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Great Expectations

By

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ABSTRACT

India's economy had virtually stagnated over a quarter-century until the early 1980s, with autarkic policies on trade and direct foreign investment. The expansion of the public sector had turned into an epidemic, trespassing into most areas of industrial activity, and not just utilities; and the licensing system had become a maze of irrational restrictions. With growth at 3.5% and population increasing at 2.2% annually, per capita income grew at a snail's pace (the infamous "Hindu rate of growth"). It therefore failed to pull the mass of people out of poverty and into gainful, sustained employment. We should then have expected a "revolution of falling expectations": The poor could have risen in revolt, bundling the ruling Congress Party out of power because there was no hope of improvement.

One should note that the ratio of the poor to the overall population in India has declined dramatically over the period 1987-2000, in both rural and urban areas. If one goes by the official estimates, the decline has been to 26.8% from 39.4% in rural areas and to 24.1% from 39.1% in the cities. If we go by the alternative calculations done by Princeton economist Angus Deaton, the rural poverty ratio fell to 26.3% from 39.4% , and the urban to 12.0% from 22.5%. What these estimates show is that the standard explanation, so dear to the Indian novelists writing opeds on the subject -- that the rural areas have been neglected by India's economic reforms and the ensuing development -- is contrary to the facts. (But these writers do specialize in fiction.)

FULL TEXT

In India's favorite sport of cricket, fortunes change with startling speed. Indian elections, too, can be mercurial affairs. The confident Indira Gandhi, seeking to end her controversial Emergency rule and regain democratic legitimacy, was roundly defeated in 1977 by a motley crew of opposition parties. The diffident Sonia Gandhi, the leader of a seemingly lackluster Congress Party, triumphed over a Bharatiya Janata Party which believed itself to be formidable -- so formidable, in fact, that its leader called for elections earlier than he needed to, in the belief that his party's reward for domestic economic prosperity and international political success would be another term in office.

What the two election surprises -- in 1977 and 2004 -- have in common is the fierce aspiration of India's masses: political in Indira Gandhi's defeat, and economic in the victory of her daughter-in-law. If we may hazard a categorical explanation, Mrs. Gandhi was turned out by the people in 1977 principally because she had invaded their personal autonomy through the abusive vasectomy programs that her son, Sanjay, had bamboozled her into promoting. In the 2004 election, the people at the lower end of the income scale were, instead, pushing principally for an acceleration in the rate of improvement in their economic conditions.

Democracy is cherished by the poor in India. Whereas economic prosperity reaches them only slowly -- no matter which policies are put into place -- the political right to vote has an immediate, even electrifying, effect. Voting empowers the poor: The election day is their day, when they can vote out those above them, and richer than them. India's leading political scientist, Yogendra Yadav, has shown that, indeed, the poor vote massively.

But the 2004 election turned not on political rights but on the economic aspirations of the masses. And it is important to understand the texture of these aspirations, since it bears critically on which way the government of Manmohan Singh, the great architect of India's earliest economic reforms in 1991, should turn.

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Yet this did not happen. Perhaps, when little progress takes place all around, the centuries-old Indian fatalism takes over. But when the poor begin improving, then the "revolution of rising expectations" is likely to arise. This is a direct result of the perception of real possibilities. Indeed, one of the finest members of the ousted BJP government, former Finance Minister Yashwant Sinha, remarked on how difficult it was getting to find the resources to fulfill the demands that he found in his parliamentary constituency for greater financial allocations. This is also the view of people who work at the ground level: The young of India, including children from the lowest classes and castes, have enhanced expectations from life; and so do their parents, who vote. And this phenomenon -- of expectations aroused but unfulfilled -- has cut across the much exaggerated rural-urban divide.

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alternative calculations done by Princeton economist Angus Deaton, the rural poverty ratio fell to 26.3% from 39.4% , and the urban to 12.0% from 22.5%. What these estimates show is that the standard explanation, so dear to the Indian novelists writing opeds on the subject -- that the rural areas have been neglected by India's economic reforms and the ensuing development -- is contrary to the facts. (But these writers do specialize in fiction.)

True, the BJP also lost ground in some states because the minorities -- and no doubt many of the Hindu majority -- rejected its professions of secularism in light of the slaughter of Muslims in Gujarat, and also because of the BJP's at-best ambiguous position regarding dalit, or lower caste, rights (as documented beautifully by Stephanie Gyri in *The New Republic* recently).

But the key to understanding the 2004 elections is the phenomenon of rising aspirations. In this context, we need also to bear in mind that the Indian scene is increasingly populated by non-governmental organizations that work ceaselessly to energize the poor, reinforcing their ambitions and helping them to translate their new needs into effective demands in the polling booth and in local government. In the year 2000, there were an estimated two million NGOs in India! They grow daily, with educated women often forming these groups, when it was their fathers and grandfathers who led the reform movements in India earlier. And so, as Manmohan Singh squares up to his challenges, it is important that he remember that the reforms he initiated -- with the ensuing revolution in material possibilities -- is what propelled the Congress into power.

But, if the Congress Party backslides on reforms, or pushes them forward much too slowly -- so that, like *Oliver Twist*, the masses find that they ask for more and get less instead -- then retribution will be swift. It is hard to imagine that Prime Minister Singh, who led India forcefully into the reforms for which he has become a national icon, will not appreciate this. Only by pushing reforms still further, so that more of the poor are pulled up into sustained employment, income and consumption, can he take India ahead in its historic war on poverty -- and on its more recent path of impressive economic growth.