resignation as Prime Minister. This will certainly deepen the crisis because the UNP is no mood to lose the power struggle. As mentioned earlier, the President is reported to be searching for a replacement for Mr. Wickremesinghe from among senior members of the UNP, but with limited success. A part of Mr. Sirisena's strategy would also be to create dissent within the UNP with a view to weakening Mr. Wickremesinghe.

Thus, the political crisis that has been precipitated by the election seems to be intensifying but is expected to end with the significant

step of re-constitution of the government.

Difficulties ahead

Whatever happens, the undeclared power struggle between the two main coalition partners will have to come to an end in a new configuration of coalition forces. As things stand now, the two leaders do not seem to be giving way in the battle for supremacy within the coalition government. Reconciliation between the two coalition leaders is not in the realm of immediate possibilities, but they will have to find a framework of cohabitation given that the Rajapaksa family is waiting to move in. However, the political drama that began on February 10 is unlikely to end soon. Buoyed by the surprise win for its party which was formed just a year ago, the Rajapaksa family will continue to stake claim to power both within and outside Parliament. It will also have another chance of consolidating its newly gained electoral power in the Provincial Council elections to be held later this year. After this, presidential elections will have to be held by end-2019, followed by parliamentary elections. Sri Lanka watchers can expect more political surprises ahead.

Meanwhile, if the President and the Prime Minister do not find a framework of constructive reconciliation between them, governance in Sri Lanka will crawl along for two years. Worse still, the much-valued programme of constitutional and political reform, peace building, inter-ethnic reconciliation and democratic consolidation will enter an extended state of stalemate. Its resurgence, sadly and ironically, might require another phase of democratic setback.

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The ratings illusion

Nations give too much importance to credit rating agencies despite their structural flaws



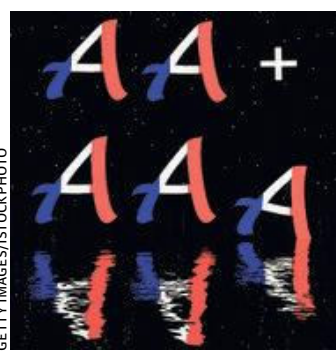
FEROZE VARUN GANDHI

The idea of rating an individual, an entity and even a nation has been there for aeons. The historian Herodotus, along with the scholar Callimachus of Cyrene, made lists of the original Seven Wonders, describing them and their worth in soaring rhetoric. Modern day credit rating agencies, however, have a far more recent origin — ironically, they were first established after the financial crisis of 1837 in the U.S. Such agencies (with the first established by L. Tappan in 1841 in New York) were then needed to rate the ability of a merchant to pay his debts, consolidating such data in ledgers. Soon enough, such ratings were being applied to equity stocks.

Demand also rose for independent market information, offering trustworthy analysis of credit-worthiness, with Moody's ratings' publication increasingly focusing on industrial firms and utilities, offering letter based ratings. By the 1920s, the big three of the ratings world (including Fitch, Standard & Poor's) had been incorporated. The passage of the Glass-Steagall

Act in 1933 helped formulate the separation of the securities business from banking, with American banks authorised to only hold investment grade bonds, as determined by such ratings. Soon enough, by the 1960s, such ratings had spread over to commercial paper and bank deposits, along with expansion into rating the global bond market (including sovereign bonds), albeit with a business model change — such agencies were starting to charge both the investors and the entity covered.

Yet, despite their vital role in the global financial world, rating agencies fail to inspire confidence, with allegations of improper and inaccurate ratings occurring frequently. Prior to the subprime mortgage crisis in U.S., Moody's had issued an AAA rating to 45,000 mortgage-related securities between 2000 to 2007, which after the crisis had slumped to just six AAA ratings for mortgage-backed securities in 2010. The U.S. Department of Justice launched an investigation in 1996 into a potential improper pressuring of issuers by Moody's. Such agencies have been subject to a range of lawsuits, especially after Enron's collapse and during the recent subprime mortgage crisis in the U.S. The National Commission on the Causes of Financial and Economic Crisis in the United States (2011) held the failure of rating agencies to be es-



sential cogs in the wheels of financial destruction. Moody's has been fined across various geographies for non-adherence to standard rating protocols. For instance, Moody's has raked up fines of \$864 million for its role in 2008 crisis, while incorrect rating practices has led to fines of €1.2m in Europe. Standard & Poor's (S&P) paid \$1.4 billion for rubber stamping dicey mortgage bonds.

Case for regulation

Even in India, rating agencies have had a mixed record. Cases such as Amtek Auto and Ricoh India led the Securities and Exchange Board of India (SEBI) to investigate rating agencies and tighten rules and disclosure norms.

More importantly, such rating agencies can have a global impact, affecting the fiscal fortunes of nations, due to flight of capital, as witnessed during the East Asian crisis of the 1990s. Recent downgrades of U.S. and European sove-

reign debt have been criticised, with the relegation of Greece, Portugal and Ireland to 'junk' status, leading to a sovereign-debt crisis, along with ensuing unemployment and eurozone instability. Such credit rating agencies have been criticised for failing to predict the 1997 Asian financial crisis and then downgrading such countries several notches during the event. The lack of recognition of India's economic achievements and its non-correlation with its sovereign rating is an issue that rankles with most Indian economists. Such arbitrary behaviour has led to moves by Russia and China to set up their own ratings agency — S&P cut its rating on Russia to one notch above junk, in 2014, a few months after the annexation of Crimea, a change dismissed by Russia as politically motivated.

Nations perhaps give too much importance to the achievement on such ratings, despite their structural flaws. Consider the conflict in interest — such rating agencies generate a significant portion of revenues through non-rating activities, and despite maintaining an iron curtain between their rating and non-rating businesses, common management and search for profits lets conflict of interest creep in. Numerous studies have showcased that rating agencies seek to provide issuers, whether entities or nations, with non-rating services, along with potentially in-

fluencing a higher rating (for instance, "Non-rating revenue and conflicts of interest", by R.P. Baghai and B. Becker).

Development matters

In our development journey, we must utilise such rating agencies, preferably indigenous, to help clean house in our corporate sector. To safeguard investors, SEBI can explore reforms so that credit rating agencies do not provide non-rating advisory services to their clients, even at the cost of reduced profits. A fixed operating fee model may also be explored, thereby eliminating incentives to be the "lowest-bidder" with compromised quality. Outstanding ratings and sudden downgrades need to be subjected to greater supervision. Akin to auditors, corporates should be pushed to change rating agencies on a regular basis. The "issuer-pays" model needs to change to an "investor-pays" model, with fees being standardised by the market regulator. However, at the governmental level, our fiscal decisions should be marked by a push towards developing an economy with full employment and innovation, instead of seeking to chase down ratings quarter by quarter.

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LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Notes on Palestine

Prime Minister Narendra Modi is walking a diplomatic tightrope by maintaining that India follows an independent, de-hyphenated policy with Palestine and Israel (Editorial - "Ramallah recall", February 14). What is heartening however is that his Palestine visit has resulted in significant agreements being signed. With the U.S. President having all but abandoned the Palestinian cause and given that India has deftly struck a diplomatic balance in West Asia, enjoying good relations with both Palestine and Israel, it is only natural that as a responsible growing power, India plays a more proactive, mediatory role in resolving the West Asian

conflict. Perhaps, on the lines of the 2002 peace initiative, the Madrid Diplomatic Quartet, India should strive to initiate a peace process with the UN, the EU and Russia to find a lasting solution to the West Asian crisis. China, by virtue of its increasing global influence, should be persuaded to occupy the vacuum left by the U.S. NALINI VIJAYARAGHAVAN, Thiruvananthapuram

Lessons from history

A historical event such as Partition is looked at from at least two angles — factual and emotional ("The danger of counterfactuals", February 14) We can adopt a simplistic view and claim that while it is the historian who should be dealing with the facts, the task of emotional valuation falls

upon the litterateur and the politician. Nevertheless, it is reasonable to demand of the latter that they at least get their facts correct and not manufacture them to suit their emotive designs. As for the barbarism generated leading to and in the wake of Partition itself, it is instructive to compare it with the comparative bloodlessness and civility with which the USSR broke up. The lesson for us is that associations built upon hate for the other or on the basis of racial and ethnic claims of supremacy are liable to produce violence in times of crisis for their enforced existence or breakup. FIROZ AHMAD, New Delhi

The venom and hatred in the aftermath of Partition

continue to haunt us to this day and are proving to be detrimental to our harmony and co-existence. On either side, an obsession with religious identity and pushing this to the forefront has only proved counterproductive. For long, politicians have been exploiting this segregation for vote bank politics. Partition had taught us very sound lessons about false propaganda, hatred, aversion and brutality. R. RAMANATHAN, Coimbatore

pressure, abysmal strength of field forest staff need dynamic solutions. Involving private stakeholders and local bodies may help increase tree cover further. Making sure that there are no hurdles before the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) Bill would help ensure that degraded open forest area can be treated and later classified as forest area. N. VIJAI, Coimbatore

More green cover

With the burgeoning population in India, it is obviously an arduous task to ensure that there is no reduction in existing forest area (Editorial - "Woods and trees", February 14). Key challenges such as public

pressure, abysmal strength of field forest staff need dynamic solutions. Involving private stakeholders and local bodies may help increase tree cover further. Making sure that there are no hurdles before the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) Bill would help ensure that degraded open forest area can be treated and later classified as forest area. N. VIJAI, Coimbatore

THE CACKLE

Why is there such a hullabaloo over boisterous laughter by a senior parliamentarian in the Upper House? The barrage of criticism over it is strange. Our elected representatives appear to be "entertaining us" both inside Parliament and outside. Theatrics more than good governance abound in politics. B. GURUMURTHY, Madurai

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CORRECTIONS & CLARIFICATIONS:

A photograph of the current CMD of Oriental Insurance — A.V. Girija Kumar — was published instead of the picture of M.N. Sarma, current CMD of United India Insurance, along with the Business page story headlined: "PSU insurers' merger may be completed by March 2019" (Feb. 14, 2018).

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28525263; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturi Buildings, 855 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com