

Indian elections: Big business embraces the BJP

Deepal Jayasekera
22 September 1999

Fears that the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) may not secure a strong parliamentary majority in the current general election have caused India's major stock exchanges to suffer significant declines in recent days.

Opinion polls and exit polls from the first of five rounds of voting had indicated that the NDA, an electoral front of two dozen parties, would win more than 300 of the 543 Lok Sabha seats and that the BJP alone would capture 200. But these forecasts have been called into question in recent days by exit polls based on the second and third rounds of voting. They indicate increased support for the Congress (I), the BJP's and NDA's main rival.

The Hindu chauvinist BJP has historically been the standard-bearer of the right wing in Indian politics, and has always enjoyed support from sections of big business. But today the BJP enjoys the backing of the majority of businessmen, including the most powerful, for they perceive it as best able to anchor a "stable" coalition government. This is a euphemism for a regime having sufficient parliamentary support and cohesion to press forward with measures to make India "investor friendly"—privatisation, deregulation, the gutting of workers' rights, and cuts in price support and social spending—despite popular opposition.

Still, there is considerable apprehension in India's corporate elite over the BJP's Hindu chauvinist agenda and its cadre of enraged petty bourgeois, for while Hindu communalism does ultimately serve the interests of the ruling class by deflecting social tensions in a reactionary direction, it also adds an unpredictable and potentially explosive dimension to Indian politics, including India's relations with Pakistan.

Big business's attitude towards the BJP was exemplified in a comment published in the *Indian Express* August 28 under the heading "The old new BJP". It expressed concerns over the ambiguity in the BJP's pledge to place a moratorium on some of its chauvinist demands, such as its call for the building of a Hindu temple on the site of a Muslim mosque in Ayodhya. "It would appear," declared the *Express*, that the BJP "is being buffeted by all the old contradictions and does not know how to cope with being committed and uncommitted to Ayodhya at the same time....

"The solution lies, first, in whole-hearted commitment to the NDA manifesto. Second, the BJP should seek a consensus on controversial issues in good faith, which means keeping an open mind and being prepared to abandon old shibboleths. Third, its leaders should yank the rank-and-file away from the past and towards the new millennium. If none of this is possible, the BJP should tell the people in all honesty what it actually stands for."

To date the BJP has been unable to satisfactorily explain what its "moratorium on contentious issues" means. While there is an element of calculation in this—the BJP leaders do not want to unbalance their fragile electoral alliance—there are real tensions inside the BJP over its communal agenda. The core of the BJP's cadres and the majority of its leaders, including Prime Minister Atal Behari Vajpayee and Home Minister L.K. Advani, are associated with the fascistic Rashtriya Swayamsevak Sangh (RSS), which has fomented communal violence against India's Muslim and Christian minorities.

There are also divisions within the BJP over the extent to which it should defend the interests of sections of business, including prominent industrial concerns, that favour the dismantling of "permit-raj" (i.e., the system of state economic controls), but fear being swamped by more powerful foreign rivals if tariffs and other protective barriers are quickly removed.

The election manifesto of the BJP-led NDA pledges that if elected it will press forward with the dismantling of India's traditional nationally protected economy, while also pledging to ensure that domestic capital has "a level playing field". The manifesto sets a yearly target of \$10 billion in new foreign direct investment (FDI)—more than three times the current rate of inflow. To attract this level of investment, the NDA promises to speed up the privatisation of public sector enterprises, slash social spending and price supports and boost state expenditure on infrastructure, and rewrite labour laws to make it easier for businesses to dismiss and lay off workers.

The NDA manifesto says the alliance will encourage FDI in "core" or high technology areas, while discouraging it in others. It "will facilitate the domestic industry to gain enough muscle to compete with the multinationals in the local and global markets.... At the same time, the country cannot do without

FDI, because, besides capital stock, it brings with it technology, new market practices and, most importantly, employment."

The BJP-led coalition came to power as the result of the March 1998 Lok Sabha election. Although it had only a bare parliamentary majority, was dependent for its survival on regional parties often with conflicting interests, and came under attack from the nationalist economic lobby inside the BJP, the Vajpayee government did succeed in instituting economic changes long demanded by India's "pro-reform" lobby and by foreign investors. These included accelerating the pace of privatisation and allowing private and foreign capital to invest in the insurance sector. In its last budget, the BJP, to the applause of the entire business community, made significant tax cuts.

To date the BJP has succeeded in squaring the circle and maintaining the support of both the "nationalist" and pro-reform economic lobbies. One reason for this is fears within the business sector that a Congress (I) government would be dependent on the Left Front, which is headed by the Communist Party of India and the Communist Party of India (Marxist), for its parliamentary majority. Although the Congress (I) has been at pains to prove that it will not be beholden to the Stalinists parliamentary parties, and the Stalinists themselves have supported the "reforms", business is concerned that the Congress's dependence on the Left Front would make it too susceptible to popular pressure.

Another reason the BJP-led NDA has been able to garner the backing of the dominant sections of Indian business is its apparent success in exploiting the recent confrontation with Pakistan over Kashmir (the Kargil crisis) to lay the groundwork for a new relationship with the United States. The BJP and much of business have long wanted to realign India with US imperialism.

According to the magazine *Frontline*, "the BJP has managed to win all segments of big business with an interest in India: the foreign investor, the non-resident player and big domestic capital. This of course is bound to fill the BJP's campaign coffers further, with open and concealed private contributions" (August 13, 1999).

A survey conducted by Marketing and Development Research Associates of 197 top Indian executives provides a further indication of business's embrace of the BJP. Of those surveyed, 63 percent said Vajpayee would be the best prime minister. At the same time, 59.9 percent said they would like Manmoham Singh, the Congress finance minister who in the early 1990s spearheaded the dismantling of India's nationally-protected economy, to be Vajpayee's finance minister. Such a development, however, is highly unlikely, as Singh remains a Congress leader and was among the authors of the Congress election manifesto.

In the last parliament, the Congress supported the BJP's key "reform" initiatives, including the insurance bill, and it alone, of the major opposition parties, refused to support a one-day

national general strike in December 1998 called to protest the Vajpayee government's economic agenda.

The Congress has responded to big business's embrace of the BJP by promising to outdo the ruling alliance in the dismantling of permit raj and the wooing of foreign investors. The All India Congress Committee (AICC) has taken out ads in India's leading dailies denouncing the BJP for being beholden to the *swadeshi*, or national economic lobby. (Ironically, *swadeshi* was one of the main slogans raised by the Indian National Congress, forerunner of the current Congress (I), in its fight against British rule.)

" *Swadeshi* lobbies played havoc with the economy", complains the AICC. "Economic illiterates belonging to so-called Swadeshi lobbies derailed policy during the 13-month tenure of the 18-party coalition government. Foreign and domestic investors became alarmed at the lack of the direction. In areas such as television, telecom and financial services, which boomed during the Congress years, opportunities simply dried up."

To further emphasise its commitment to a pro-business program, the Congress has made Manmohan Singh one of its principal spokesmen, even while Sonia Gandhi is making demagogic claims that, unlike the BJP, the Congress is for the poor. Singh has criticised the BJP-led ruling alliance for its failure to control the budget deficit, which could exceed 10 percent of Gross Domestic Product in 1998-99. Singh has said that reducing the deficit to less than 4 percent of GDP will be among a Congress government's top priorities.

In addition to pledging major cuts in expenditure, the Congress election manifesto calls for a dramatic increase in privatisation. "Time has come for a strategic redefinition of ... [the public sector's] role and scope. ... The public sector must be concentrated primarily in strategic, security and high technology areas of atomic energy, defence and space, as also certain areas of infrastructure where private investment will not be forthcoming."

This is a commitment that priority will be to given private capital. The manifesto also says that a Congress government would seek to reduce the role of the state in the country's railway system—in other words, will begin its privatisation. Railways are probably India's largest commercial enterprise, so large they are the subject of a supplementary annual national budget, known as the railway budget.



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