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SVR Speaking Notes

May 5, 1999, to the Rotary Club of Film City, Hotel Atithi, Bombay

Subject: Are Coalition Governments Good or Bad

Thank Divakara and the Rotary Club of film city

Opportunity to clear my own thinking and to learn from the discussions.

Twenty minute talk - four aspects of the subject

1. Meaning of Coalitions
2. Coalitions – our experience so far
3. Political stability and Economic Growth - Is there a connection ?
4. The outlook – shape of the things to come.

Meaning of Coalitions

Oxford Dictionary: A temporary alliance for combined action especially of distinct parties forming a government or of States.

American Heritage Dictionary: An alliance, especially a temporary one, of factions parties or nations. Temporary combination of parties that retain distinctive principles.

In India : Temporary alliance or combination – seat adjustments as a variation
To what purpose ? Smaller parties get together to keep stronger parties at bay

Or

One or more strong parties seek to keep another strong party at bay by supporting a combination of smaller parties to take power by giving support from outside without sharing power itself – a kind of power without responsibility

Meaning of Coalitions (continued)

In the West: parties come together either before or after elections to secure and share power and seek to cooperate with stronger parties.

Eg. Germany except once in the early forties after the war Germany has always had coalition governments each of which lasted its full terms – CDU/SPD/ FDP and now the Greens .

In other words

India – coalitions have a negative connotation: how to keep the other fellow out
West – coalitions positive purpose: offering governance

Coalitions – our experience so far

Negative connotation has a tradition !

The Indian National Congress (the original version) was a coalition of groups and individuals often disparate:

Eg. Lala Lajpat Rai on the one side to Maulana Azad on the other
Sardar Patel on the one side to Jayaprakash Narayan and Lohia on the other
Gandhiji on the one side to Jawaharlal Nehru on the other

One point programme throw the British out.

Hence when freedom was round the corner

Gandhiji wanted the Indian National Congress to convert into a service organisation. He was ignored. Already being sidelined

Coalitions – Our experience so far (contd.)

After 1947

Some groups broke away to form parties of their own

Eg. JP to form Socialist Party

Acharya Kripalani to form Kisan Mazdor Praja Party

In the first elections in 1952 these were marginalised.

Virtual monopoly of power by the Indian National Congress (364/489)

1947 -1964 under Pandit Nehru

1965 - 1976 under Mrs.Gandhi

1979 - 1984 under Mrs.Gandhi

1984 - 1989 under Rajiv Gandhi

End of the period of One-party/one family dominance

1989 - 1991 under UF Front VP Singh/ Chandrasekhar-

Congress supporter and rug puller

1991 – 1996 under Narasimha Rao - Actually a minority government
 The first signs of the weakening of the Congress hold in 1967

The first sign of Congress weakening in 1967 - Losing monopoly of power in UP and Haryana.

The S.D. governments - Asa Rao and Ganga Rao - Guinness Book of Records

The stage of Congress in power - Legislators purchasable

They are a reminder of a principled coalition - in Orissa, Sri Lanka - Jan Congress helped
 But they dealt with the Congress. Split in 1971

1971 India's experienced the split in 1971

All of the Congress leaders, who their home have had either died or were assassinated

The 1971 India's became a party and knew the stages of the national movement

But the 1971 disaster

managed to secure a coalition of the Congress with the SP, the Jan Sangh, launched the
 Grand Alliance - India's House Versus China's House

Coalitions – Our experience so far (contd.)

The first signs of Congress weakening in 1967 - Losing monopoly of power in UP and Haryana.

The SVD governments – Aya Rams and Gaya Rams. Guinness Book of Records

The shape of things to come. - Legislators purchasable

Only one example of a principled coalition- in Orissa: Swatantra- Jana Congress lasted four years ends with the Congress Split in 1971

Mrs. Gandhi engineered the split in 1971.

Almost all Congress leaders with their home base had either died or were eliminated.

The INC finally became a party and loses the sheen of the national movement.

But the 1971 elections

managed to defeat a coalition of the Congress(O) the SP, the Jan Sangh miscalled the Grand Alliance – Indira Hatao versus Garibi Hatao

Coalitions – Our experience so far (contd.)

The Emergency interregnum and the emergence of the Janata Party.

The Janata Party was itself a coalition.

Again a negative one of throwing Mrs. Gandhi out.

The failure of the Janata Party brought Mrs. Gandhi and her Congress centre-stage
The comeback was short-lived

The once mighty Indian National Congress was almost brought to its knees in 1991 though the astute survivor Mr. Narasimha Rao managed to ~~see~~ head a minority government and see it through its full five year term. 1996 and 1998 were ~~clearly~~ clearly an indication that their dominance was finally over.

The era of coalition governments was irreversibly on

Coalitions – Our experience so far (contd.)

Since 1996 two 13-party Janata Dal led UF governments, one 13-day solo BJP government and in the last one year a 18-party BJP led UF government

In every case the governments were pulled down by the Congress. In the case of the BJP they may not have voted for the government. But they abstained. Comes to the same thing.

Therefore are Coalition governments good or bad ?.

But before I express my view

A few minutes to discuss the issue of

Political Stability and Economic Growth

Political Stability and Economic Growth

Question: When were the growth rates eg of GDP lowest and when were they highest

Lowest 3.5% between 1947 and 1980 when political stability was at its highest
Highest 7% between 1996 and 1998 during the ~~two~~ regime^s of the two UF governments
6.5% when Narasimha was ruling with a minority government of course with the kind of support from the Jharkhand Mukti Morcha!

Between 1947 and 1980 the government occupied the commanding heights of the economy. From that vantage point they directed the licence, quota, permit raj and ensured that the growth rate ~~did not grow faster~~ *was kept within manageable limits.*

By the mid nineties the dismantling of the licence raj was proceeding apace. While there are still large areas with government they have descended from the commanding heights!

Political Stability and Economic Growth(contd.)

Indian businessmen, industrialists, entrepreneurs had a little more space to operate from. And with governments busy with the business of surviving industry and trade managed to manage their affairs to a greater extent than before.

The following quote from the Business World of December 22, 1997 is very pertinent in this regard:

“Stability is important for the economy. But what matters is not so much the stability of governments as the stability of the economic policies and the rule of law. The frequent collapse of governments in both Italy and Thailand does not seem to have done either country much harm. And the stability of the government in Bihar and North Korea does not seem to have done either place much good.

“According to a political saying, that government is best which governs the least (Thomas Jefferson often cited by Gandhiji). An unstable government is often one in which there is no governance at all. And what can be better than that? Just think

Political Stability and Economic Growth(contd.)

how much better the railways will do without a minister who feels obliged to inaugurate a new route every fortnight with not a thought for passengers' safety."

So the problem would appear to be not so much coalition governments but too much of government.

So the connection between Political stability and economic growth is not very evident.

The Outlook – The Shape of things to Come

And thus I come to the final part of this talk

But

I am still not ready to answer whether Coalition governments are good or bad !

I go back to the question of political stability and economic growth.

There may not be a direct nexus between political stability and economic growth

But there is one between

The Rule of Law and Economic Growth.

It does not requires governments with big majorities to enforce the rule of law. It requires the will to enforce the law and to resist the temptation to interfere with the enforcers of the law.

The Outlook – The Shape of things to Come

There is one between

The availability of good primary education to the poorest and economic growth .

There is one between

The availability of basic health care and economic growth

There is one between the provision of clean drinking water and economic growth

There is one between providing basic infrastructural facilities and economic growth

In each of these cases no party no individual no even Amma or that man Swamy will dare oppose any government that gives primacy to these basic necessities.

The Outlook – The Shape of things to Come(contd.)

And this is the problem/governments since 1947 have sorely neglected these essentials of good governance.

And finally

The Indian National Congress was a freak phenomenon and it was an accident of history that a man called Gandhi brought the country together under its banner. His heir Pandit Nehru even if he (in retrospect it would seem) nurtured a family to rule India after him ensured during his rule that we would be a democracy and have 12 elections in 50 years with a 13th in the offing.

The Congress has run its course. Not only is it unlikely to hold on to even its present seats but they will gradually shrink. India is too big and too varied with too many people with too many languages and too many cultural difference to be ruled by national parties.

The Outlook – The Shape of things to Come(contd.)

The present maneuvers of various parties to find new friends and allies will only end with emergence of loose federal parties comprising groupings of state parties which face common problems.

The framers of the Indian Constitution were aware that India could not be ruled exclusively from Delhi. At best Delhi could provide common defence, a common code of laws, a common currency but ultimately decisions that mattered and which involved the people in their day to day lives could only be made nearer to the places where the people live.

One may or may not like the Shiv Sena or the DMK or the AIADMK or the Telugu Desam or the Akali Dal. But these parties echo to a much a greater extent than we care to admit the aspirations of the people. Hence the popularity of any proposal to decentralise administration; to empower panchayats and local bodies.

The Outlook – The Shape of things to Come(contd)

The 13th General Elections will be followed in quick succession by the 14th or even the 15th. Party politics like water is seeking its level. But when it does we would have hit upon the right formula that provides political continuity – I would not like to use the word stability. It is often the favourite word of the dictator we have many of them going around.

What is really needed is for elected governments to divest themselves of economic decision making. Let them regulate through the numerous instruments like the RBI etc. If this happens then it does not matter how many governments come and go. The economy will continue to go forward.

Now are Coalition governments good or bad ? My answer they are neither. It is what we make of them.

They are unworkable

The Outlook – The Shape of things to Come(contd)

And before I end I would like to refer you to a movement which some of us have launched. It is to restore Liberal values.

Will take me another 20 minutes to explain

Therefore brought copies of Freedom First which describes what we are upto. If you find yourself in sympathy with what is set out do in touch with us .

Thank you.

Copy of General Elections to the Lok Sabha

5/4/99

1991

National Parties	1952	1957	1962	1967	1971	1977	1979	1984	1989	1994	1996	1998
Lok Sabha Strength	489	494	494	520	525	542						
Congress	364	371	361	283	350	154						
Congress(0)					16							0
Janata Party						298		0	0	0	0	0
Swatantra Party			18	44	8							0
Jan Sangh	3	4	14	35	22							0
BJP							0	0	0	0	0	0
P.S.P	21	19	12	13	2	0	0	0	0	0	0	0
S.S.P			6	23	3	0	0	0	0	0	0	0
CPI	16	27	29	23		7	0	0	0	0	0	0
CPI(M)	-	-	19	19	22	20	0	0	0	0	0	0
Hindu Mahasabha	4	1	1									
Ram Rajya Parishad	3		2									
R.P.I	2	4	3	1						0		0
Other Parties	35	29	21	44	0	53	0	0	0	0	0	0
Independents	41	39	27	35	0	8	0	0	0	0	0	0