

## The Fall-out of a New Political Regime in India

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*Eine "rechte" Koalition geführt von der Bharatiya Janata Party (BJP) hat das "Congress System" abgelöst, das darin bestand, daß sich eine "Zentrumspartei" durch die Polarisierung von rechter und linker Opposition an der Macht erhielt. Wahlallianzen der BJP haben regionalen Parteien zu Sitzen verholfen, die früher im Schatten der nationalen Parteien standen. So verschaffte sich die BJP Koalitionspartner. Die Wähler haben der BJP kein überzeugendes Mandat erteilt, dennoch führte sie ihr Programm durch, zu dem die Atomtests gehörten, die dann in der Bevölkerung breite Zustimmung fanden. Die BJP fühlt sich so dazu ermutigt, eine sehr selbstbewußte Außenpolitik zu betreiben. Dazu gehört auch die Betonung der wirtschaftlichen Eigenständigkeit (Swadeshi). Der am 1.6.1998 vorgelegte Staatshaushalt zeigt kein Entgegenkommen gegenüber ausländischen Investoren. Den angekündigten amerikanischen Sanktionen wurde mit einer Rücklage begegnet und die Verteidigungsausgaben um 14 Prozent erhöht.*

The formation of a government led by the Bharatiya Janata Party (BJP) is certainly a new departure in Indian politics. All previous governments were formed either by the Indian National Congress or by politicians who had earlier belonged to that party. The BJP and its precursor the Bharatiya Jan Sangh had always been in the opposition with the exception of the brief interlude of the Janata government (1977-1980) in which the present Prime Minister, Atal Bihari Vajpayee, held the post of Minister of External Affairs. The BJP has consistently stood for Hindu nationalism and has attacked the secularism of the Congress as a spurious ideology which should be replaced by genuine secularism. The fact that the BJP is now in power should therefore signify the establishment of an entirely new regime in India.

"Regime" means a system of government. In terms of constitutional law India is a federal, democratic republic and there is no indication that the new party in power is going to change that. But the actual conduct of political affairs can vary a great deal within the general framework established by constitutional law. Political scientists used to refer to the "Congress system". This was characterised by the domination of a centrist party whose power was based on a polarisation of leftist and rightist forces which would help it to capture a majority of parliamentary seats. The Congress system excluded coalition politics, because once the Congress opted for a leftist or a rightist partner, it would forfeit its centrist position. As recent elections have shown, the Congress system has failed and an era of coalition politics has begun. In this new era the BJP had an initial advantage. It did not need to shy away from entering into coalitions. It held no centrist position as it was clearly a rightist party. But for this very reason it had to overcome the reluctance of potential partners who knew very

well what it meant to subject themselves to the discipline imposed by the BJP. Thus the BJP projected a more moderate image, personified by Atal Bihari Vajpayee, who was frankly called a "convenient mask" by one of the party secretaries. The strategy worked and although the verdict of the electorate was not at all explicit, the BJP rose to power by taking on board a motley crowd of allies. Initially there was a feeling that these allies may constrain the policy options of the BJP in various ways. The radical points of its programme, such as going nuclear, would thus have to be shelved. But the "BJP system" which has replaced the "Congress system" implies that allies soon become captives and are in no position to influence the policies of the major partner. Most of these allies have no particular principles to defend. If they leave the government they would soon be reduced to insignificance. It is only with regard to their respective regional power bases that they may be somewhat sensitive. This the BJP will respect while aiming at depriving them of such power bases in the long run. Taking this situation into consideration we may, indeed, speak of a new political regime in India.

For a closer analysis of the political situation in India we shall first have a look at the verdict of the electorate and then at the formation and composition of the government. Subsequently we shall discuss the policy options in internal and external affairs and the fate of economic liberalisation. The recent tests of atomic bombs in India and Pakistan will be discussed in this context.

### **The Uncertain Verdict of the Electorate**

The elections of March 1998 repeated in general the outcome of the previous ones: they did not provide any party with a clear mandate to form a government. There was only one major difference between the results of 1996 and 1998 with regard to the position of the regional parties. They had emerged as a third force in 1996 and were able to form the "United Front"-government with the help of the Janata Party and the Communists and supported from the outside by the Congress. The weight of the parties which had participated in the United Front government was greatly reduced in the 1998 elections. This does not necessarily mean that the voters were so dissatisfied with that government that they wanted to defeat it by all means. But they were obviously annoyed by the way in which this government was brought down twice by the withdrawal of Congress support. In both cases the reasons for this withdrawal were not major policy issues but power struggles. The Congress did not gain much credit for this appalling conduct of political affairs, and seen in this light it should have done even worse in the elections than the parties of the unfortunate United Front, but it benefited from the polarisation which characterised the 1998 election. Actually elections under the system prevailing in India should automatically reduce the contest to two parties. This has so far not happened in India, because the Congress could always benefit from a three-cornered fight in which right and left parties would cancel each others gains.

The 1984 elections were the last ones in which this worked in a most striking manner. In 1989 V.P. Singh spoiled this game by arriving at an electoral understanding with the BJP. He did not put up candidates of his Janata Party in constituencies

where the BJP had good chances. In this way the Congress was beaten with a vengeance, but V.P. Singh could only form a minority government tolerated by the BJP on the one side and the Communists on the other. The old three-cornered fight at election times was now replaced by a three-cornered system of government support which depended on the mutual incompatibility of the two "tolerant" partners which kept the minority government in suspended animation. This unstable equilibrium collapsed when the BJP challenged the government. In the subsequent elections (1991) the BJP gained from this challenge and the Janata Party (JP) was badly defeated. But the Congress party also made some headway. The polarisation effect heralding the emergence of a two-party system seemed to be obvious. One could have expected that this trend would continue at the time of the next elections. But instead of this the regional parties came into the limelight. The BJP had become the strongest party and was accordingly invited by the President to form a government, but it was as yet unable to recruit a sufficient number of allies so as to form a coalition government.

**Table 1: Distribution of Seats in the Indian Parliament (Lok Sabha) 1984-1998**

Year	Seats (total)*	Congress	BJP	JP	Cong.+BJP+JP (%)	CPI	CPM	Others**
1984	515	405	2	10	81%	6	22	70
1989	529	197	86	142	80%	12	33	59
1991	495	220	117	54	79%	11	35	58
1996	537	136	160	43	63%	11	32	155
1998	547	141	179	1	58%	9	32	185

\* The numbers listed here refer to the seats for which valid election results were declared; in 1989 elections in Assam and in 1991 in Punjab had to be postponed.

\*\* This includes independents and numerous regional parties which are often represented in only one of the federal states (e.g. Telugu Desam in Andhra Pradesh etc.).

**Table 2: Percentages of the National Vote, 1984-1998**

Year	Congress	BJP	JP	Congress +BJP+JP	CPI	CPM	Others
1984	48.0	7.4	6.7	62.1	2.7	5.7	29.5
1989	39.5	11.5	17.7	68.7	2.6	6.5	22.2
1991	36.6	20.0	10.8	67.4	2.5	6.1	24.0
1996	28.8	20.3	8.1	57.2	2.0	6.1	30.7
1998	26.4	26.0	3.3	55.7	1.8	5.3	37.2

It is well known that the prevailing election system usually rewards the winner with a higher percentage of seats than what would be due to him if the distribution of

seats would follow a strictly proportional system. The options in this game are either a massive national presence, contesting all seats, or a strategic concentration on strongholds. Electoral alliances can also help in this respect. A comparison of the number of seats presented in Table 1 with the percentage of the vote listed in Table 2 shows the benefit derived from electoral alliances very clearly. Congress and the BJP gained about the same percentage of the national vote in 1998, but the BJP won 38 more seats than the Congress. The electoral alliances of the BJP with several regional parties obviously contributed to this success. In 1989 the JP had profited from electoral alliances in a similar way. While it got only 17.7 per cent of the national vote it won 26.8 per cent of the seats. The other road to success, the massive national presence, was demonstrated for the last time by the Congress in 1984 when it gained 48 per cent of the vote but won 78.6 per cent of the seats.

The smaller parties listed under "Others" have been underrepresented in all the five elections mentioned above. For them the relation between the percentage of the vote gained and that of the seats won has been as follows: 1984 29.5/13.5, 1989 22.2/11.1, 1991 24/11.7, 1996 30,7/28.8, 1998 37,2/33.8. The under-representation was massive from 1984 to 1991 and rather slight in 1996 and 1998. If one only looks at the number of seats won by "Others" one tends to view their emergence as an extraordinary phenomenon of the recent elections. But an analysis of the votes gained by "Others" indicates that they have always attracted a considerable percentage of the national vote. It would be interesting to find out in detail to what extent the electoral alliances of the BJP with regional parties has helped them to "surface", i.e. to convert their share of the vote into a commensurate share of the seats. In order to remove the Congress from its pedestal as the dominant national party, the BJP had to mount a two-pronged attack: challenge the Congress directly in constituencies where this was possible and help "Others" to dislodge the Congress where the BJP was not yet strong enough. This has worked well, though at the cost that "Others" have also come into the limelight.

The new trend of political development established by the distribution of seats after the 1996 election would indicate a rise of federal coalitions based on regional parties and a reduced role of national parties such as Congress, BJP and JP. Whereas these three national parties had won about 80 per cent of all seats in 1984, 1988 and 1991, their share dropped to 63 per cent in 1996. The decline of the Congress party which still remained the most important party in terms of its nation-wide spread was particularly ominous in this respect. The JP lost its national stature and was reduced to a regional party, having strongholds only in Bihar and Karnataka. The BJP had its strongholds in five North Indian states and could not yet claim to be a truly national party. The 1998 elections further accentuated the trend towards regionalisation. The JP broke up into several state units which contested the elections under new names. One of them is the Rashtriya Janata Dal in Bihar, another the Lok Shakti of Karnataka. The BJP extended its nation-wide spread beyond its five Northern strongholds, particularly by winning 13 seats in Karnataka and getting 3 seats in Tamilnadu. But in general terms the verdict of the electorate was as uncertain in 1998 as it had been in 1996. Moreover, the share of the seats of the parties listed under "Others" increased from 29 per cent in 1996 to 34 per cent in 1998. There were 34 parties in

this category, 11 of which captured only one seat each. The number of seats contested by such small parties was also very limited. Only the biggest of them, the Samajwadi Party contested 163 seats and won 20 of them.

**Table 3: Number of parliamentary seats held by 8 major parties\* in 17 Indian states\*\* (1998)**

	BJP	Congress	CPM	SP	ADMK	RJD	SAP	TDP
Andhra P.	4	22						12
Assam	1	10						
Bihar	19	5				17	10	
Delhi	6	1						
Gujarat	19	7						
Haryana	1	3						
Himachal P.	2	1						
Karnataka	13	9						
Kashmir	1	1						
Kerala		8	6					
Madhya P.	30	10						
Maharashtra	4	33						
Orissa	7	5						
Panjab	3							
Rajasthan 5	5							
Tamilnadu	3				18			
Uttar P.	57			20			2	
West Bengal	1	1	24					
Total (17 states)	176	121	30	20	18	17	12	12
Total India	179	141	32	20	18	17	12	12

\* The 8 major parties are those which have captured 12 seats or more: Bharatiya Jananta Party, Congress, Communist Party (Marxist), Samajwadi Party, All-India Anna Dravida Munnetra Kazhagam, Rashtriya Janata Dal, Samata Party, Telugu Desam Party.

\*\* The list of states excludes smaller states such as Goa, Mizoram, Nagaland etc., and Union Territories under the administration of the central government.

Table 3 showing the state-wise election returns of 1998 for all parties which gained at least 12 seats illustrates the trend towards regionalisation even more strikingly. The CPM, with 32 seats third in rank among Indian parties, is of importance only in West Bengal and Kerala, the Samajwadi Party, fourth in rank, is restricted to Uttar Pradesh, the ADMK, fifth in rank, is by definition a Tamil party, the RJD, sixth in rank, has its only stronghold in Bihar and so does the SAP, seventh in rank which holds 10 seats there and only two additional ones in neighbouring Uttar Pradesh. Finally the TDP, eighth in rank, is by definition restricted to Andhra Pradesh.

In some states the 1998 elections led to surprising results which completely upset earlier political calculations. One of these surprises was the Congress comeback in Maharashtra where the BJP in coalition with a local party, the Shiv Sena, was in charge of the state government. Sharad Pawar, the Congress leader and Ex-Chief Minister of Maharashtra thus promptly emerged as the leader of the Congress party in Parliament. The other surprise was the comeback of the All-India Anna Dravida Munnetra Kazhagam (AIADMK) led by Ex-Chief Minister Jayalalitha in Tamilnadu. In the 1996 elections when both parliamentary elections and state assembly elections were held simultaneously in Tamilnadu, the AIADMK had been wiped out. It had lost all its seats in the Lok Sabha where it used to be an ally of the Congress party, as well as in the state assembly where it was opposed by the regional branch of the Congress party. In fact, this branch had severed its connection with the Indian National Congress and had adopted a new name, Tamil Maanila Congress (TMC), due to its difference with the national leadership concerning Jayalalitha and her party. The TMC had bagged 20 parliamentary seats in 1996 and had thus become a major partner of the United Front government. In 1998 this situation was completely reversed, the TMC retained only 3 seats whereas the AIADMK won 18 seats. Jayalalitha had concluded an electoral alliance with the BJP which, as was mentioned before, won 3 seats in Tamilnadu. Nevertheless, after her spectacular success Jayalalitha behaved as if she could act as a king-maker on the national scene by either supporting or forestalling a BJP-led government at the centre.

A third important regional factor in the national equation was the Telugu Desam party (TD) of Andhra Pradesh. It had won 16 out of 42 parliamentary seats in its state in 1996 and its leader, Chandrababu Naidu, heads the state government. He had been the convener of the United Front and had thus played a decisive role in national politics. In 1998 the TD captured 12 seats. With the United Front defeated and state elections to be faced in the future, Naidu was between the devil and the deep sea when it came to make his choice at the national level. Both national parties were bound to challenge him at the state elections. He therefore announced that he would adopt a policy of equidistance between the Congress and the BJP and that he would vote neither for nor against the BJP if it was invited to form the government at the centre. Eventually the TD-parliamentarians voted for the BJP, but before that happened Naidu, the erstwhile king-maker, had a hard time in performing his equidistant exercises.

### **The Composition of the New Government**

Keeping the verdict of the electorate in mind, one can imagine how difficult it was to form a government under such adverse conditions. Moreover, the President had learned a lesson from his predecessor's predicament in 1996. At that time the President had simply invited A.B. Vajpayee as leader of the largest party to try his hand at forming a government. After being sworn in as Prime Minister, Vajpayee had resigned even before facing the vote in the House, because he could not find enough coalition partners. This time the President demanded documentary proof of the required support (272 members) in advance. The BJP had concluded electoral pacts with a series of small parties. Now Vajpayee had to see to it that they would give

him letters of support. He had to line up at least 93 parliamentarians in addition to the 179 of his own party. When he had to report to the President on March 12 he could only assure him of the support of 240 members. Jayalalitha had not yet sent in her letter of support and had made the most of keeping Vajpayee on tenterhooks. She made all kinds of statements, once indicating that she would not mind participating in the government, then again promising outside support only. She had also staked high claims for ministerial positions as well as asking for the dismissal of the Tamilnadu government run by her rivals. Finally she climbed down and was satisfied with 2 positions in the cabinet and 2 ministers of state. But there was no doubt left that this government would be at her mercy. Of course, she would not want to forgo a share of power at the centre because she has to defend her position in Tamilnadu where her rivals would be only too eager to prosecute her on charges of corruption.

Vajpayee's other allies were less troublesome than Jayalalitha, but they also had to be accommodated. George Fernandes, leader of the small socialist Samata Party which had won 12 seats became defence minister. Ramkrishna Hegde of the Lok Sakti which had won 3 seats was appointed Commerce Minister. He had once been Chief Minister of Karnataka for the Janata Party and had subsequently been sidelined by H.D. Deve Gowda who became Prime Minister of the United Front government. Hegde then broke away from the JP and established his own little party. But as a prominent politician who had opted for supporting the BJP, he could not be neglected. Another new ally of the BJP is the Trinamul Congress of West Bengal led by the firebrand Mamata Banerji. She had all along been a fiercely anti-communist Congress leader in her state. When she fell out with the Congress leadership she founded her own party and befriended the BJP. "Trinamul" stands for "grassroots" and denotes that this party is supposed to be closer to the people than the old Congress. Only 7 members represent this party in the Lok Sabha. It did not join the government and opted for outside support. The Shiromani Akali Dal with 8 seats sent S.S. Barnala into the cabinet who had once been Chief Minister of the Panjab. The ambitious Shiv Sena of Maharashtra which had contested 79 and won 6 seats was also given a berth in the cabinet. There are also three prominent independents among the ministers: the pugnacious Bombay lawyer Ram Jethmalani and the Ex-Congress Minister Buta Singh in the cabinet and Maneka Gandhi, the widow of Sanjay Gandhi, as a minister of state.

Having to accommodate so many allies the BJP had to be satisfied with 10 of the 21 posts in the cabinet and 14 of the 21 posts of ministers of state. The "classical" ministries, Home, Finance and External Affairs, were kept firmly in the hands of the BJP. Lal Advani, the BJP-President and the real power behind the throne, opted for the Home Ministry which gives him control over the police. He will thus be the guardian of law and order. For the Finance Ministry the BJP selected an ex-civil servant, Yaswant Sinha, who had briefly served as a minister in the minority government of Prime Minister Chandrashekar (1990/91). The Ministry of Human Resources Development, the erstwhile education ministry, is headed by M.M. Joshi as cabinet minister and Uma Bharati as minister of state. This indicates that the BJP is eager to make a mark in national education as both these ministers are known to

be BJP-hardliners. The same is true of Sushma Swaraj who is the cabinet minister of Information and Broadcasting thus controlling the media, a field which the BJP wishes to dominate. Vajpayee combines the position of External Affairs Minister with that of the Prime Minister, as Jawaharlal Nehru used to do.

While the formation of the government revealed no unexpected features and was characterised by a restraint of the BJP in claiming ministerial positions, the new government soon surprised the nation by a totally unprecedented move: all governors were asked to resign and most of them were immediately replaced by BJP-men. The governors are appointed by the central government and thus this action was within the four corners of constitutional law, but it certainly deviated from established conventions. Of course, the BJP had been provoked by an equally "unconventional" move of the Governor of Uttar Pradesh, Romesh Bhandari, who had toppled the BJP-government of this state in the midst of the election campaign, swearing in a new chief minister who had served as a minister in that government but then claimed that he was supported by a majority of the assembly. This farce was soon terminated by a judicial verdict and the governor should have been dismissed. The President wished to do this, but he needed the consent of the central government which dragged its feet because one of the cabinet ministers was involved in this coup. That the new government would wish to dismiss this particular governor was understandable, but dismissing all of them seemed to be an "overkill". The hidden agenda behind it may be that the new governors could be helpful in toppling state governments headed by the rivals of the BJP. Developments in the near future would show whether this is true. From the discussion of the composition of the central government we know that it contains several ministers who would gladly support the dismissal of the government of their home state.

When asked about the criteria for selecting the new governors a senior party member of the BJP admitted that the appointments had been made "keeping in view the dedicated service of the persons to the party". Some of the new governors are ex-civil servants or retired army officers, but even some of those have previous links with the BJP. In one conspicuous case the incumbent was retained: P.C. Alexander continued to be Governor of Maharashtra, because the state government consisting of a coalition of the BJP with the Shiv Sena had recommended this. Uttar Pradesh, India's most populous state, was entrusted to Suraj Bhan, the former deputy speaker of the Lok Sabha. A senior BJP-leader, Sundar Singh Bhandari, was sent to Bihar, a state in which a change of government may be imminent.

### **Internal Affairs and Indian Federalism**

The real test of the BJP-led government will come in the field of internal affairs and it is for good reasons that Lal Advani has seen to it that he is in charge of the Home Ministry. He is an experienced agitator and he knows how to bring down a government, now he has to show that he also knows how to keep a government in power. Given the tenuous base of this power this means making compromises and postponing the implementation of some points which have been high on the BJP-agenda. One of these points is the introduction of a uniform civil code which would also



apply to Indian Muslims who have so far been permitted to follow their own Islamic injunctions concerning matters of marriage and divorce, inheritance etc. The Hindu law had been reformed by Jawaharlal Nehru, but he had not dared to touch Muslim law so as not to offend the Muslim community. In this way he had also secured the Muslim vote for the Indian National Congress. This policy has been defended in the name of secularism, but the BJP has criticised this as pseudo-secularism.

Under the prevailing election system the Indian Muslims have no chance if they would wish to rely on a Muslim party which would never be able to get a seat in the Lok Sabha. With the exception of Kashmir the Muslims are a diaspora community in India. However, with about 11 per cent of the total population they constitute an important vote bank. The Congress used to profit from befriending them earlier, but they then shifted their support to the JP and latterly to the Samajwadi Party, but certainly not to the BJP. The BJP claims some Muslim support and has even appointed a Muslim cabinet minister, Sikander Bakht, but according to election surveys only about 7 per cent of the Muslims voted for the BJP. It is highly unlikely that the BJP will go ahead with the imposition of a uniform civil code under the present conditions. But it is difficult to make any predictions here. Feeling strong after "going nuclear", the BJP may well go ahead with this point of its party programme, too.

Another crucial problem is the support of the Dalits (Untouchables) and the so-called Other Backward Castes (OBC). They have earlier been in the Congress fold. The President of India, K.R. Narayanan, who used to be a Congress minister, is the first Dalit to occupy this high office. The OBC is a new category which came into the limelight when V.P. Singh resurrected the recommendations of the Mandal Commission Report which had promised reservations of government posts also to such castes which are not Dalits but feel themselves equally suppressed by the upper castes. This was a special problem of Northern India because in Southern India the OBC had long since captured political power. V.P. Singh had thought of favouring the OBC as a move to check the advance of the BJP. Actually he himself had helped the BJP to increase its strength by the electoral pact of 1989, but then he had turned around and had pitted the OBC against the upper caste BJP. In 1990 several young men of the upper castes had immolated themselves as the positions open to them in government service were dwindling due to OBC-reservations. The BJP was quick to cash in on this upsurge against V.P. Singh's policy, but it was careful not to attack the OBC and rather played the Hindu card, stressing national solidarity. After all, the BJP was also having an eye on the OBC-electorate and did not wish to get stuck with the image of an upper caste party. As the election results have shown, the BJP has been quite successful in following this line. In this way it has also been able to make inroads into the South where the upper castes are a small minority and the OBC are very numerous. Election surveys have shown that the BJP has attracted a considerable portion of the OBC vote in 1998 whereas the Dalits have mostly voted for the Congress party. The policy of the BJP-led government will be aimed at coopting OBC and Dalits even at the risk of alienating its original upper caste clientele. The upper castes have nobody else to turn to but the BJP and therefore their support can be taken for granted.

The BJP also has to come to terms with Indian federalism by trying to capture power in more federal states and by forgetting about its earlier centralism. The precursor of the BJP, the Bharatiya Jan Sangh, wanted to abolish federalism altogether and to establish India as a unitary state. It also wanted to go ahead with Hindi as a national language. Actually Hindi is the national language according to the constitution, but its imposition has been resented by the South. Therefore all central governments have been going slow on this and the BJP-led government will have to do the same, the more so as it has just begun to get a foothold in the South. Indian federalism still shows the traces of its colonial origin. The British introduced it in 1935 by granting "provincial autonomy" while at the same time keeping imperial control firmly in the hands of the Viceroy and his council. The Viceroy could also suspend "provincial autonomy" in one or more provinces and this has become "President's Rule" in independent India. Critics have long since argued that this is incompatible with genuine federalism. But central governments have all along been very reluctant to relinquish this powerful instrument. The United Front government which was in fact a federal coalition could have been expected to abolish "President's Rule", but it failed to do so. Its precarious position did not permit such a bold measure. The BJP will certainly not abandon this instrument and it will be interesting to watch which state will be the first target of its application under the new dispensation.

Another important aspect of Indian federalism is the distribution of financial resources. The scheme of allocating taxes to the centre and the provinces under British rule was designed so as to leave static taxes such as the land revenue to the provinces while keeping dynamic ones like income tax and customs in central hands. The income tax was finally shared 50/50 between the centre and the states, but customs remained a central revenue. Independent India adopted this imperial heritage. As long as India followed a protectionist regime, import duties were not a great source of revenue income, but when external trade was liberalised under Rajiv Gandhi, the income from import duties soon dwarfed all other income of the central government. Much of this was spent in the wrong way by creating more jobs in the public sector which are at present a great burden for the Indian economy. Looking at the increasing income of the centre the federal states clamoured for a greater share of the growing cake, but they did not get it. The only way of getting more was by overspending and then waiting for the centre to bail them out. This is, of course, no healthy approach to federal finance. Again, the United Front government could have been expected to change the ground rules and to put federal finance on a sound foundation, but it did not do anything about it before it was unceremoniously scuttled. The BJP with its original centralist bias can hardly be expected to become federalist now. It will therefore stick to the existing arrangements and defend them in the name of national unity.

### **The Conduct of Indian Foreign Policy**

India's foreign policy had so far been characterised by a high degree of continuity. Changes at the helm of external affairs had never meant a new departure in policy making. This was also true of Vajpayee's term of office (1977-1979). He was at that time a pioneer in trying to normalise relations with China and was snubbed by Deng

Xiaoping who started a war against Vietnam when Vajpayee visited China and then even compared that war to the one which China had waged against India in 1962. Presumably Vajpayee has not forgotten this experience, but this does not mean that he would now adopt a vindictive stance towards China. However, he did not contradict his Defence Minister, George Fernandes, who said that China constitutes a bigger threat to India than Pakistan. Interpreted with the benefit of hindsight, this statement was obviously meant to prepare the ground for India's nuclear tests, whereas at the time when it was made it appeared to be an uncontrolled outburst characteristic of Fernandes' temper.

The Gujral Doctrine of maintaining good relations with India's neighbours was a hopeful sign. Whether the BJP-government will wish to continue this policy remains doubtful in view of recent events. Probably it will feel more comfortable with the old posture of talking to India's neighbours from a position of demonstrable strength. A crucial issue will be India's relations with its Muslim neighbours. The BJP cannot hide the fact that its basic ideology is Hindu nationalism, but it can do a great deal by emphasising that this nationalism is not an aggressive one and that its main aim is to foster internal solidarity rather than hostility to other nations. Of course, there is always the danger of conjuring up an external threat in order to strengthen internal solidarity. It is to be hoped that the new government will not be tempted to follow such a line.

Before the BJP came to power it used to state that India would go nuclear once the BJP was able to decide this matter. Apprehensive observers were pleased with a statement on this issue which the Prime Minister made after assuming office. He only repeated the assertion that India should keep its nuclear option open and thus endorsed what his predecessors had said earlier. It seemed that the BJP in office would realise that it is better to maintain the policy of "nuclear ambiguity" than to face the costs of actually going nuclear. These costs can be specified in economic terms as a deployment of nuclear warheads and the maintenance of a delivery system would burden the Indian budget enormously. Moreover, there would be the diplomatic cost of isolation. An economic and diplomatic cost/benefit-analysis would certainly show that "going nuclear" does not pay.

It seems that the preparations for the recent tests were made in 1995 under the Congress government. A contingency plan produced at that time is supposed to have stated that the decision of going nuclear would delay India's economic progress by five to ten years. Probably the preparations made in 1995 were supposed to enable India to go nuclear if and when Pakistan would conduct such tests. The economic crisis faced by Pakistan in recent months did not seem to permit such tests. Therefore nobody expected India's five underground nuclear blasts of May 11 and 13, 1998 which even included a hydrogen bomb. Unlike in 1974 when a single blast at the same site in the Rajasthan desert was termed as that of a "nuclear device" as a test for the peaceful use of atomic energy, the present blasts were openly referred to as tests of atomic bombs with a view to ascertain their use for different types of weapons. Vajpayee in making this announcement congratulated the Indian scientists who had conducted these tests. If the tests had been conducted as a reaction to a Pakistani test, such an announcement would have been understandable. But now the

BJP took on the responsibility of acting as a pace-setter in this field, forcing Pakistan to take up this challenge. Those Indians who had voted for the BJP in full knowledge of its nuclear programme obviously felt elated by the blasts. Observers who still see India as a nation that claims Mahatma Gandhi to be its "Father" can only feel sad at this turn of events. Gandhi once referred to the atombomb as "the violence of the cowards" but the leaders of the BJP probably think of themselves as brave champions of India's national honour. The new political regime has dropped its "convenient mask" although Vajpayee still heads the government.

The major touchstone of Indian foreign policy is, of course, the relationship with Pakistan. In this respect, a BJP-led government seemed to have an advantage. Some Pakistani policy makers have said that they would rather deal with a BJP-government than with any other Indian government. Whether they still think so after the nuclear blasts remains to be seen. Stymied by the threat of American sanctions which would precipitate Pakistan's bankruptcy, its leaders at first seemed to hesitate to go nuclear immediately. But the pressure to match India's performance and to achieve parity with India in this way were obviously greater than any considerations of financial prudence. India's brinkmanship was perhaps not aimed at letting Pakistan go bankrupt in this way, because India could not be interested in having a bankrupt neighbour. But whatever India's leader may have thought when going nuclear, they obviously did not worry about the stability of the region. Some Western security analysts now envisage a scenario of open mutual deterrence between India and Pakistan like that which prevailed between the two superpowers during the Cold War. The Cold War was not a cosy affair and became finally an economic war of attrition which ended with the bankruptcy and disintegration of the Soviet Union. It is therefore not exactly an attractive model for the future relations between India and Pakistan. Moreover, some of the elements which prevented a nuclear escalation of the Cold War such as Europe as an intervening factor and the long distance separating the superpowers from each other do not exist as far as India and Pakistan are concerned. They are next-door neighbours and any "misguided" missile may trigger off a nuclear holocaust. The fall-out of the coming to power of a new political regime in India cannot yet be fully examined. The prospects for regional stability are dim unless both India and Pakistan now sign the NPT and CTBT after having demonstrated their nuclear credentials. But the economic "fall-out" will not be easily controlled.

India's friendship with Russia will probably not be affected by the change of government in India. Even in the days of the Soviet Union this friendship was not based on any ideological affinities but on national interest. There is no reason that this relationship will no longer be perceived in this way by both partners. The nuclear blasts have been criticised by President Yeltsin, who felt that India had let him down. But he will not do anything about it, the more so as he faces urgent problems at home.

The relations between India and the USA have always been problematic. American policy-makers never had an abiding interest in South Asia and looked at the sub-continent from the point of view of their immediate security concerns. Thus they would support a "front state" Pakistan whenever that was convenient and forget

about South Asia when they were busy elsewhere. American security perceptions are also swayed by fashions. John Foster Dulles pontificated at an early stage that the Hindus of India may be taken in by the Communists. Islam was then seen as a bulwark against Communism. In recent years the scare of Islamic fundamentalism has made the American look for allies in other places. Samuel Huntington's "Clash of Civilisations" is a recent case in point. Seen in this light, Hindu nationalism may now qualify for special American attention in a quest to combat Islamic fundamentalism. This would be an extremely dangerous tendency and it is to be hoped that no Indian government will be impressed by this new American fashion. At present there is anyhow no prospect of a special Indo-American friendship. The American reaction against the nuclear blasts was predictable. President Clinton was obliged by law to impose sanctions. The Indian government must have been aware of this and obviously did not mind snubbing the United States. The unfortunate consequences of this confrontation will be felt in the economic field. But since India is not yet as much integrated into the world economy as the advocates of liberalisation had wanted it to be, American sanctions will not hurt India very much, but they would encourage all those who harp on "self-reliance". Thus India's reaction to American sanctions may be more important than the sanctions themselves.

### **The Economy: "Swadeshi" versus Liberalisation**

In the days when the Congress was wedded to socialism, the BJP projected itself as a protagonist of liberalisation. When the Congress adopted liberalisation as its new economic creed it stole the thunder of the BJP and made it look for other ways and means of regaining an economic profile. Actually some Indian industrialists who are afraid of increasing international competition would be allies of the BJP if it advocated a more cautious economic policy. Indian industry had after all grown up in a period of protectionism favouring import substitution and breeding export-pessimism. The chances of exporting quality products were small with this background whereas the danger of losing out to imports of foreign goods was looming larger as liberalisation progressed. The venerable term "swadeshi" was resurrected in this context. In the days of the freedom movement this had been the message of those who wished to get along without British goods replacing them with those made in India (swa=own, desh=country). Due to this heritage, the term "swadeshi" has an emotional political content and reflects much more than mere economic calculations.

Even before the elections of 1996 the Congress politicians had lost the courage of their convictions and had eliminated the word "liberalisation" from their vocabulary. They merely referred to "economic reforms" which sounded somewhat non-committal. This did not help them in scoring points in the election. On the contrary, it put them on the defensive. In this political atmosphere the BJP could not be expected to reclaim their earlier initiative in advocating liberalisation. An emphasis on "swadeshi" was more attractive. This did not mean that anybody wanted to abolish the reforms introduced so far. But the momentum was lost. The pace set in the years from 1991 to 1993 was not kept up. The political instability ushered in by the elections of 1996 contributed to a further slowdown of the urge for reforms and finally

also to a reduction of economic growth. The recent nuclear blasts will further restrict the momentum of economic reforms, their negative "fall-out" will actually provide a good excuse for the government, because sanctions imposed by foreign powers can then be blamed for anything that goes wrong with the Indian economy. The first BJP-budget presented on June 1, 1998 showed no attempt at attracting foreign capital in order to balance the negative effect of economic sanctions. The Finance Minister stated that he did not expect any impact of such sanctions but nevertheless earmarked Rs. 57 billion in the budget as a contingency fund to be drawn upon if the sanctions do come into effect. He also raised the amount allocated for defence expenditure by 14 per cent and indicated that he may have to provide even more funds for this purpose. All commentators spoke of a "swadeshi"-budget. In view of the emphasis on defence expenditure one may even call it a defiant budget which conveys a message to the world that India could not care less about credit ratings and other expressions of international disapproval of its policy.

India's slowdown in recent years has prevented it from getting involved in the Asian crisis. The Indian elephant lumbered on while the Asian tigers licked their wounds. The Asian crisis was not caused by the profligacy of governments but rather by the carelessness of foreign investors and Asian businessmen who spent borrowed money recklessly as long as the going was good. The avalanche of devaluation precipitated by the advice of the IMF then made matters worse. Actually the IMF which acts as a fire-brigade on behalf of international creditors shot itself in the foot by giving this advice, because devaluation increased the burden of debt and this required a massive bailout which stretched the resources of the IMF to the limit. The fact that India was not yet institutionally prepared for absorbing foreign investment in the same way as the Asian tigers shielded it from the impact of the crisis. Moreover, India's export earnings from goods produced at low wages are not yet of such dimensions that a competitive devaluation would be required so as to face the challenge of the exports of the Asian tigers. And last but not least devaluation would make imports more expensive. This may be helpful if the import bill includes many items which are not of immediate need for the economy, but India's major imports are petroleum and investment goods. This means that the import bill could only be curtailed by sacrificing economic growth. The new government would probably just hold the line and refrain from making major changes in economic and monetary policy. Whether liberalisation could be encouraged once more after the current problems have been overcome depends on many conditions which cannot be discussed here in detail. One point which may be stressed here is that previous governments have conceived of liberalisation mainly in terms of macro-economic reforms. India now needs institutional reforms in many different fields. It has to be seen whether the new government can make headway in this respect.

## **Future Perspectives**

As mentioned in the beginning, India has witnessed the rise of a new regime, and the recent nuclear blasts have shown, that in spite of the uncertain verdict of the electorate and the precarious nature of coalition politics, the party in power will do whatever it thinks fit. We may now try to speculate what kind of future courses of

development may be in store for India. One scenario would be that of a collapse of the government due to its precarious support by allies whose loyalties cannot be taken for granted. For the time being these allies are kept in line, because they have no other option. The Congress is not in a position to attract these allies at present. Of course, an ally - particularly a regional party - may withdraw when it feels that it does not need the support of the BJP any longer for settling its scores. If Jayalalitha, for instance, sweeps the assembly elections in Tamilnadu and re-emerges as a powerful chief minister she would be able to drive another hard bargain, eventually even toppling the central government and looking for partners elsewhere.

Another scenario would be that of the survival of the BJP-led government for the full length of its term. If the electorate then feels that the BJP has done well it may give it a better mandate, but it may also turn against the government due to the pendulum-effect which has characterised many elections in India. In this case the Congress may stage a comeback, but this depends on its ability to renew its vigour while spending a full term in the opposition. The BJP may feel tempted to pre-empt such a Congress-comeback by precipitating an early election at a time when it feels strong. But the Indian people may resent another premature election and thus the Congress may get enough time to put its house in order. The Congress has been beset with many ailments in recent years, one of them has been a lack of leadership. Electing old Sitaram Kesri as Congress President was obviously a stopgap arrangement, replacing him with Sonia Gandhi is another one. Sending Sonia Gandhi to the front in the recent election campaign instilled some new vigour in the otherwise rather dejected party ranks, but it probably made hardly any difference as far as capturing seats was concerned. Whether Sharad Pawar as new leader of the Congress party in Parliament can rejuvenate his party remains to be seen. Moreover, the Congress would have to beat the BJP at the game of wooing allies. Coalition politics has come to stay and the Congress would have to stoop to conquer if it wishes to come to power once more. If the small parties which are at present coalition partners of the BJP feel that they are going to be absorbed by the major partner they may opt for a Congress-led coalition to save their skin. Of course, some of them may actually merge with the BJP if their leaders think that this will help them to remain in power. The political situation with regard to these small parties is extremely fluid and predictions of their behaviour are very difficult.

If the present trend towards regionalisation as exemplified by the increase in the category "Others" to about one third of the parliamentary seats continues, there may emerge a scenario in which the two national parties - the Congress and the BJP - will occupy only one half of the parliamentary seats while the other half is filled by highly fragmented "Others". In fact, in terms of the percentages of the national vote those two parties even at present account only for 52 per cent. If they are cut down to size, i.e. their number of seats would be more or less equal to the percentage of the vote gained, a new situation could arise. The Congress has already been cut down to size in the 1998 election, this could very well happen to the BJP in future elections. Coalition-building would then require great skill and small parties could drive hard bargains. A new generation of politicians may be better equipped to deal with such problems than those who are used to the old style of politics. However,

the tasks of the future, especially economic development based on institutional reforms, would require not necessarily a strong but a stable government. Economic prosperity and the alleviation of mass poverty does not require constant bureaucratic intervention but clear guidelines and predictable action both by government and the private sector. India's human resources are of enormous dimensions both in quantity and quality. The future would be bright, if they could be used well.

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