

A Political Economy of the Elections

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As [election 2014](#) nears completion, there are many standout features of the campaigns run by the main contenders: the UPA led by the [Congress](#) and the NDA led by Modi and the [BJP](#). Two of them have a connection with economics. One is the visible evidence of a much higher level of campaign spending by the NDA, on advertising, on covering its own campaign and providing free news feeds to a media that loathes to spend much of its own money, and on registering its presence in multiple other ways, when compared with the UPA.

The other is the aggression of the NDA campaign to present a manufactured, phony, “[Gujarat model](#)” of development and governance, which is characterised by little clarity on substance and much misinformation. This aggression contrasts with the defensiveness of the Congress campaign, marked by a reticence to hype its economic achievements during the two terms it ruled, and by a peculiar diffidence when claiming ownership of the flagship employment, food security and welfare programmes it launched while in office.

The puzzle here is the reticence of the Congress and the UPA. Already burdened by incumbency, the tested route the Congress should have taken is to use in ingenious ways its position in power to both mobilise resources for the campaign as well as package its achievements in ways that show it has been reaching out to the ordinary voter even while in office. The overwhelming impression that remains as the campaign draws to a close is that the Congress has failed to do this in adequate measure. What explains that failure?

To start with, consider the difference in visibility. The evidence that the visibility of the Modi visage, in television feeds, in posters, in hoardings and in the media, has been far greater than of any other entity participating in these elections is unquestioned. In fact it is the BJP and Mr. Modi that have been able to ingeniously bypass the controls on election expenditures of individual candidates imposed by the Election Commission, making nonsense of the latter’s claim that it has imposed a level playing field in these elections.

This relative success of the BJP could be due to very different reasons. One could be that this time around the party and leader thirsting for power have just been better in designing their campaign, whereas a complacent, incompetent or plain, power-bored Congress was completely caught off-guard. Complaints that the BJP had beaten the Congress to booking and occupying the best display positions for posters, hoardings and other campaign material are indicators that there is some truth in this. In which case, the question is why the grand old Congress, which was ostensibly being reorganised, revamped and rejuvenated by its youth brigade led by Rahul Gandhi, fell short. Clearly, the reorganisation is incomplete, leaving the party, its leadership or both incapable of a task it has performed many times in the past.

The second reason could be that the Congress just could not mobilise as much money as the BJP did. That is surprising for a party that has been around for so long, has been home to some of the best campaign fund mobilisers and has done so much for India’s rich during its two most recent terms in power. If at all it was true that the

Congress received less money, it must only be because India's election funders see the NDA under Modi as the likely winner in this election. But for a party as old as the Congress with as many years in power, this possibility of a second position with respect to financing this election should not have affected it to a degree where it is so overshadowed by the principal opposition.

Finally, a third reason could be that individual Congress candidates or their campaign managers are seeing this as an election in which it would be foolish to spend money, given the odds of being elected. If true, that speaks of a despondency that would affect much else the Congress party does. And, if widespread enough, it would considerably reduce the party's visibility quotient. This, in some combination with the other two reasons, possibly explains the lower visibility of the Congress.

The lack of visibility is aggravated by another kind of shortcoming that seems to affect the Congress campaign, which is the inability to exploit the credit it should get for the special programmes relating to employment, food security and social welfare. While described by some insiders as a failure to "communicate", this inadequacy seems to reflect a lack of conviction that much, let alone enough, was done in these areas to flaunt them in the campaign as achievements.

There seem to be two factors explaining this kind of uncertainty. One is a lack of clarity on what should be seen as the true achievements of the [two-term UPA rule](#): high growth combined with successful economic reform or innovative social programmes backed by increased allocations that enhanced welfare. The other is the belief, even within the Congress, that while in its political rhetoric the party has always sought to emphasise its initiatives directed at improving the lot of the poor and the common person, in its administrative role it failed to deliver adequately on these fronts, especially during UPA II.

The lack of clarity on what are or should be seen as the true achievements of the UPA governments partly results from the position taken by the UPA's economic managers, including the Prime Minister. For long, taking advantage of the fact that the UPA had risen to power at the cusp of an economic turnaround in India that started in 2003-04, which took GDP growth from 6 per cent-plus to 9 per cent or more, these sections within the government made high growth and India's success with foreign financial investors the true measure of UPA performance. Unfortunately, as election 2014 approached, faltering growth and soaring inflation made this kind of sloganeering a liability. The UPA seemed to have overseen the end of India's growth story, and the NDA could argue that what UPA II had done was squandered an opportunity because of paralysis on the policy front and rampant corruption.

This was not the only problem with the emphasis on growth achievements. It also meant that those who could garner the wherewithal to design and push the Congress campaign on economic issues could not differentiate their own programme from that of the NDA. In an almost pathetic statement that came after six phases of polling, the Deputy Chairman of the Planning Commission during the two tenures of the UPA and one of its recognised economic Czars reportedly said that there is a surprising degree of overlap in what the two major political parties want to do on the economic front, and that the messages coming out of all major political parties ahead of and during the national elections was that India can do well in a globally integrated economy, with measures focused on "restoring investor confidence" with no rollback in policy. If the

BJP is likely to give India more of the same, and promises to do that better, then there is no reason to reject it on economic grounds, especially given the UPA's poor final report card on growth. For a spokesperson of the UPA to say this in the midst of an election sounds almost suicidal.

The domination of this perspective among the UPA's economic managers also affected how far it went with the promise it made through the [Common Minimum Programme](#) of UPA I to be far more inclusive in power than the NDA with its "India Shining" slogan was. That promise has remained a part of the political rhetoric, both in the image revival campaign that Mrs. Sonia Gandhi launched in the 2004 election campaign and in the ongoing campaign in this election that has fronted Rahul Gandhi.

But in 2004, whatever else may be said, the Congress had a reasonable amount to show on the welfare front, particularly the launch of the rural employment guarantee programme. However, by then the economic boom had persuaded the UPA's economic managers that welfare was not where the strength of the government lay. Their conviction seemed to be that it is growth and not inclusiveness that should be pushed, and that any direct measures at inclusiveness are damaging to the growth that would indirectly deliver welfare in time. The result was inadequate allocations for and attention to programmes already launched such as the employment guarantee scheme, and delays in pushing ahead with others such as the [Food Security Bill](#) that was cynically brought to centre stage at the fag end of the UPA II regime.

What was even more shocking was the tendency to go against observed political behaviour in most democracies and cut expenditures in the period before the election. If the revised estimates for financial year 2013-14 provided in the interim budget are an indication, during the period between February 17, 2014 (when the [Interim Budget](#) was presented) and the end of March 2013, the fiscal stance at the Centre reflects a commitment to abstinence rather than opportunistic profligacy. In fact there has been a 0.2 of a percentage point reduction (from 14.1 per cent to 13.9 per cent) in the ratio of aggregate expenditures to GDP when compared with the actuals for the previous financial year, and a larger 0.8 of a percentage point reduction (from 14.7 per cent to 13.9 per cent) when compared with the budgeted figure for the financial year ending March. Finance Minister Chidambaram has not even spent the Rs.14,36,169 crore he had allowed himself in the budget for 2013-14, touching only Rs.13,99,540 crore, in nominal terms. The final figure marks a nominal increase of just 12.5 per cent relative to 2012-13. Taking inflation into account that would amount to near stagnation in real aggregate expenditure.

It is clear that this curtailment of expenditure was necessitated by two factors. The first was a declared commitment to reduce the fiscal deficit to GDP ratio as part of economic reform. To recall, even though it concerned the financial year that was to just precede the general elections of 2014, in his budget for 2013-14 the Finance Minister had drawn for himself a "red line" that he would not cross, marking a 4.8 per cent fiscal deficit to GDP ratio. In the interim budget he proudly claimed to have bettered his own target. Deficit reduction can occur in two ways: either through an increase in revenues or through a curtailment of expenditures. In budget 2013-14, Chidamabram had provided for the former, with the revenue to GDP ratio budgeted to rise from an actual of 8.8 per cent in 2012-13 to 9.3 per cent in 2013-14. In practice, the ratio of revenue receipts to GDP has risen only by 0.2 of a percentage point relative to 2012-13 as compared with a budgeted half of a percentage point. In the

circumstance, it was a large 0.8 percentage point reduction in the expenditure to GDP ratio relative to the budget estimate that had helped him do even better on “fiscal consolidation” than he projected.

A fall-out of such abstinence was a failure to speed up and expand welfare programmes even on the eve of the elections. That was the kind of commitment to neoliberal reform at the cost of all else that the UPA’s economic team displayed. Unfortunately for these players, despite more reform, the growth story soured, inflation accelerated and a spate of corruption scandals triggered by the neoliberal proclivity to favour big capital, dirtied an already sullied image. As a result, come campaign time and the Congress was left with no option to return to its inclusive rhetoric. But this time it carries much less conviction even for its votaries. That has not only meant a half-hearted economic campaign, but a manifesto that says that business can thrive only if the plight of the poor is recognised and addressed. That shows how much conviction there is in the pro-poor plank itself.

In the event, the Congress not only falls short on visibility in the propaganda campaign but that campaign has been eroded of substantive strength as well. Hopefully, these would not be the only factors India’s voters would be influenced by when they choose their next government.

*** This article was originally published in the Frontline Print edition, May 16, 2014.**