



A valid pause

While holding rates, the RBI has wisely stuck to its policy stance of ‘calibrated tightening’

The Reserve Bank of India’s decision to leave interest rates unchanged, given easing inflation and the slowdown in economic momentum, was both expected and reasonable. In fact, the RBI was prompted to sharply lower its projection for price gains after an unexpected softening in food inflation and a collapse in oil prices in a surprisingly short span of time – the price of India’s crude basket tumbled almost 30% to below \$60 by end-November from \$85 in early October. The monetary policy committee (MPC) now estimates retail inflation in the second half of the fiscal year to slow to 2.7%-3.2%, at least 120 basis points lower than its October forecast of 3.9%-4.5%. And it foresees the softness in prices enduring through the April-September half of next year, when headline inflation is projected to hover around its medium-term target of 4% and register in a 3.8%-4.2% range. The MPC’s decision to stand pat on rates must also have been bolstered by the findings in the RBI’s November survey of households’ inflation expectations: the outlook for price gains, three months ahead, softened by 40 basis points from September. On growth, the monetary authority has largely stuck with its prognosis from October, while flagging both external and domestic risks to momentum as well as the likely sources of tailwinds. Among the positives cited, beyond a likely boost to consumption demand and corporate earnings from softer fuel costs, are two key data points from the RBI’s own surveys. Capacity utilisation rose to 76.1% in Q2, higher than the long-term average of 74.9%. Also, industrial firms reported an improvement in the demand outlook for Q4. Still, the forecast for full-year GDP growth has been retained at 7.4%, on the back of an expected 7.2%-7.3% second-half expansion, with the risks weighted to the downside.

Interestingly, and justifiably so, the RBI has opted to keep the powder dry by sticking to its policy stance of ‘calibrated tightening’. Given that its primary remit is to achieve and preserve price stability, the central bank is wary of the uncertainties that cloud the inflation horizon. For one, with the prices of several food items at “unusually low levels”, the RBI reckons there is the clear and present danger of a sudden reversal, especially in prices of volatile perishable items. Also, the medium-term outlook for crude oil is still quite hazy, with the possibility of a flare-up in geopolitical tensions and any decision by OPEC both likely to impact supplies. Buttressing this reasoning, households’ one-year-ahead inflation expectations remain elevated and unchanged from September. Most significantly, the central bank has once again raised a cautionary signal to governments, both at the Centre and in the States. Fiscal slippages risk impacting the inflation outlook, heightening market volatility and crowding out private investment. Instead, this may be an opportune time to bolster macroeconomic fundamentals through fiscal prudence.

The Taiwan card

Taipei’s fine balance in its relationship with mainland China is coming under stress

The huge gains for the opposition Kuomintang, or the Chinese Nationalist Party, in Taiwan’s local elections may help in gradually improving the island’s ties with mainland China. Equally, the adverse results in some of its strongholds could complicate matters for the ruling Democratic Progressive Party government ahead of the 2020 general elections. President Tsai Ing-wen has stepped down as the party chief, owning moral responsibility for the setback; her re-election bid is in doubt. The pro-independence stance of the DPP is at variance with Beijing’s repeated assertion of its sovereignty over Taiwan, which it insists it is prepared to defend through the use of force. All the same, the Taiwanese government has been equally concerned to not allow the long-standing dispute to escalate to a point of jeopardising the strong trade relations between the two territories. But this delicate balance has turned somewhat more precarious since Donald Trump became President of the United States. Ever since his election, he has sought to leverage Taiwan to pressure China in the U.S.’s ongoing trade war. A first indication was the congratulatory call he received from Ms. Tsai on his poll victory. The episode raised concerns over the status of U.S.-China diplomatic relations, established in 1979, and the consequent downgrading of the U.S.’s ties with Taipei to unofficial exchanges. The 2018 Taiwan Travel Act aims to promote greater engagement between Washington and Taipei. Similarly, the new headquarters of the American Institute in Taiwan in Taipei is symbolic of the shift. The Taiwanese President’s recent visits to the U.S. and interactions with several Congressmen have predictably angered Beijing.

Meanwhile, frictions between the two neighbours have also increased. Taipei has alleged that the recent mayoral elections were marred by Beijing’s meddling, with money funnelled illegally to fund opposition campaigns. Business corporations have come under pressure to take down references to Taiwan as a separate entity. Beijing is believed to be applying overt and covert pressure to stop countries from according diplomatic recognition to Taipei. In an echo of China’s increasing economic clout among developing countries, a number of African and Central American states have withdrawn formal ties with Taipei and established links with Beijing since Ms. Tsai became President. In a referendum coinciding with the polls, the people rejected a proposal to rename the country’s Olympic team as Taiwan, instead of the current Chinese Taipei. The verdict is an indication of the limited support for independence and a greater preference to maintain the *status quo*. Taiwan stands to gain by staying clear of big power rivalries.

United colours of the ‘yellow vests’

As the French state tries to withdraw, it faces an unprecedented backlash



EMILE CHABAL

The sight of flaming barricades and upturned cars in Paris usually sends journalists scurrying to their cliché cupboard. For historically literate commentators, current events in France evoke the storming of the Bastille and the Paris Commune. For the politically minded, they seem more akin to the Popular Front of 1936 or May 1968. And, for those aware of France’s difficult colonial past, the spectacle of the police confronting ordinary citizens brings back memories of the Battle of Algiers.

Historical parallels

There is a kernel of truth to all these clichés. It is true that political violence in France follows well-worn patterns that have their roots in the country’s revolutionary past. This means that the mere erection of a barricade can turn a tedious protest march into a pseudo-revolutionary action with powerful political ramifications.

It is also true that some of the techniques used in the recent protests in France mirror those used by trade unions. Shutdowns and blockades have been the stock-in-trade of the French labour movement for more than 150 years.

And, yes, after the collapse of the French empire in the 1950s and 1960s, the French police did bring their peculiarly violent methods of control and interrogation back to metropolitan France, with sometimes devastating consequences.

sequences.

The problem is that none of these clichés really gets to the heart of the so-called *gilets jaunes* (yellow vest) protests that have rocked France for the past three weeks. This is because the protests do not fit the usual historic parallels.

For a start, the *gilets jaunes* movement is not led by any union or political party. No one can say that it is a structured ‘movement’. It also seems to combine elements of the right and left – and especially elements of the far-right and far-left – that make an ideological interpretation of the protests awkward.

Most importantly, the protesters’ demands are not clearly articulated: some want tax cuts (on fuel), some want tax rises (for the rich), some want more public services, some want more generous state benefits, some want to smash up symbols of capitalism, some want a stronger President, some think the current President is too strong, and some want all of these things at once.

Given this extraordinary dispersion of demands, it is hard to give a fixed reading of what the *gilets jaunes* represent. Instead, it is more useful to focus on the few things that unite them. There are two that stand out.

Double-bind of French state

The first is the obsessive focus on the French state. From the beginning, the *gilets jaunes* have targeted the French state as both villain and saviour. They have organised groups to protest outside government offices all over the country, especially in smaller provincial towns. This has frequently been accompanied by violence and vandalism. Almost all of the protesters



agree that the state is not doing enough and has neglected their needs.

This belief has been exacerbated by the imperious attitude of French President Emmanuel Macron. His avowedly statist orientation, his embrace of the hyper-presidentialism of the Fifth Republic, and his fondness for monarchical symbolism have merely stoked the fire. Like an ill-fated king, Mr. Macron has turned anger at the state into anger at his person.

Yet, despite their ire, the *gilets jaunes* also demand redress from the very same state they abhor. They want the French government to lower fuel taxes, reinstate rural post offices, increase their ‘purchasing power’, cut property taxes, and hire more doctors for rural clinics. They firmly believe that the state can and should fix their problems. The fact that many of the issues at the heart of the protests relate to deep structural imbalances in the French economy makes no difference. The state is held as sole responsible and sole guarantor.

This paradox has a long pedigree in French history. Especially

since 1945, the French state has expanded enormously, to a point that French people are comfortable with high levels of state interference in their social and economic lives. The massive subsidies put in place to soften the blow of deindustrialisation in the 1980s further increased this dependence.

Today’s demonstrations are a logical outcome of this double-bind: as the French state tries to withdraw, under pressure from European Union-wide austerity politics and its own budgetary overreach, it faces an unprecedented backlash.

Centre and periphery

The second common theme in the *gilets jaunes* protests is their very wide geographical dispersion. In this respect, the focus on Paris has been misleading. What is most interesting about recent events is how spread out they are across metropolitan France and even overseas.

While cars were burning on the Champs-Élysées, thousands of people in provincial France blocked roundabouts, staged sit-ins on town squares, and threw rocks at town halls. Meanwhile, in the overseas territory of La Réunion in the Indian Ocean, the entire island has been brought to a standstill by targeted traffic blockades.

This geographical reach reflects another long-standing structural pathology of the French economy, namely the sharp division between centre and periphery. While urban areas in France have tended to develop better infrastructure and more integrated community structures, the withdrawal of state aid has had the opposite effect in peri-urban and rural areas, and in the highly unequal overseas territories.

In this respect, it is significant that the catalyst for the protests was rising fuel prices. Those most reliant on their cars are those who live farthest from urban areas and do not have access to regular public transport. In addition, there has been a complete policy reversal on diesel fuel. After almost half a century of subsidies, the French state has been taking away financial incentives on diesel since the early 2000s. This is a heavy blow for the 61% of French people whose cars run on diesel, and for the truckers and farmers who were used to getting their fuel on the cheap.

A bleak future

So what can be done? The answer is, probably not much. The most likely scenario is that the protests will peter out due to fatigue, demobilisation and a lack of leadership. It is not clear how, if at all, any political party can capitalise on them, except perhaps for the far-right politician Marine Le Pen, who sees herself as the voice for France’s peripheral squeezed middle.

The biggest danger is spiralling depoliticisation. Mr. Macron’s plunging approval ratings before and during the *gilets jaunes* protests indicates a crisis of leadership at least as acute as the one that marred former President François Hollande’s five years in office. Not for the first time, the most urgent task facing France’s elite is to elaborate a more inclusive political project that will begin to reduce the country’s well-documented inequalities.

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Hues of a new political landscape

The BJP’s electoral dominance is contributing to the saffronisation of other political parties



SHAIKH MUJIBUR REHMAN

The president of the Bharatiya Janata Party (BJP), Amit Shah, while addressing a national executive meet in New Delhi in September said that the party would continue to remain in power for the next 50 years if it won the 2019 general election. From ruling seven States in 2014, the party runs many States by itself or in an alliance. For a party that has earned such unprecedented electoral success, the feel of invincibility is natural, but Mr. Shah’s claim sounds pompous.

In 1984, the Congress party won 404 Lok Sabha seats but tasted inglorious defeat in 1989. Likewise, its leader Indira Gandhi, who was venerated in 1971, had to bite the dust in 1977. India’s electoral world is dangerously precarious. Moreover, the Indian voter’s mind is very difficult to read. Looking at various political trends, however, the BJP’s dominance as single largest party for some time regardless of the outcome of the 2019 election is a fact.

The BJP’s dominance partly hinges on what sort of political resistance it faces from the Opposition. The clue that we get from the history of resistance is this: the most organised resistance to the BJP took place in 1996, when the party led by Atal Bihari Vajpayee was isolated and restricted to running the government for not more than 13 days even though he was seen to be more moderate than Prime Minister Narendra Modi.

A strategising

Such an event is not possible in 2019 or later for at least three reasons. First, having led the National Democratic Alliance coalition, the BJP has developed working relations with various regional parties who no longer see the national party as politically untouchable or are scared of its ideology; Second, the leaders of regional parties, most often dynastic in nature, have very limited stakes in the national polity and a limited interest in fighting a battle outside their turf. Third, the Narendra Modi-Amit Shah leadership, which presented itself as one with a difference in elections held 2014 onwards is also accommodative of their opponents. For instance, the Congress’s Rita Bahuguna in Uttar Pradesh or Himanta Biswa Sarma in Assam or the Janata Dal (Unit-



ed)’s Nitish Kumar were accommodated generously. So why is an ideological party so forgiving towards its opponents? Because its key objective is to drain the Opposition politics of vital resources so that any future consolidation against it is weak.

Anti-Congressism

Another crucial factor is the emergence of anti-Congressism as an ideology – a major source of political dissent and resistance in Indian politics that acquired concrete shape during the anti-Emergency movement in the mid-1970s. Political formations, owing their origins to anti-Congressism are deeply sceptical of going with the Congress or its coalition as an alternative even if broadly they pretend to champion secular politics. The ambivalence

shown by parties led by the Biju Janata Dal leader Naveen Patnaik, Mr. Nitish Kumar, and the Telugu Desam Party leader N. Chandrababu Naidu (though he has now warmed up to the Congress) can be traced to this. On the other hand, this has led to some advantage for the BJP in seeking partners in the short and long term. Consequently, we are now witness to the rhetoric of the Opposition leaders being more about anti-Modi-ism than anti-BJPism or anti-Hindutva as such.

Looking ahead

While the Modi-Shah leadership deserves credit for helping craft the electoral dominance of the BJP, the fact is that this team is not going to hold sway forever. On the other hand, political history shows that parties fragment for a variety of reasons such as ideological differences or a clash of personalities. Take, for example, the Left or the Congress party, both of which experienced fragmentation. The Janata Party, in the 1970s, imploded though it was more a coalition of various formations. Thus, the BJP’s fragmentation is inevitable. What is hard to predict, however, is when this will happen. Given the almost symbiotic relationship between the Rashtriya Swayamsevak Sangh and the BJP,

some argue that the BJP would defy such a fate. But such an ideological grip could not stop B.S. Yeddyurappa, the former Karnataka Chief Minister, from abandoning the party to form the short-lived Karnataka Janata Paksha.

What must be highlighted is this: parties that had an umbilical link with the Congress party such as the Trinamool Congress or the Nationalist Congress Party have a secular thread in them. In the event that the BJP fragments, such parties could pursue an identical Hindutva line. The campaign and programmes of these parties could cause disruptions to minority and human rights.

The sharpening of these majoritarian tendencies would grow in both rhetoric and practice without bringing any change to the Constitution and the term secular remaining intact. Moreover, the BJP’s electoral dominance could contribute to the saffronisation of other parties, as they could emulate the BJP’s electoral strategies. This is evident in the workings of some of the non-Hindutva political parties. Such a development would also aggravate an already fragile secular polity.

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LETTERS TO THE EDITOR

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Playing to script

It is disturbing to find Uttar Pradesh Chief Minister Yogi Adityanath more concerned about cow slaughter than man slaughter (Editorial, “A moving menace”, December 5). Is the government out to terrorise the common man in the name of religion and a fanatic ideology? The irony is that the Chief Minister goes to peaceful parts of the country and criticises other State governments about alleged misgovernance when anti-socials who have no respect for the rule of law flourish in his own backyard. Fringe elements, who are mostly unemployed, and who move on in life by extorting, threatening and killing people in the name of religious precepts are bound to become even more brazen when there is no action from the top levels of the government (“Starting young in the cause of cow”, December 5). The inhuman murder of

the police inspector adds credibility to the claim that such fringe elements have immunity from law-enforcing agencies and have been motivated to commit such crimes in the name of religion. Where is the country heading? Can we have some semblance of a stable democracy?

VARGHESE GEORGE,
Secunderabad

■ Police inspector Subodh Kumar Singh’s murder is a warning sign. When the police force itself is not safe in India, one can imagine the condition of those on the fringes, particularly minority communities (“Mob gathered fast, outnumbering the police”, December 5). It is also a reflection of governance in Uttar Pradesh. It is a deep shame that while the Chief Minister is busy making provocative statements in other parts of India, his own State is in the grip of a serious law and order problem. Mr. Adityanath ought to set his house in order first before

playing the role of a star campaigner for the BJP in poll-bound States.

M.J. ALHANN,
Mumbai

■ Fringe elements, in the name of cow protection, appear to be on the prowl and operating with impunity in BJP-ruled States. The unchecked manner in which they are unleashing violence is a matter of serious concern. Cow vigilantes have morphed into a law unto themselves and are posing a grave threat to communal harmony. They must be stopped in their tracks with an iron hand.

M. JEYARAM,
Sholavandan, Tamil Nadu

■ The number of lives lost to lynching by fringe elements on the pretext of saving the cow speaks volumes about the deteriorating law and order situation in the northern State. It appears that the Yogi Adityanath government wants to send a strong message to the minorities that intolerance is

the main agenda of his government. Such fanatical leaders must be shown their place by voting them out of power in the next election or else the country will have to pay a heavy price when its secular fabric is destroyed. Living in perpetual fear of intolerance, with real development taking a back seat and with the gullible majority believing that religion will save them, is foolish and dangerous. The state seems to be following the script of cow vigilantes.

G.B. SIVANANDAM,
Coimbatore

Congress and graft

The two reports, “SC nod to reopen IT case against Gandhis” and “Agusta middleman extradited” (Page 1, December 5), show that corruption is deeply engrained in the DNA of the Congress. The party needs to indulge in some soul-searching: even nearly five years after the general election, incidents of wrongdoing have come back to haunt it. Those who run the

party have no ethics or values and have forgotten the basis on which the party was founded

JAYA SUBRAMANIAM,
Chennai

A proper diet plan

The National Nutrition Mission was supposed to be a game changer in terms of malnutrition in India. Unfortunately, it acts like a governing body which measures malnutrition. At the field level, health workers have to fill up forms which record their daily or monthly activities. Unless low-cost nutritious food is made widely available, objectives and proposals will be in vain. The availability of low-cost junk food such as chips and wafers is a menace as parents find them an easy option to give to children. Hence dietary practices need to be changed. In India, malnutrition varies from State to State. Therefore, policies should be customised. Obesity among children should also be given as much importance as

stunting and wasting (Editorial, “Stunted, waste”, December 5). The government should pave the way for non-governmental organisations and other agencies to collaborate in this mission. Under CSR, many corporate firms are ready to help, but they need proper guidance on sustaining nutritional support.

Dr. RUKMAN MECCA,
Mumbai

Off the pitch

Why the authorities governing women’s cricket in India are unperturbed about what is ailing the sport is unclear. The rumblings which saw the dropping of Mithali Raj, especially at a crucial time, do not seem to have made any impact. One does not know what to say about coach Ramesh Powar and captain Harmanpreet Kaur. The issue requires a thorough inquiry.

R.M. MANOHARAN,
Chennai

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