

It is the States and Governance, Stupid!

Harold McMillan famously said that one week was a long time in politics. NDA ignored that maxim in the exuberance which followed the victory of BJP in MP, Rajasthan and Chattisgarh in December. The stunning verdict in Lok Sabha polls brings us back to the realities of our politics.

The achievements of Vajpayee government were indeed impressive – a stable coalition, cohesion in policy, significant investment in infrastructure, rapid execution, macro-economic stabilization, accelerating growth, low inflation, successful disinvestment, a flurry of legislation, several far-reaching, long-overdue political reforms, impressive consensus in a fractious Parliament, and deepening federalism. These accomplishments in the face of formidable obstacles, and the wresting of three Northern States from Congress made the government launch the India Shining Campaign, advance Lok Sabha polls, and seek a renewed mandate on a positive agenda backed by performance.

In a democracy, that is perfectly fair and reasonable. But the Prime Minister and his political managers ignored a fundamental reality of Indian politics. After the stunning and emotional verdict of 1984 following Mrs Gandhi's tragic assassination, there is no longer a national verdict. The result of Lok Sabha polls over the past 15 years has been an aggregate of state verdicts. In each state, the people were responding to the local situation. In fact, even the 1999 verdict was a slight aberration as the surge of nationalism following the successful Kargil war, and the anger against the non-NDA parties for foisting an election without providing a viable alternative helped Mr Vajpayee obtain a relatively strong mandate. Otherwise, people are not judging the Union government. This is partly a result of the broad consensus on policy at the national level, defying intense political polarization and fragmented polity.

The remarkable victory of Congress and allies, left parties, and other non-NDA parties now once again proves that the states is where the action is. People are responding to their state government's performance because that is what really matters to them in daily lives, and that is what they see as 'Sarkar'. For the bulk of Indians, the Union is an abstraction, and its policies and actions – except on matters of war and peace – are far removed from the realities of life and death. Three major states are an exception to this rule – West Bengal, which created a stable political equilibrium based on ideology, cadres, land reforms, and rural base; Bihar, which created an unstable equilibrium based on a seemingly permanent, immutable political coalition of social groups unrelated to governance; and Uttar Pradesh, where each social group finds its niche in one of the four parties, leading to a lasting deadlock.

But elsewhere, there is generally a two-party, or two-alliances system operating, and the verdict reflects public support for, or outrage against, the party in power. The intensity of the anti-establishment feeling is in general directly proportional to the length of tenure of the state government. Local arithmetic did lead to some variations in Maharashtra, and

Gujarat is at last swinging against the politics of hate. Orissa responded to Navin Patnaik's transparent sincerity and honesty, and decided to give him another chance. We can clearly see the pattern everywhere, which underlines the message: **It is the states, stupid!**

Sonia Gandhi and Left parties deserve full credit for pulling off a famous victory against heavy odds. But NDA did snatch defeat from the jaws of victory by its irrational exuberance and incorrect reading of the situation, not to speak of political fallies like discarding trusted allies.

In the short-term, the picture is very clear. Congress and allies, along with Left parties have a clear and comfortable majority in the 14th Lok Sabha. A stable Congress-led government with Leftist support is a certainty. Happily, the fears of NDA defeat leading to instability proved to be unfounded. Leftists, given their pragmatic record in Bengal and Kerala will certainly support economic reforms, but with a human face. Important adjustments – focus on education, health care, employment generation, agriculture and rural sector, equity, transparency and accountability – are necessary and vital. These much-needed correctives will strengthen economic reform process, and redefine the role of the state. Federal principle will now be upheld, as opposed to earlier arrogance and centralization of Congress rule. Labour reforms and disinvestment will sadly take a back seat. On the whole, we will see a broader and deeper consensus around economic liberalization policies. And hopefully, communal politics will take a back seat, giving way to issues of economic growth and equity.

But the long term is more important. Our polity is shaped by what happens in states. Several state governments – of various parties – have been trying valiantly to improve things. But it is harder to please people, as real governance including public order, justice, rule of law, education, health care, natural resources development, local infrastructure, employment generation and social security are in the states' domain. The Indian state has lost the capacity to deliver services to people. Given the nature of our electoral process, even a well-meaning government is helpless in containing the perfidy of legislators and arrogance and corruption of employees. Our elections are only bringing about periodic change of players, but the rules of the game and nature of power are unaltered. Elections only act as safety valves to let off people's anger and resentment, but do not help improve governance. Andhra Pradesh elections now have witnessed about Rs. 1000 crores expenditure by major parties and candidates. Most of this expenditure is illegitimate, and incurred for vote-buying, hiring hoodlums and bribing officials. No matter who wins, the imperative to get back multiple returns on investment dominates the behaviour of legislators. As parties are desperate to win, only those candidates who are "winnable" by mustering money and muscle power are nominated by all leading parties. While money power is dominant in the South, muscle power is critical in the North. But a new Gresham's law operates in politics, and the worst practices spread quickly all over the country. Governance in states is the real casualty. And bad governance impedes growth, and aggravates the distortions of market economy. Failure of public education and health care, for instance is felt disproportionately by the poor and the weak, undermining their productivity and incomes, and fueling anger.

We clearly need comprehensive political and governance reforms if the nation is to be rescued from this vicious cycle. Real decentralization of power with the citizen at the heart of governance; far-reaching reforms of the electoral system to alter the nature of incentives in politics, and make honesty compatible with survival in public office; sensible judicial reforms to make justice speedy and accessible; and genuine accountability of those in power to the electors through many innovative mechanisms – these are the vital requirements to rejuvenate our democracy. **It is the governance in states, stupid!**

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