



West Bengal tango

The Election Commission has junked even the pretence of neutrality

From pleading helplessness before the Supreme Court in enforcing the Model Code of Conduct a month ago, the Election Commission has come a long way in asserting its powers. On Wednesday it took the rare step of ordering that campaigning in West Bengal's nine Lok Sabha constituencies that go to the polls on Sunday end earlier than scheduled. West Bengal had witnessed sporadic incidents of violence through the previous phases of polling, but on Tuesday tensions ran high after clashes during a roadshow of BJP president Amit Shah in Kolkata. The destruction of a bust of Ishwar Chandra Vidyasagar, the 19th century reformer and cultural icon of Bengal, by suspected BJP activists has put the party on the defensive in a State where it is making an all-out effort to expand its footprint. The EC may have had sufficient reasons to conclude that a 'fear psychosis' has gripped the State, and therefore campaigning must end prematurely. In TMC-ruled West Bengal, the entire government machinery, the district administration and the police, could quite possibly be at the service of the ruling party. However, the advanced deadline of 10 p.m. on Thursday to end campaigning was devoid of any logic or reason, other than being evidently partisan towards the BJP. The 10 p.m. deadline clearly accommodated Prime Minister Narendra Modi's last rallies in the State slated for Thursday evening. If in the EC's assessment campaigning could have led to violence, why did it not order its curtailment on Wednesday or early in the day on Thursday? Since the announcement of the Lok Sabha poll schedule, the EC's credibility has come under a cloud. The manifestly partisan decision on the campaigning deadline in West Bengal has further eroded trust in the institution.

Trinamool Congress leader and West Bengal Chief Minister Mamata Banerjee, who has been putting up a ferocious fight against Hindutva politics in the State, has expectedly found support from Opposition parties across the country. Most parties have been justifiably critical of the EC's conduct through this election, and it was not surprising that the latest provocation has revived their complaints. The Congress pointed out that the EC had dismissed 11 complaints it had filed regarding Mr. Modi's alleged violations of the MCC. The Samajwadi Party's Akhilesh Yadav said the decision went "against all norms of democratic fair play", while DMK president M.K. Stalin said there was a "BJP pattern" in the destruction of the Vidyasagar statue, connecting it to the vandalisation of Periyar statues in Tamil Nadu last year. BSP chief Mayawati said Mr. Modi and "his stooges" were targeting Ms. Banerjee in a "dangerous and unjust trend". The BJP's assessment of West Bengal's importance for its chances of returning to power is understandable, but its strategy is threatening the peace in the State. The EC's action has only made matters worse, allowing Ms. Banerjee to play the angry victim in what is turning out to be the powder keg of India.

Slippery slope

India must not be a mute spectator as tensions rise in the Gulf

Iranian Foreign Minister Javad Zarif was in New Delhi this week as part of a regional outreach that includes Russia, China, Turkmenistan and Iraq amid rising tensions in West Asia. The U.S. has followed withdrawal of its sanctions-waiver for Iranian oil with a series of actions that it claims are in response to the perceived threat from Iran. It has recalled all non-emergency diplomatic staff based in neighbouring Iraq; sent an aircraft carrier, the USS Abraham Lincoln, missile defence hardware and B-52 bombers to the Gulf; imposed fresh sanctions on various Iranian entities; and slapped a terror designation for the Islamic Revolutionary Guard Corps. Iran has matched some of the rhetoric with threats that it would close off the Strait of Hormuz to trade and treat the U.S. carrier as a legitimate "target" if it came anywhere close to Iranian waters. Making matters worse, it is clear that the U.S. aims to pin on the Iranian government and military forces blame for attacks on two Saudi Arabian oil tankers over the weekend. U.S. National Security Adviser John Bolton's remark that "any attack on United States interests or those of [its] allies will be met with unrelenting force" gives the impression that the ground is being prepared by the U.S., aided by Saudi Arabia and Israel, for an escalation.

Given the signs of a gathering storm, India must consider not only its own interests in terms of its ties with Iran and with the U.S. and its allies, but also its position as a regional power. The External Affairs Ministry comment that the government would take a decision on Iranian oil imports after the elections appeared to be an attempt to buy time. The truth is that Indian oil importers have already stopped placing orders for Iranian oil in compliance with the U.S. diktat on "zeroing out" imports. India had been importing about 10% of its oil requirements from Iran, and the losses in terms of finding alternative suppliers in the face of rising oil prices are piling up. News reports also indicate that despite a U.S. waiver on the Chabahar port, banks in India and Afghanistan that planned to finance trade through the port are now being restricted by U.S. sanctions. Instead of being a mute spectator to the crisis that is building for India's energy bill as well as for regional stability, New Delhi must take the challenge head-on. One immediate priority is to work more closely with European countries in ensuring that Iran does not feel compelled to walk out of the nuclear deal, and to jointly build a sanctions-immune financial infrastructure to facilitate Iranian trade. It is necessary that the countries affected in the region meet urgently, as well as unitedly express concerns over a possible U.S.-Iran clash.

Why an industrial policy is crucial

No major country has managed to reduce poverty or sustain economic growth without a robust manufacturing sector



SANTOSH MEHROTRA

The contribution of manufacturing to GDP in 2017 was only about 16%, a stagnation since the economic reforms began in 1991. The contrast with the major Asian economies is significant. For example, Malaysia roughly tripled its share of manufacturing in GDP to 24%, while Thailand's share increased from 13% to 33% (1960-2014). In India manufacturing has never been the leading sector in the economy other than during the Second and Third Plan periods.

Core to growth

No major country managed to reduce poverty or sustain growth without manufacturing driving economic growth. This is because productivity levels in industry (and manufacturing) are much higher than in either agriculture or services. Manufacturing is an engine of economic growth because it offers economies of scale, embodies technological progress and generates forward and backward linkages that create positive spillover effects in the economy.

In the U.S. and Europe, after the 2008 crisis, the erstwhile proponents of neo-liberal policies started strategic government efforts to revive their industrial sectors, defying in principle their own prescriptions for free markets and trade. The European Union has identified sector-specific initiatives to promote motor vehicles, transport equipment industries, energy supply industries, chemicals and agro-food industries. The United Nations Conference on Trade and Development or UNCTAD finds that over 100 countries have, within the last decade, articulated industrial policies. However, India still has no manufacturing policy.

Focussing (as "Make in India" does) on increasing foreign direct investment and ease of doing business, important though they may be, does not constitute an industrial policy.

Even neo-classical economists accept government intervention in the case of market failures. Mainstream economists point to specific instances of market failure that require a government-driven industrial policy: deficiencies in capital markets, usually as a result of information asymmetries; lack of adequate investments inhibiting exploitation of scale economies; imperfect information with respect to firm-level investments in learning and training; and lack of information and coordination between technologically interdependent investments. These are good reasons why an economy-wide planning mechanism is needed in India. However, the Indian state should steer clear of the "command and control" approach that harks back to pre-1991 days

Key reasons for a policy

So why have an industrial policy in India now? First, there is the need to coordinate complementary investments when there are significant economies of scale and capital market imperfections (for example, as envisaged in a Visakhapatnam-Chennai Industrial Corridor). Second, industrial policies are needed to address learning externalities such as subsidies for industrial training (on which we have done poorly). In fact, industrial policy was reinforced by state investments in human capital, particularly general academic as well as vocational education/training aligned with the industrial policy, in most East Asian countries. However, a lack of human capital has been a major constraint upon India historically being able to attract foreign investment (which Southeast Asian economies succeeded in attracting).

Third, the state can play the role of organiser of domestic firms into cartels in their negotiations with



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foreign firms or governments – a role particularly relevant in the 21st century after the big business revolution of the 1990s (with mega-mergers and acquisitions among transnational corporations). In fact, one objective of China's industrial policies since the 1990s has been to support the growth of such firms (examples being Lenovo computers, Haier home appliances, and mega-firms making mobile phones).

Fourth, the role of industrial policy is not only to prevent coordination failures (i.e. ensure complementary investments) but also avoid competing investments in a capital-scarce environment. Excess capacity leads to price wars, adversely affecting profits of firms – either leading to bankruptcy of firms or slowing down investment, both happening often in India (witness the aviation sector). Even worse, price wars in the telecom sector in India have slowed profits (even caused losses), which hampers investment in mobile/Internet coverage of rural India where access to mobile phones and broadband Internet, needs rapid expansion. The East Asian state managed this role of industrial policy successfully.

Fifth, an industrial policy can ensure that the industrial capacity installed is as close to the minimum efficient scale as possible. Choosing too small a scale of capacity can mean a 30-50% reduction in production capacity. The missing middle among Indian enterprises is nothing short of a failure of industrial strategy. Contributing to the missing middle phenomenon was the reservation of products exclusively for production in the small-scale and cot-

Is the future of Indian democracy secure?

Procedural democracy may endure but the liberal spirit is in danger of extinction



MOHAMMED AYOOB

Over the past few months, while observing the discussions and rhetoric surrounding the parliamentary elections, I have been struck by the disjuncture between the concerns expressed, on the one hand, by the liberal elite who write in the English press and engage in debates on the more serious talk shows and, on the other, the preoccupation of the majority of Indian voters who will decide the winner of the electoral contest.

This article does not attempt to denigrate the concerns of the latter; it merely seeks to highlight the disconnectedness between elite and mass concerns and bring out its implications for the future of Indian democracy.

Three concerns

Members of the liberal elite are greatly worried, and rightfully so, about the future of political institutions that the founders of the republic had nurtured with great care. Several of these institutions, including the Supreme Court, the Election Commission of India and the Central Bureau of Investigation, which are constitutionally mandated to be autonomous agencies, have recently come under a cloud because of their perceived

inability to work independently of the political executive or because of the lack of transparency in their performance.

The other major apprehension is the threat posed to the "idea of India" as a plural and inclusive polity by the rise of Hindutva and its political instrument, the Bharatiya Janata Party (BJP). The Congress party's pursuit of "soft" Hindutva, as against the BJP's "hard" Hindutva, has heightened such concerns. This is why many members of the liberal elite are greatly worried about the visible transformation in the ideology of India's Grand Old Party.

The third major concern is the discernible rise in populist and authoritarian tendencies in the country reminiscent of Indira Gandhi's Emergency that threaten to reduce India to merely a procedural democracy where elections are held primarily to anoint populist leaders. This outcome, if it occurs, will be antithetical to the democratic ethos enshrined in the Constitution that Mrs. Gandhi had tried to subvert unsuccessfully.

Although I deeply sympathise with these concerns of the liberal elite, it occurred to me that whereas liberal intellectuals have been fixated on subjects such as the erosion of institutions, the rise of majoritarianism and the proliferation of populist and authoritarian tendencies, most voters are unconcerned about these issues. Very few, except for the religious minorities, are worried about the erosion of the pluralist idea of India.

Their concerns as they relate to



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the electoral process are limited to three types of issues: jobs and livelihood; caste and communal considerations; and demonstration of Indian strength especially *vis-à-vis* Pakistan. The first is perfectly understandable since a substantial segment of the population lives just above the poverty line and is constantly worried that it may be pushed below that line. Even middle class Indians feel economically vulnerable in the absence of a social safety net and are incessantly nervous about job insecurity. This explains the attraction of underpaid government jobs that provide life-long security and the fight for and against reservations in the public sector. The economic distress in the agricultural sector makes the rural population even more acutely aware of threats to their financial well-being, indeed to their physical survival. It is these economic concerns that have made both the ruling BJP and the Congress emphasise economically ameliorative measures (although most of them are unlikely to be implemented) in their election ma-

nifestos.

Caste and community continue to play a very important role in Indian politics. Several parties are explicitly based on caste or sub-caste coalitions. All parties choose their candidates based on caste and community calculations within individual constituencies and engage in mobilising caste-based support for their candidates. Voting on caste lines is taken as a given in elections and political pundits frequently base their prognoses of electoral outcomes on the caste arithmetic. At the same time, right-wing parties such as the BJP emphasise the religious divide in order to take advantage of communal consolidation on the basis of religion.

Favoured strategy

One factor that appears to cut across caste and linguistic divisions is the attraction for many voters to hyper-nationalism, sometimes bordering on jingoism. Hyper-nationalism has always been the favourite strategy of populist leaders seeking to retain or to attain power. It is no coincidence that this has become a prominent feature of these elections. The Pakistan-engineered terrorist attack in Pulwama and the retaliatory air strike on Balakot have provided an excellent opportunity for the expression of hyper-nationalist sentiments.

The ruling party has very shrewdly used this action-reaction phenomenon for electoral purposes especially by projecting the Prime Minister's image as a strong

uating beyond simple, manufactured consumer goods to more technology- and skill-intensive manufactures for export, was a natural corollary to the industrial policy. India has been practically left out of GVCs. Increasing export of manufactures will need to be another rationale for an industrial policy, even though India has to focus more on "make for India". From 2014 to 2018 there has been an absolute fall in dollar terms in merchandise exports.

In this quest for increased exports, economies of scale are critical. Such economies were not possible with the policy-induced growth of micro-enterprises and informal units (the unorganised sector accounts for 45% of India's exports).

Lessons from IT taking root

If evidence is still needed that the state's role will be critical to manufacturing growth in India, the state's role in the success story of India's IT industry must be put on record. The government invested in creating high-speed Internet connectivity for IT software parks enabling integration of the Indian IT industry into the U.S. market. Second, the government allowed the IT industry to import duty-free both hardware and software. (In retrospect, this should never have continued after a few years since it undermined the growth of the electronics hardware manufacturing in India.) Third, the IT industry was able to function under the Shops and Establishment Act; hence not subject to the 45 laws relating to labour and the onerous regulatory burden these impose. Finally, the IT sector has the benefit of low-cost, high-value human capital created by public investments earlier in technical education. Without these, the IT success story would not have occurred. These offer insights to the potential for industrial policy when a new government takes over soon.

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and decisive leader capable of teaching Pakistan a lesson. A combination of the factors outlined above – lack of concern for institutions, preoccupation with livelihood issues, obsession with caste and community benefits, and the propagation of hyper-nationalism – taken together facilitate populism, which, as history shows, can easily lead to authoritarianism. The danger of this occurring is reinforced by the fact that there seems to be an innate desire among many Indians that a "strong leader" should rule the country and that institutions are redundant when it comes to people's daily concerns. In fact, many argue that the liberal elite's obsession with institutionalising the policy process is a luxury that a country in a hurry cannot afford and that a decisive decision-maker is preferable to the complicated mechanism of institutionalised decision-making.

The constellation of these factors, especially as depicted during the run-up to the elections, does not bode well for the future of democracy in India. Procedural democracy in the form of periodic elections may endure but the liberal spirit undergirding democracy, so cherished by the drafters of the Constitution, is in danger of becoming extinct.

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LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

Talking points

The unmistakable shift – from the real issues concerning the masses to the issue of majoritarianism by the ruling party – is palpable this general election (OpEd page, 'Single File', "Rhetoric over real issues", May 16). The intrinsic hatred towards the minorities that has been carefully sown in the minds of the vast majority has grown to such an undesirable extent that it might determine the outcome of the general election – the last thing the country needs and also a

marker to differentiate the BJP government led by Atal Bihari Vajpayee and that by the present incumbent. The venom spewing now is in stark contrast to what it was earlier when the minorities never felt so threatened as they are now. What it is that has appealed to the electorate will be known shortly. True patriots do hope that better counsel has prevailed upon those who have voted and that they have thought of real development in this great democracy.

G.B. SIVANANDAM,
Coimbatore

Battleground Bengal

It is no surprise that the bitterly contested Lok Sabha election in West Bengal has been ravaged by violence, the likes of which has not been seen anywhere else in the country. Violence and brutality seem to be running in the veins of West Bengal's politics. The political players in the news are equally responsible for letting their workers run riot. Stone-pelting, an exchange of blows and torching of vehicles are now par for the course. Politics in West Bengal, it

would seem, is destined to be distorted by the cult of violence.

J. AKSHOBHYA,
Mysuru

Remark and reaction

The Mannargudi pontiff's reaction to actor-politician Kamal Haasan's remark about Nathuram Godse is unfortunate (Tamil Nadu, "Kamal won't have freedom of movement, says Jeeyar", May 16). A religious leader of stature should be restrained. One should not give too much publicity to what Mr. Haasan has said. We must remember the

words of E.M. Forster: "In public affairs... something much less dramatic and emotional is needed, namely tolerance".

C. RAJASEKARAN,
Kumbakonam, Tamil Nadu

Self-harm

What is the world coming too? It was deeply distressing to read the report, "Teenager takes own life after Instagram

poll" ('Life' page, May 16). Rising suicide rates and mental health issues among young people need to be taken seriously. It is unfortunate that a young life full of potential has been lost in this manner. I hope that social media platforms have safeguards.

V. LAKSHMI,
Bengaluru

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CORRECTIONS & CLARIFICATIONS:

The report, "EC doing BJP bidding: Trinamool chief" (May 16, 2019), erroneously referred to Nirmala Sitharaman as Union Home Minister. It should have been Defence Minister.

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