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“Agenda for 2014-Choices before us” by S L Rao

By May 2014 we will have a new government at the Centre. The options are coalitions led by the BJP or the Congress parties, or hotchpotch alliances of regional parties led by Mulayam Singh, Mayawati, Jayalalitha or Nitish Kumar. Past experience with the NDA and UPA governments suggest that coalitions led by national parties are more stable, though also subject to pay-offs to obstreperous allies (TDP, TMC, SP, BSP, are some who got advantage for their states or themselves). Regional party alliances led by Deve Gowda, Inder Gujral, lasted for short periods and displayed poor governance and this might well be the fate of coalitions of regional parties. .

If the BJP led alliance gets to power and a majority in 2014, it will carry the burden of responses while in opposition over the two terms of the UPA. When they last ruled with the NDA, they had Vajpayee to smoothen such inconsistencies. He did this to the great benefit of India, memorably on two major policies. He followed whole-heartedly on the economic reforms track of the Narasimha Rao government. He extended the hand of friendship and peace to Pakistan despite its aggressive talk and actions. But the BJP has no one of Vajpayee’s stature and statecraft. Narendra Modi, Yeshwant Sinha, Raj Nath Singh, Sushma Swaraj, *et al*, are lesser figures, with neither the same stature, articulation and clear objectives that put development and peace at the top. The three M’s and Jayalalitha are also people with local and personal visions, not national ones.

A BJP led coalition will be more aggressive with Pakistan and not extend friendship like Vajpayee did. It might be also hostile to our other great Muslim neighbour—Bangladesh. This will harm the possible benefits to the region and to India from trade, investment and available natural resources. But Sri Lanka and Nepal might see a more friendly and consistent policy, as also with Burma and Maldives. If the policies were friendlier to Bangladesh, and without the negativity of Mamata Banerji, both countries will benefit economically. We could contain the huge migration into India, open the river route to the North East, enable its development, get natural resources out to the rest of India at low cost, and also energy.

On Sri Lanka the BJP has realized the inconsistency in fighting for Sri Lankan Tamils while safeguarding our interests in Kashmir and elsewhere. The BJP might also end the fractiousness of our relations with Nepal, Sri Lanka and Maldives. The benefits of good relations with our South Asian neighbours lie in improved trade and investment and as a response to China.

Regional parties will look to the regional interests of their members. Thus Mamta will prevent any forward movement with Bangladesh. Jayalalitha will prevent any reconciliation with Sri Lanka. Mulayam will go all out to demonstrate his affinity to Muslims and hence with Muslim nations in our neighborhood.

A Congress coalition will be as rudderless as it is, given the power of the Family and its lack of shrewd statesmanship.

On Home Affairs, both BJP and regional coalitions when they held office, were ineffective. The UPA has been marginally better in managing home affairs. But a Narendra Modi led government might well bring about the “silence of the dead” among our Muslim population, as he has been able to do in Gujarat. That means no communal riots but a very restive 150 million Muslims.

A new BJP led coalition will be more directly vindictive towards Congress’s First Family than was Mr Vajpayee. The regional parties in coalition will strike deals similar to those struck by the UPA with them. The various scams in telecom, coal, arms purchases, etc, will be vigorously prosecuted. High profile Ministers, Congressmen and bureaucrats of today will spend much of their time in Courts. This could lead to bureaucratic paralysis. Hopefully, at least the BJP led coalition will concurrently bring in the major administrative reforms, spelt out in the ARC reports of the Morarji and Mooly Commissions. Regional parties are less likely to follow this path. The UPA despite being led for its two terms by an experienced economist-cum-bureaucrat, failed in these reforms.

Given BJP’s Parliamentary behaviour in the last few years, the Congress will ensure similar turbulence and little fresh legislation will be passed. This makes it imperative that State governments initiate reforms in their states. The focus now has to be on better implementation. State governments are the best initiators for them.

In economic policies Vajpayee and Manmohan Singh continued the major initiatives of their governments. Vajpayee stimulated the

economy by large infrastructure expenditures. He also made a beginning with large social schemes like mass education. Under him, reforms continued. But he did little to stimulate foreign direct investment; nor did he try to move institutional investment in equity into direct investment in new manufacturing. He (like Manmohan Singh later), did not close the loopholes via investments from Mauritius and other small countries, nor the invidious participatory notes. Both have become instruments for money laundering and for volatility in markets and exchange rates. Given the vested interests especially in the UPA, of politicians and the bureaucracy, this preference for FII's may continue with the UPA. The BJP in its new avatar may realize the tremendous difference controlling these flows will make to the country. Regional parties are unlikely to do anything in this area.

The BJP was vociferously against FDI in retail and some other sectors. In power, they will need foreign fund inflows that are stable and not volatile. The country needs FDI in all sectors. We have to make it easy for it to come in. A reversal in their policies is possible. The BJP in power was flexible despite the notorious "Yes to computer chips; no to potato chips" and the Swadeshi rhetoric of its leaders like MM Joshi. Despite being a traders' ty it is no not so much against foreign investment. When it realizes the imperative need for it, it might change. So will a new UPA, with its experiences and the large current account deficit.

A new BJP coalition will continue its earlier privatization policies. This will release massive resources locked into the public sector, stimulate the economy as these dormant enterprises get fresh life and entrepreneurship from private ownership, and provide resources for social programmes. Privatized coal, oil and gas, power, steel, aluminum, tourism, perhaps even railways and airlines, can expect give significant boost to the economy.

A new UPA coalition will repeat its policies, Coalitions of regional parties will break soon and govern poorly. A new BJP coalitions gives jhope on the economic fron; but not on foreign policy or home affairs.
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