

From New Delhi by Ramtanu Maitra

BJP's ascent to power worries reformers

Like the blindmen of Hindoostan, almost everyone is trying to figure out the outlines of the BJP elephant.

Come the end of March, the Bharatiya Janata Party (BJP) and its allies, which hold a slender majority in the Parliament, will begin their tenure. What worries people most is the question of what the economic policies of the new government will be. Many say that evaluating future policies of the BJP based on past statements by its party leaders is as difficult and fruitless as reading tea leaves.

The reason for such confusion is simple. The BJP does not have a clearly defined economic policy. It does not seem to have a clear reading of whether the policies adopted by the Congress Party over the decades, and by the United Front only recently, were adequate. If they were inadequate, what, exactly, the BJP thinks was wrong remains a highly muddled issue among its various one-person think-tanks.

For instance, if one has to go by routine statements issued by the Swadeshi Jagran Manch (SJM), a BJP think-tank which promotes indigenization of the Indian economy, it appears that the government will adopt foreign technologies selectively. "Computer chips, not potato chips," is the much-stated one-liner that has been used to express the policy the SJM wants the BJP government to adopt vis-à-vis foreign direct investment.

However, a slightly clearer picture emerges from statements by S.K. Gurumurthy, in a recent interview with a news daily. Though listed only as Con-venor of the SJM, Gurumurthy is in reality a political heavyweight in the BJP. In the interview, he said that the BJP government will not welcome in-

discriminate investment from foreign investors. He cited the economic course charted by Malaysian Prime Minister Dr. Mahathir Bin Mohamad as the preferred one. He said that while he admires Mahathir for successfully attracting foreign investment in critical areas, his party would crack down on speculative tactics of financial behemoths such as George Soros. Gurumurthy said his party is intently studying the "Mahathir model" for India.

Heavily criticizing outgoing Harvard-trained Finance Minister P. Chidambaram (whose closeness to the speculators' economists such as Jeffrey Sachs is well known) for having touched "new depths" in bowing and scraping before foreign investors, Gurumurthy made it clear that the BJP leadership is veering toward the view that an aggressive nationalist undertaking to regain economic self-reliance is the need of the hour.

Such a statement from Gurumurthy has put on alert a host of policy influentials eager to toe the International Monetary Fund (IMF) line on reforms. Bureaucrats from the Commerce and Finance ministries, who relentlessly push the custom-made liberalization policies originated by the IMF, have openly expressed fears that such a stand will weaken India's "bargaining position" with the World Trade Organization (WTO). In other words, like the IMF and Sachs, the mandarins of Delhi's North Block have already vetoed the BJP's stated inclination to channel foreign direct investments into specific sectors.

At the same time, the captains of Indian industry, all of whom are highly

politicized, and who built bridges to the outgoing United Front government and the Congress Party before it, have moved quickly to demand that the BJP adopt "sane" policies. The Confederation of Indian Industry (CII), which was close to the United Front government, has immediately set forth a 75-day agenda for the BJP government.

Included in the CII agenda are such politically contentious issues as disinvestment of select profit-making public sector companies, so as to reduce government equity to less than 50%; opening up the insurance sector for private sector participation; immediate reorganization of the Security Exchange Control Board (SEBI), to revive the capital market; and announcement of a new industrial policy to meet the new demands of globalization and competition.

The BJP has also been attacked by the pro-reformers for having included in its manifesto its stated policy "to ensure a day-to-day working relationship with Indian industry through a structured forum like MITI [Ministry of International Trade and Industry] in Japan." This has been ridiculed by the pro-reformers as a half-baked idea. They point out that MITI's success has been based on coercion, and as the "Big Bang" financial deregulation reform is about to be undertaken in Japan, the MITI phenomenon will be dismantled.

Another analyst, however, explained why the BJP's admiration of the MITI-led "miracle" is not liked: It will invite censure from the WTO. Diplomatic sources dismiss the BJP's statements as "a lot of rhetoric and posturing." They point out that the WTO process is irreversible, and it is highly unlikely that India would risk defaulting on obligations. They also point out that many countries, including China, are doing their very best to gain membership in the WTO.