

Que 27. Globalisation marks the end of the era of big govt. Discuss.

Globalisation is the integration of a nation with the world. The increased interconnectedness leads to a redefined role of the state.

It marks the acceptance of a declining scope of function of a state & gives it a new role of a 'regulator'. The era of 'big govt' has come to an end, with emphasis on leaner and thinner govt.

Apart from the traditional role of govt in core areas like DEFENCE, LAW & ORDER, ATOMIC ENERGY, FOREIGN POLICY, the public space occupied by the state is now shared by:

- a) private sector - in areas like Telecom, airlines, insurance, oil & gas etc
- b) partnership with citizens - in maintenance of schools, hospitals, community resources
- c) partnership with private sector - PPP projects in infrastructure, education etc.
- d) partnership with NGOs - forest management, women empowerment, health, awareness programs etc.

Such partnership will provide an enhanced role to non-state actors in the process of socio-economic changes.

However, state has always remained pivotal to a citizen's life and globalisation has not only robbed but has also imparted an increased role to state in the following affairs:

→ National security in the wake of modern warfare, cyber crimes etc.

→ scientific & technological development like Chandrayaan 2, REID in India & mostly done by public sector etc.

→ increase in natural & manmade disasters due to climate change. eg: India has substantially enhanced its renewable energy capacity to meet NDCs by 2020.

→ hybridisation of culture and glocalization also increases state intervention (gont protected farmers in recent case with PEPSICO)

→ To present India's interest in various bilateral & multilateral fora is also a responsibility of state. eg: gont negotiation to protect domestic interests in RCEP.

Thus, globalisation has redefined the role of state and scholars like Riggs and Caiden called for an expanded, comprehensive, pluralistic and collaborative role for the state in the future.

Ques 28. Discuss the contributions of James Buchanan and Gordon Tullock to PCA.

PCA represents a politico-economic approach. In public and scholars like James Buchanan and Gordon Tullock has made significant contributions to the theory of PCA.

Some of them are :

- Self interested Rational humans
An essentialist view of man which projects man as a rational actor seeking to fulfill his own interests of increased salary, career advancement etc.
- Performance standards & appraisal
While the private sector has defined performance standards & appraisal system, there is greater tolerance towards mal-performance in public sector.
Individual and organisational goals get de-linked in the public sector.
- Rent-seeking
It refers to securing profits through political process instead of market process of exchange. The opportunity for rent-seeking is immense in public sector, degrading its performance.
- Group decision making
The presence of methodological pluralism where the decisions are taken by the group in favour of the group. This gives rise to collective decisions.

Thus, Tullock while explaining the relative advantages and disadvantages of the operational framework of public & private sector made significant contribution to PCA.

Buchanan explores the mutual relations & influence of politics and economics and his contribution is quintessential for understanding public finance.

Together, they authored the famous work 'The Calculus of Consent' in 1962 and are two architects of the PCA theory.

Que 29. Economics has a direct contact with pub ad. Elucidate.

Pub Ad is multidisciplinary in nature and is directly influenced by the field of Economics.

Right from the advent of PA theories, 'Economy' or cost effectiveness has been a prime concern for the scholars. It became central to Taylor's SMT

The relation between politics & economics can be analysed through :

- Pub Ad regulates economic life of man through the process of policy formulation, its implementation etc.
eg: Fiscal & monetary policy
- Planning
The process of economic planning, earlier done by Planning Commission & now steered by NITI Aayog brings together politics & economics.
- Budget & Public Finance
This theme is central & common to both economics & politics as economics aid in better decision-making based on sound principles of Financial Adm.
- Financial stability
The financial stability of a country has direct bearing on the citizen life and is a product of Fiscal Policy (Govt/Politics) and the monetary policy (RBI/economics).
- Functioning of PSUs
The govt. often makes use of Adam Smith's Invisible hand and Keynesian economics

of demand to operate in competitive business environment.

- Inflation & Unemployment

The two pressing problems of economies like India also leads to a convergence between politics and economics. The understanding of business cycles is equally imp. to both.

- Balance of Payment / CAD

The stability of BOP of a country is of concern to both administration & economists and contributes to exchange rate stability.

Apart from the 'practices' mentioned above, the two fields of Economics & Pub Ad also converge in the form of 'Theories' like the PCA or Public Choice Approach, based on a rational human actor where the subject matter is borrowed from polscience but methodology from Economics.

The influence & interaction is mutual as we often see instances of political muddling in political affairs in the form of GST (many rates), demonetization, farm loan waivers, tax rebates etc.

Economics thus has a direct contact with pub ad.