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Conflicting prospects for the world's most populous democracy

by Devesh Kapur

**Things have never been as good** for India as they appear to be today. Its economy has grown by nearly 6 percent annually for the past quarter-century—virtually unprecedented for any sizable democratic polity. In contrast to the near-famine conditions of the mid 1960s, the country sits on a mountain of grain surpluses and poverty levels have almost halved since that time. Fertility rates, too, have nearly halved during the past few decades, while literacy and health indicators have steadily climbed from their erstwhile dismal levels. This sharply improved economic performance is rooted in a burgeoning middle class, estimated to be almost one-quarter-billion people.

During the 1990s, India's democracy faced severe challenges from the forces of Hindu nationalism, but that threat, too, has ebbed in recent years. Following its loss in the 2004 general elections, the Hindu nationalist Bharatiya Janata Party (BJP—Indian People's Party) is in disarray. While the events of the 1990s engendered trepidation in India's religious minorities about the country's commitment to secularism, current political conditions appear to allay those fears. Today, for the first time, this country in which four-fifths of the population is Hindu has a Sikh prime minister, a Sikh head of the army, a Muslim president, and, as its most powerful political personality, a Catholic-born Italian Indian.

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Internationally, the nation is thriving as well. India is being courted by the world's major powers—a sharp contrast to the pariah status that it earned following the nuclear tests of 1998. China's spectacular growth has raised apprehensions among other countries in the region, thus leading both the United States and Japan to court India more assiduously. In turn, China has tried to strengthen its relations with India to preempt Indian involvement in any alliance against it. Trade with China has grown exponentially—from less than \$1 billion a decade ago to nearly \$14 billion in 2004. Chinese premier Wen Jiabao's recent visit to India was a remarkable testimony to improved relations between the two neighboring giants, given their strained relations since India's humiliating defeat by China in 1962. Even neighboring Pakistan has been forced to rethink its relationship with India. In 2002, the countries' dealings were at such a low ebb that almost one million troops faced off against each other. But with the larger powers courting India, and facing a very different international environment, this long-strained relationship has begun to thaw. The cross-border movement of people across divided Kashmir that commenced this April has raised cautious hopes of progress on an issue that has bedeviled the region for nearly six decades.

There has been a singular change of attitude within India as well. Its elites, basking in the glow of international attention, are convinced that their giant nation's time has finally arrived. The unprecedented self-assuredness extends beyond the business class to a large number of the young urban educated, who are riding a wave of self-confidence generated by India's information-technology (IT) boom.

The exceptional confluence of good news—economic, political, international, internal—might seem to indicate that India's moment has finally arrived. Or has it? Is India's future akin to an Asian European Union—a liberal, democratic, multinational polity (albeit with lower levels of income)? Or is Brazil the more likely model—a giant system that has become wealthier but remains extremely unequal, and is afflicted by high levels of endemic violence? Or could India go the bleak way of Indonesia—a sprawling but weak polity led by governments with ostensible power but little authority; one that, despite its size, is likely to continue to languish in the minor leagues?

**It has long been claimed** that everything one can say about India is true—and so is the opposite. Indeed, India, a land of severe paradoxes, straddles several centuries simultaneously. While parts of rural India have agricultural practices akin to those of medieval Europe, its globally competitive IT firms are at the cutting edge of technology. Today, India produces more engineers than Europe and the United States combined, yet the country has the world's largest number of illiterate citizens. It has a growing and sophisticated nuclear-missile arsenal, yet a mounting Maoist insurgency poses a serious security threat in nearly one-quarter of India's 600-odd administrative divisions

(districts). Despite substantial food-grain surpluses, India harbors the world's largest concentration of undernourished people. Even as "health tourism" is flourishing, driven by relatively cheap world-class tertiary-care facilities, India's health indicators are little better than those of sub-Saharan Africa. Although cheap, Indian-manufactured AIDS-cocktail drugs are now widely available in Africa, they are scarcely accessible to the more than five million AIDS patients in India itself—now the largest number in any one country. India's intellectuals and politicians rail against the evils of privatization, yet the country is, de facto, one of the most privatized economies in the world: virtually anything connected to the government—from state jobs to ministerships, from officials' transfers to access to subsidized state services—can be bought. The Indian state resembles a gigantic eBay—anything that can be sold, is. Even as minorities are found at the pinnacles of political power, neither accountability nor justice has been rendered for bloody state-directed anti-minority riots—whether against Sikhs in 1984 or Muslims in 1992-93 and 2002.

Perhaps the biggest paradox about India—one that goes virtually unnoticed today—is that the country has remained democratic despite overwhelming odds. India's democratic endurance, reaching back to its founding as an extremely poor multinational polity that was overwhelmingly rural and largely illiterate, is one of the political miracles of the twentieth century. That miracle is a testimony to the institutional foundations laid by the country's nationalist movement. But these foundations have been corroding in recent years. The sheer venality of contemporary India's political class cannot be exaggerated.

There are several reasons for this worrisome state of affairs: a lack of accountability and sanctions for even the most egregious behavior is perhaps the most critical factor. The principal mechanism of accountability is elections—an instrument with inherent limitations in any democracy. In India elections provide an even slighter check for several reasons.

First, despite having one of the highest turnover rates of any democracy (incumbents have a less than even chance of being reelected), the pool of candidates, many with criminal cases, offers voters a choice between Tweedledum and Tweedledee. Second, the rising salience of identity politics in recent decades has privileged caste or religion over all other attributes of a candidate. Third, the sharp political cleavages between Hindu nationalists and secular political groups since the early 1990s have led the latter to accommodate and indulge the actions of any political faction, however venal, as long as its adherents claimed to be secular—paralleling the deeply deleterious effects of similar accommodations made by governments around the world in the struggle against terrorism. Fourth, there has been a deep decline in political parties as institutions. Most are run as family holding companies, epitomized by India's Congress Party. Virtually all of the scores of political parties in the world's largest democracy have the most anti-

democratic internal practices. The exceptions are the two parties at the polar extremes of the ideological spectrum: the Communists and the Hindu nationalists. These factors, when combined with India's British-style parliamentary system, have enhanced the power of individual elected representatives and led to a profusion of political parties in an era of coalition governments. Candidates for elections often buy tickets for electoral contests from party leaders—and if they are unsuccessful, shop elsewhere or start their own parties.

As a result, politics in India is a thriving business. Even the most obvious and blatant cases of corruption are not punished by voters, largely because of the force of identity politics. Despite the fact that India's courts, in particular the Supreme Court—one of the most independent and powerful courts in the world—have pressed for investigations of high-level corruption, politicians virtually never go to jail. Even if they do, they continue to run their activities with impunity. In states such as Bihar, politicians used to hire criminals to strong-arm rivals and herd voters to the polls. Now criminals have instead decided to get into politics themselves and have become members of parliament, thereby obtaining official police security to boot! India's police forces are under the same politicians' complete control. Little wonder that they are so demoralized and brutal. While Indian elites become indignant about the horrors of Abu Ghraib, similar practices occur in their own country daily. The state of affairs in the Central Bureau of Investigation—the key federal agency charged with pursuing corruption—is an emblem of the deep disarray in Indian institutions. The bureau has become so politicized that it is unable to prosecute successfully even the most blatant legal transgressions by India's politicians and bureaucrats.

From courts that take decades to settle cases, to police and prison systems that are brutal and corrupt, to lawyers who periodically go on strike and shut down the courts, the process of justice in India is itself the most potent punishment. Big business buys itself protection (when journalists cannot be bought off, they can be physically threatened), so it is rare for white-collar crime to be successfully prosecuted. In an atmosphere where everyone is deemed corrupt, state functionaries prefer to drag out and lose cases rather than try to arrive at a settlement, because the latter course leaves them exposed to accusations of bribery. For the same reason, honest officials are reluctant to make decisions lest they be accused of acting in “undue haste”—resulting in a state that has been described as having the engine of a bullock cart and the brakes of a Rolls Royce.

At the core of the problems that plague India lies the Indian state itself. India's elite bureaucracy, once a bastion of probity, has become politicized to such an extent that a minister reportedly claimed recently that, compared to the past, bureaucrats have become so complaisant that when they are simply asked to bend, they now crawl. Transfers to undesirable postings are the key mechanism to ensure bureaucratic pliability: if honest officials continue to be a “problem,” false charges are launched against them. This behavior has adversely affected both the quality of

recruitment and the capabilities of the bureaucracy, even as the demands of the economy have become more complex. The problems stemming from an unaccountable polity and bureaucracy are, of course, compounded by a citizenry whose social divisions hamper collective action.

India's statist model of development created vast patronage possibilities, pursued by powerful coalitions among politicians, bureaucrats, big business, and the rural elite. This dominant nexus was supposedly an important target of the economic liberalization launched in 1991 by the Congress government. Yet the resulting economic dynamism notwithstanding, systemic corruption has, if anything, increased. The economic prominence of the state does not necessarily decline with liberalization: its locus simply shifts from production to regulation. From taxation to land-development decisions in a rapidly growing, land-scarce economy, from state jobs to agricultural subsidies, and even through the process of obtaining a passport, possibilities for patronage and graft are ubiquitous. What is deeply disturbing in the Indian case is the shift in state corruption from "grease money" to outright extortion, paralleling what occurred in Indonesia in the waning years of the Suharto regime.

India's policymakers and politicians of all hues and stripes have learned—like many of their counterparts around the world—the virtues of a Janus-faced posture toward reforms. Essentially, this entails presenting a friendly persona to foreign investors, who will then perceive the Indian leaders as "reformists," thereby ensuring them much greater leeway in domestic matters. Indian politics has become much like options trading: politicians can undertake reckless and egregious behavior to achieve or retain power. If they succeed, they gain personally; if they don't, the losses are inflicted on society at large. Certainly the Congress Party acted this way, starting with Indira Gandhi's emergency suspension of civil rights in 1975, followed by the anti-Sikh riots in Delhi in 1984, and including electoral fraud in Kashmir over the decades. The BJP simply continued this tradition in such actions as the destruction of the Babri Masjid mosque in 1992-1993 and the horrific Gujarat riots in 2002. (Although there have been moves within the BJP to remove the chief minister of Gujarat, widely regarded as the architect of the 2002 riots, the motivation is not shame but mere self-interest: he is regarded as one of the politicians least open to bribes, so fellow party members feel he has made it more difficult for them to make money.)

Even after unexpectedly regaining power in 2004, the Congress Party has not desisted from constitutional improprieties. Contravening all constitutional norms, it precipitated crises by trying to topple opposition-led governments in state elections. Although these were averted at the last minute, they underscored the larger systemic risk that brinkmanship and partisanship could easily reach a point of no return. That this happened under a prime minister whose integrity and intellectual acumen are considered beyond reproach is particularly remarkable—if Manmohan Singh did not know about the unconstitutional intrigues of his own party, it only underscores his own

political weakness; and if he did, then the integrity of India's political system is even more suspect.

**The challenges arising** from such a hollowing out of the Indian state should not be underestimated. As the quality of public services stagnates and in many cases declines, elites have de facto seceded from the state. From education to electric power, from phones to transport, from security to the postal system, from water to sanitation, India's growing middle class is exiting public services—and democratic politics as well. As a consequence, a powerful voice for systemic reform and change is being lost. With India's income inequalities increasing, as one part of society confidently integrates into a global economy while the other, much larger, part limps along, India is exchanging one set of inequalities—historic, deep-rooted, and caste-based—for another that is class-based and equally as troubling. These inequalities increase the support for populist demagoguery. At the same time, the state's weakness in providing essential services has created space for more extremist groups to fill in the gap, whether the Maoist Naxalites on the left or the Hindu nationalist Rashtriya Swayamsevak Sangh on the right.

Critics of liberalization in India incessantly harp on the necessity of increasing national government expenditures on health and education. They are loath to admit that primary education and health are principally the responsibilities of the state authorities. Even the Marxist government in power in the state of West Bengal for more than a quarter century has failed to make much progress in providing universal primary health and education (the one realm where communist governments have had relative success). The reason is simple: an unwillingness to enforce the basics of public administration by ensuring that well-paid government employees—from health workers who don't show up at clinics to teachers who don't show up to teach—do their jobs, because those same civil servants are an intrinsic part of the ruling party.

The inability of the Indian political system to grapple with the many long-term challenges facing the country bodes ill for its future. Despite its high economic growth rate, India continues to run one of the world's largest fiscal deficits more than a decade after liberalization. This fiscal "overgrazing" is a classic tragedy of the commons, as individual parties and politicians benefit while the costs are shared by future generations. These expenditures are largely directed to a pampered government bureaucracy, rather than to long-term investments or social supports for the poor. India's human-development indicators continue to be abysmal for a country aspiring to become a great power. Growing water scarcities foreshadow greater internal conflicts, yet politicians continue to insist on free irrigation for water-guzzling crops such as sugarcane and rice. India's urban infrastructure is creaking due to low public investment—and this in a country that is one of the least urbanized in the world. But instead of investing in urban

public-transport systems, investments facilitating private automobiles are favored. Although India has very low per-capita consumption of electric power, shortages are frequent—and yet free power continues to be promised to farmers. Amid all these alarming trends, there is little indication that the political class's preoccupation with grabbing and maintaining power will change, provoking further dangerous neglect of India's real challenges.

It could be argued that fears concerning the troubling state of Indian governance are misplaced. After all, in the nearly six decades since independence, analysts have frequently underestimated India's resilience. The diverse face of the current national leadership can be taken as an encouraging sign, for example. The rapidly growing economy is creating new interest groups. Just as, a century ago, the excesses of patronage politics and raw capitalism created a groundswell of support for change in the United States, India has many actors who could do the same. Both a vibrant civil society and a dynamic private sector are promising. Indian politics is also likely to be invigorated as constitutional amendments passed a decade ago, reserving one-third of all elected seats in local governments for women, gradually create a new and potentially transformative political leadership.

But Indonesia is a sobering reminder that even decades of growth are no guarantee against sharp and debilitating reversals. Even given the resiliency of democracies, beneath the veneer of India's middle-class success and international recognition, its governing systems are severely stressed. Hundreds of millions of its citizens continue to be marginalized. India cannot emerge as a major power unless it urgently addresses state reforms, in particular by holding all state functionaries much more accountable for their actions than is currently the case. When the very source of the problem is its solution, the challenge is that much more difficult. Reform is possible, but self-reform—the requirement here—is always the most difficult to effect.

Can India fulfill its democratic promise, its destiny as its founding fathers saw it, in the years ahead? If that happens, it will affect not only the fate of one-sixth of humanity, but will also address one of the most challenging issues facing the global polity: whether poor, multinational, multiethnic states can emerge as liberal, prosperous democracies in the twenty-first century.

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