

[Abhijit Banerjee](#)

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BJP's task is easier said than done

The BJP's much-awaited manifesto ended up looking rather like the one the Congress put out a few weeks ago, to the point where one pro-BJP journalist felt compelled to argue that even though the ideas look the same we should know that they are different because of the Congress' track record (then why read the manifesto?). This is not particularly surprising — one of the central propositions of the theory of democracy is that all policy platforms should converge to what the median voter wants — but it does make the differences more interesting than all the places where they agree. Some of those are gestures towards the BJP's traditional constituencies — a uniform civil code, a Ram mandir, etc, — but they also differ on core economic issues.

Lowering inflation is clearly one. The BJP puts it up front; the Congress is much more coy about it. This is curious because the BJP makes no bones about being pro-business and business today is chafing under the high interest rates that have been employed to fight inflation. The fact that they are having this effect is of course entirely the point — central banks combat inflation by making it too expensive for firms to invest and for consumers to buy durables, based on the widely accepted theory that fast demand growth causes inflation. Interestingly the historical evidence in India is the reverse — growth goes with lowered inflation — but this is because prices go up and growth slows down in bad harvest years, masking the underlying positive relationship between demand growth and inflation. The UPA realised this and tacitly acquiesced to higher inflation as the price to pay for faster growth (it probably does not hurt that a lot of our national debt is in rupees and inflation eats into the value of the debt — which is why our debt to GDP ratio has fallen from 84% in 2004 to 67% now despite large deficits). My guess is that if (and mostly when) the BJP comes to power, it too will discover the attractions of not fighting too hard to keep inflation down.

There is also a clear difference in the attitudes towards anti-poverty policy. The Congress manifesto talks about schemes and programmes and rights — the BJP, despite its promise to serve the poor and the disadvantaged, is much more non-committal except in some specific cases such as tribal welfare. Even on health, where the two parties clearly agree about the priority, the Congress commits 3% of GDP while the BJP talks about a national health assurance mission. But for the most part the BJP puts much greater emphasis on getting existing programmes to work better over new spending commitments.

I must say that while I absolutely do not believe that we as a nation are doing too much for our poor, I have some sympathy for the BJP position here. The UPA was so busy coming up with new programmes for the poor that they had no time to invest in making the existing programmes work well. The breathless progress in less than six years from the launch of the MGNREGS to the Rashtriya Swasthya Bima Yojana (RSBY), the Right to Education and the Right to Food, would challenge the governance capacity of any government (viz the US experience with Obamacare, their answer to the RSBY). It would not be a bad idea to take five years to make sure that the existing schemes are all doing what we want them to do. I am especially concerned about the Congress' proposal to define the Right to Health in terms of more government delivery and more spending, given that we, in a sense, already have a right to health, just one that is mostly honoured

in the breach. There is almost always a free sub-centre in the village and a free primary health centre (PHC) within a few kilometres. The problem is that they don't work — a recent survey of PHCs found that in Bidar district in Karnataka, only 15% of doctors come to work — and as a result people end up relying mainly on the private sector. Estimates suggest that only about one in five visits to a healthcare facility, even for the poorest, is to a government centre or hospital. Pouring more money into a system quite this defunct without figuring out how to deal with the governance issues seems gratuitous or worse. Nevertheless I worry that the BJP, once in power, will feel the pressure to do something about healthcare, and it will end up walking down the same bad path just because spending money is easier than fixing things.

A final divergence is in the emphasis on credible government — something that the BJP says the UPA failed to provide and it will deliver. This echoes the complaints I hear from so many people in business — the sense that the buck never stops anywhere — that you can have all the clearances that you were told to get and then some objection appears from nowhere. Some babu somewhere comes up with a question or some civil society organisation starts complaining and boom, you are back, more or less to square one. Many of them make no secret of waiting for Modi to take over before they restart investing.

I fear they are being too optimistic. The investment climate in Gujarat under Modi has been very supportive of business interests; but it was the same under the Congress governments that came before him. Gujarat is a pro-business state, where civil society organisations are comfortable with working to make sure that business does not suffer. Large parts of the rest of India, for better or worse, are very different.

And there is something else that is even bigger. The recent spate of protests all over the country, about corruption, about where to mine and who can acquire land reflect a new stage in the maturing of our democracy, where the citizenry, encouraged by institutional innovations like the Right to Information Act, have decided that these issues are too important (and lucrative) to be left to politicians and bureaucrats. I am not saying that these interventions always bring what I would want for the country, but it is a powerful force, it is a gathering force, it is a force that has no respect for the commitments that those in power make, and I am not sure that even Modi's 56-inch chest will be able to withstand it.

One advantage of not being in power is that we can dream of reshaping the world exactly as we please. The BJP has had this luxury for some time — now the reality is about to hit it.

Abhijit Banerjee is Ford Foundation International Professor of Economics and Director, Abdul Latif Jameel Poverty Action Lab, MIT

The views expressed by the author are personal

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