

## Two Parties, One Vision

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As the Congress begins a process of transition in which Rahul Gandhi is likely to take the reins of the party both within and outside government, the question as to where he is likely to take the organisation is bound to be raised. In particular, would the stand of the Congress on issues of economic importance be identifiably different from its principal opponent, the BJP? Till the late 1960s the agenda of the then left-of-centre and nationalist Congress was clearly different from the right from which the BJP emerged. Over time, however, that distinction has blurred, with the practice of the Congress even in the social and political arena proving that it was reactively or proactively adopting positions approaching that of the BJP. That tendency towards partial convergence appears to be the strongest when it comes to economic policy and the future development trajectory of the country.

This convergence is not the result of the Congress embracing a well-defined economic programme advocated by the BJP. In fact, till the 1980s, it was the Congress that had a well-defined programme, even if its actions on more than one occasion diverged from some of the fundamentals elaborated in that programme. On the other hand, the BJP's economic programme was largely subordinated to the needs of its communal agenda. It was only because those of its spokespersons who were ideologically with the RSS sought to embellish that agenda with a "nationalist" Hindutva tinge that there was on occasion an anti-foreigner tone to its statements.

The ambivalence of the BJP on economic issues can be traced to its original predecessor the Jan Sangh. To quote an assessment made by historian Bipan Chandra of the Jan Sangh's economic ideology: "The Jan Sangh, as a communal party, could not be defined by its economic and political policies, since it could change them with how the wind blows, without hesitation. It did, of course, have an economic programme, foreign policy, etc, but they were not of much relevance to its politics apart from serving its demagogic purposes. For example, it was initially opposed to the Nehruvian economic policies and quite pro-private enterprise. But, later, it adopted quite a radical economic programme befitting a petit bourgeoisie-based 'national-socialist' type party. It then championed a mixed economy based on planning and public sector, the latter controlling the commanding heights of the economy. It also supported zamindari abolition, land ceilings and land to the tiller... For the Jan Sangh, all its economic and political positions were merely formal. The issues which really mattered and on which the party and its members concentrated and exerted themselves were very different, namely communal questions."

The tendency to go with the wind was most obvious when the BJP came to power in 1998 and then in 1999 at the head of the NDA-based government largely on an aggressive Hindutva agenda. Rather than reverse the programme of neoliberal reform initiated originally by the Congress under Narasimha Rao in 1991, the party chose to carry forward that agenda and took credit for heralding a regime that delivered double-digit GDP growth within a market-friendly framework. That initiated a trend in which neoliberalism remained the dominant ideology whether it was the Congress (now at the head of the UPA) or the NDA that was in power. Though the subsequent return to power of the Congress was based on a radical election campaign that

exploited the disillusionment with the BJP's "India Shining" slogan, it continued with the neoliberal reform programme. Economics, advocates of neoliberal policies argued, had been freed from the uncertainties of domestic politics.

The surprise elevation of Manmohan Singh to Prime Ministership in 2004 only consolidated this tendency. During the two terms in which he had effective control over the government, his consistent effort has been to implement a wide-ranging neoliberal agenda - to take forward as it were the policy he, in a different avatar, had helped launch under Narasimha Rao in 1991. The issue was not whether a rapid neoliberal transition was required, but how in a world in which the Congress had no option but to govern as the leader of a coalition, that agenda can be pushed through without upsetting diverse allies. The UPA's first term when it relied on outside support from the left was a mix of neoliberal reform and more radical programmes such as the National Rural Employment Scheme. But later during that tenure and especially in its second tenure, the emphasis on high growth, driven according to the government, by "reform" characterised the UPA as well. The Prime minister has been able to have his way on issues ranging from foreign investment in insurance and multi-brand retail to cash transfers as substitutes for subsidies. Not surprisingly the constant refrain has been that it is not for lack of willingness but because of the absence of political space within a coalition that the Manmohan Singh government has had to implement its neoliberal reform programme at a pace slower than what domestic and international business, besides developed country governments, would have liked.

Yet, the fact that the UPA government has been able to implement its agenda, however slow the pace, is indeed remarkable. In the transition from Independence through bank nationalisation to the neoliberal 1990s, one feature of the Congress noted by political analysts, was the breakdown of the Congress party apparatus and the loss of its post-Independence character as a mass organisation with strong regional and local leaders. In the highly centralised structure that took its place, political success depended on the use of populist policies, radical rhetoric, charisma and/or the Nehru-Gandhi title to garner voter support. This makes a neoliberal agenda politically inconvenient inasmuch as it militates against populism in practice.

Moreover, the two terms of the UPA have seen the neoliberal agenda being discredited in most of the world. Latin America has seen the coming to power of governments based on campaigns and programmes explicitly criticising that agenda, and registering progress with a more radical alternative. The crisis of 2008 has made clear the dangers of a liberalised and poorly regulated financial sector. And the unresolved crisis in Europe is questioning the fundamentals of the fiscal reform programme favoured (though not fully implemented) by the UPA. But the government has clearly not been willing to learn.

What then explains the political success of the Congress as reflected in its ability to win two terms at the head of a UPA coalition? To an extent a division of labour between the Prime Minister pursuing a neoliberal agenda and a Congress President, in the person of Sonia Gandhi, spewing quasi-radical rhetoric helps. This did play a role in the 2009 elections, though the fact that the Prime Minister was forced to announce and begin to implement schemes like the National Rural Employment Guarantee Act was also crucial.

But the Congress was also helped by the fact that the main opposition parties, besides being disunited and in some cases in disarray, were either also wedded to neoliberalism or were not against it ideologically speaking. This is particularly true of the principal party in the national opposition, the BJP. While often making the case that it was against allowing competition from foreign multinationals to undermine Indian firms, the BJP has adopted a more ambivalent position on liberalisation. Its manifesto for the 2009 elections called for "full liberalisation and calibrated globalisation" arguing the following: "The Government and Indian industry need to evolve a consensus on the time span required to enable our industries to adjust to the exacting demands of international competition. It means rapid, large-scale internal liberalization, but calibrated globalization so that the Indian industry gets a period of seven to ten years for substantial integration with the global economy. On the basis of this consensus, the Government and the industry should work out a strategy to create an atmosphere of international acceptability and manage external relations, particularly with the WTO."

But even on external liberalisation the BJP has not been wanting. Consider for example the BJP's views on the contentious issue of financial sector reform. In its 2004 manifesto titled Agenda for Good Governance, Development and Peace the NDA promised that "All currently proposed financial sector reforms in banking, insurance, foreign investment, and capital markets will be completed within the next six months...To achieve this, greater competition will be created by extending the reach of PSU banks and expanding the activities of private banks....The reach of insurance will be considerably enhanced in the next five years....FDI limit in insurance will be revisited to further widen India's insurance sector, and to strengthen its global linkages."

However, this growing similarity with the Congress does not worry the BJP, because it is its Hindutva agenda that makes it the Party with a difference. But that is not true of the Congress, which increasingly has only its Gandhi-family leadership to render it distinctive, since even its nationalist origin in the freedom movement is seen as an uncomfortable fact of history. Despite the handicap stemming from this growing similarity on economic policy it appears the economic policy vision of the Congress party is unlikely to change. In his "acceptance" speech on being elevated to the position of Vice-President of the party, Rahul Gandhi not only declared that Manmohan Singh had spearheaded a revolution in 1991 that changed the country for ever by unleashing "the voice of thousands in the field of entrepreneurship", but compared that with other "revolutions" the Congress was responsible for such as the Green Revolution, bank nationalisation and Independence itself. By treating the pro-business programme of liberalisation and neoliberal reform as being on par with an anti-big business and radical programme like bank nationalisation, or not in ideological conflict with the economic agenda that was implicit in and flowed from the freedom movement, the junior Gandhi was confirming an unflinching faith in neoliberalism. Bank nationalisation, the Foreign Exchange Regulation Act and the Monopolies and Restrictive Trade Practices Act are seen by the Congress as appropriate for the late 1960s and early 1970s, but not for today's India.

The fall-out of this is an emphasis on the presumed desires and demand of an ostensibly homogenous "Young India" and on subjects that divert attention from more divisive economic issues. A typical example is the importance of "connectivity" in a "nation on the move". The BJP in its manifesto had spoken of the importance of four

kinds of connectivity needed to bridge India's urban-rural divide: (a) physical connectivity, which includes good roads and power supply; (b) digital connectivity, which includes modern telecom and IT services; (c) knowledge connectivity, which includes good schools and vocational training centres; and (d) market connectivity, which includes good market infrastructure.

What does Rahul Gandhi have to say? He says he is optimistic that the Congress can usher in another revolution in the country because it has already put the building blocks in place, thanks to the Congress President, the Prime minister and the Congress party. "Let me tell you what these building blocks are", he said and went on to elaborate as follows: "India is more connected today than it has ever been, we have the networks of roads, information, communication, people and media for new ideas to emerge, for them to develop and take flight. It is no longer possible to limit an idea whose time has come."

The difference is increasingly blurred. Unfortunately, given the increasingly fragmented support base in India's competitive politics, this similarity can only hurt the Congress. But, as of now, the party seems convinced that there is no need to rethink its economic vision.

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