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“Politics and the Economy” by S L Rao

Over the next three years government focus must be on the economy-improving employment, capping inflation, accelerated development. Policy building blocks have been stated: smart cities, skills development, investment in roads, railways, power, and water; rational infrastructure pricing and subsidies; direct cash transfer of social benefits, rural banking, cleaning up bank balance sheets, closing the taps on black money, local defence production to reduce imports and middle men, stimulate FDI, improve ease of doing business, to name some. However, there is no stated overarching purpose. Public entweerpeises remain an economic burden. The inherited surfeit of rules, departments and officers that control the econmy must be rationalized. Administrators must become individually accountable, distanced entirely from public enterprises, investigations and penalties for malfeasance made speedier with stronger penalties. Direct and indirect tax reforms are imperative.

In 2014, Mr Modi’s national election campaign raised hopes of dramatic changes in economic policies. A large majority in the Lok Sabha resulted from extensive corruption in the Sonya-Manmohan government, and anti-incumbency feelings after their 10 years of power. Modi’s energy, involving the public, media domination, RSS field work, brought the votes. Modi’s unchallenged and tall claims for a “Gujarat model” of development”, helped.

Modi, his Cabinet and his party, retired the experienced Old Guard led by LK Advani, and marginalized veterans of the BJP and its first government, notably sushma Swaraj. In powe, BJP had neither national political experience nor of governing India. This inexperience was combined with arrogance because of their spectacular election victory and the near-destruction of the ruling Congress. BJP’s dealings with Opposition parties and particularly the failed Congress party, was arrogant and inflexible. The BJP neglected their future need for Opposition support to pass legislation in the Rajya Sabha where BJP is in minority.

The BJP never articulated an economic ideology. The Congress under Nehru had “Nehruvian socialism” combining central planning and control with a welfare state. The Avadi resolution of the Congress for a “socialistic pattern” of society did not have a BJP counter. BJP governments under Vajpayee and Modi have merely followed up ideas and policies evolved under Congress governments. This must change.

Modi ascended to power in Delhi with little political experience in dealing with many Opposition parties. Except the Communists, each party was driven by one Leader, no succession, ideology or policies. Their allegiance is for sale.

Modi’s administrative experience was in running one cohesive state with a strong tradition of being favorable to business and a history of communal disharmony. His party M.P.’s also have little talent or experience at the Centre. Except for the marginalized Sushma Swaraj, there are few capable Ministers in his Cabinet (Pyush Goyal, Nitin Gadkari, Suresh Prabhu, Manohar Parrikar and a few others like the little burdened Nirmala Sitaraman).

Modi designs his foreign policy. He implements it personally at the highest levels in foreign governments, little consultation with his colleagues or Opposition, and a few senior bureaucrats he personally selected. Most of his Cabinet members have limited relevant education or experience, or knowledge of how the central government works and of national politics. Lack of political experience and political finesse lost the BJP any possible legislative support from opposition parties. Aggressive Hindu nationalists were not contained in the first two years. Unproven charges against Modi for the deaths in the Gujarat riots when he was C.M. were widely publicized. The BJP, Modi and their government, were painted (unfairly) as intolerant of other religions and their practices, adding to the government’s reputation for intolerance. The government and BJP did little to dampen this perception.

The arrogance from 2014 election triumph resulted in serious mistakes in fighting Assembly elections in Delhi and Bihar. In Delhi a tested leader was removed and a woman ex-Police officer parachuted as C.M. candidate. In Bihar a tested Leader who had been an acclaimed Deputy C.M. for eight years, was ignored completely and no C.M. candidate was projected. There were no electoral alliances. The electioneering did not involve local leadership and was solely by Modi and Amit Shah. They focused on national and not local issues. The BJP lost badly.

The elections in five states (West Bengal, Tamil Nadu, Kerala, Assam and Puducherry) are projected as a victory for a new BJP strategy. In fact BJP’s total share in all five of votes and seats won is less thanof the decimated Congress. BJP won zero seats in Tamilnadu and Puducheri; 3 in West Bengal and 1 in Kerala.

BJP won spectacularly in Assam because of the entry of a senior Congress defector, projecting a powerful local leader as the prospective C.M, BJP’s alliances with powerful local movements- the Assam Gana Parishad and the Bodoland Peoples’ Front. Local leaders campaigned, not just the Modi-Shah combine. The RSS had a strong presence and organized the voters. The Assam victory will give the BJP a commanding role in all North Eastern states. With the improvement in ties with Bangladesh the North East will see significant economic growth and exploitation of rich natural resources.

However the BJP does not have a “national footprint”, only the prospect of one. It does not control the Rajya Sabha. But it has better chances now of passing legislation there. The Congress is no longer a national party, it has lost many states, and is the “b” team to strong local parties in others. It may not indulge any more in Rahul Gandhis’s strategy in the last two years of a “scorched” economy. Congress will not quickly discard ts dynastic leadership-the glue that has held the Congress party together. It will take many years, party splits and much blood letting for new leadership to emerge and make the Congress relevant in national politics .

Mamta Banerjee and Jayalalithaa are sole leaders with no competition. Their states are heavily indebted. BJP government can woo their support with help financially, and on pending cases. The “Grand Alliance” of Lalu, Nitish and Mulayam, ahs lost the last, and is unraveling. The next elections might see the ladies allying with the BJP. We can expect the BJP legislative agenda to pass soon.

The BJP may have learnt that fostering communal tensions cannot win elections; nor can projecting the Prime minister and party President substitute for projecting local leaderships and local issues.

To rule effectively for change, this government must clearly articulate its ideology and policies. It must not remain a party that only follows Congress economic ideas. Is its objective to make India more of a market economy, or gradually to end public sector dominance and controls? Will social “inclusion” mean only subsidies and giveaways, or create opportunities? It needs an integrated national agricultural and water policy. Irrational pricing of power by states, and pricing for water that does not even cover running costs, have led to India becoming the largest user of ground water. Poor propagation of water conservation and harvesting, crops selection in relation to water and soils, have kept water use high and productivity low. Neglect of lakes and rivers has been a criminal failure of governance at all levels. Genetically modified seeds have been caught between aggressive environmentalist and timid governments. We must use science to help take decisions that can greatly improve agricultural productivity.

There is little time left to this government to change. It seems to have started actions that could reduce black money. But it still needs to substantially speed up honest investigations, increase penalties on all participants, get speedy trials.

These Assembly election results could mark a watershed for the BJP government. It could become more open, original in policy formulation and execution. Or it could continue to be like the Congress was for decades. (1287)