

## **SHOULD MANIFESTOS BE DUMPED?**

**By D. R. Pendse**

Just before the 1998 elections, some businessmen and professionals were once informally discussing the manifestos which were then just published by the rival political parties. A seasoned businessman member of Parliament, with allegiance to a major party was present and said candidly that 'The manifestos are not worth the paper on which they are printed'.

I should have accepted those pearls of wisdom. But I did not; and chose, recently, to quickly go through, the manifestos released by the BJP-led NDA and by Congress (Sonia); though not entirely, at least through matters pertaining to economic policy. The exercise turned out to be largely thought-provoking and enlightening [read, wasteful and amusing].

The NDA is clear of course that 'the total eradication of poverty is the ultimate goal;' and 'for this – Berozgari Hatao – Eradicate Unemployment – is our call'. The Congress goes a step further and assures us 'that one crore new jobs will be created every year. [Incidentally, India's population increases by 1.8 crores every year]. The NDA plans to 'relegate this poverty into history', but then quietly adds 'by 2010 AD'. In other words, voters have to elect them to power for two consecutive terms of 5 year duration. This tom-tom of poverty removal somehow reminded me of the late Prof. V. M. Dandekar. More than ten years after his seminal study 'Poverty in India' was published, one foreign journalist apparently asked him about the latest status of poverty in the country. With his characteristic bluntness, Prof. Dandekar said, "I do not know about the poverty in the country, but my own poverty has certainly gone".

Both the NDA and the Congress support the enactment of the currently fashionable New Zealand-fame 'Fiscal Responsibility Act' and a statutory ceiling on government's borrowing. The NDA cautiously omits any specific commitment to the maximum permissible levels of fiscal deficit as a percentage of GDP but talks merely of 'major correctives in fiscal management'. The Congress however plans to 'rein in the combined

Centre-States fiscal deficit to below 4% of GDP in four years,' [as against about 10% at present]. But then it is quick to add that 'Fiscal discipline will not be at the cost of investment in essential, social and physical infrastructure'. Since most of the other government expenditure is also irreducible [interest burden, cost of bureaucracy, defense and the like], in effect the Congress manifesto is ruling out any reduction in fiscal deficit at all. But that is beside the point, or rather besides the manifestos.

Congress avers also that it will seek an industrial growth on a sustained basis 'at a minimum of 10 – 12 per cent per year' which, it says was witnessed in the mid-1990s 'when the Congress was in power'. Never mind that the Congress manifesto of 1991 elections did not say anything about this being their goal.

On Foreign Direct Investment [FDI] both the Congress and the NDA talk of fresh FDI of \$ 10 billion per year. Since the actual FDI has refused to cross \$ 3 billion per annum so far. Congress cautiously hopes to 'raising it to 8 – 10 billion early in the next decade'. The NDA is far more enthusiastic; leaving well behind its Swadeshi image, it sings the virtues of FDI and insists: 'India cannot do without FDI, as it brings technology, new market prices, and most importantly. Employment, besides capital stock' and places a target of 'at least \$ 10 billion of FDI per year which will be commensurate with our growth objectives'.

One need not prolong the list. Both the rivals have said the same good old things that they believe must be said, also for example, about economic growth rates, inflation control or expenditure control. Indeed, I fear that if one were to take out the economic policy paragraphs from, say, the NDA manifesto and insert them suitably in the Congress manifesto and similarly insert the Congress paragraphs in the NDA manifesto, not many readers will notice the transplants. Certainly not the respective party candidates who (hopefully) carry copies as aide-memoires while making their election speeches.

This does not mean that there is any broad base of agreement between the rivals on economic policy issues. That really is the pity. In quite a few industrial country

democracies, such a broad agreement has already emerged. Interestingly, in those countries, of the two major rival political parties, the latest elections have brought to power a party which is perceived as having more leftist leanings; i.e. not the left as such but the left-er of the two. But these left-er parties have been pursuing economic policies that would at times embarrass even the right-er party that was voted out.

President Clinton's left-er democratic party has transformed America's huge deficits of the GDP days into a surplus. In Germany, the latest Budget of the left-er Social Democratic-Green Coalition has given new tax-breaks to businessmen, squeezed the pensioners and reduced government expenditure by \$ 16 billion in one year. [Neither the U.S., nor Germany needed a Fiscal Responsibility Act to achieve this.] In Britain, Tony Blair may be heading a labour party government. But many of his economic policies are known to be indistinguishable from Margaret Thatcher's policies. He seems to have appointed several 'outside advisers' to key posts in government and created a power-elite, many of whom are Thatcherites. In New Zealand too, the current left-er government has introduced economic policy measures, about some of which even the previous right-er party was cautious.

I have not read the manifestos of the concerned parties in these countries. But I suspect that while the rival parties there project themselves to be vitally different from one another, once voted to power, they do the same sort of things. In India, on the other hand, the two manifestos talk of the same sort of things, but once in power, any of the two parties can be counted on doing altogether different things – not only different from those mentioned in the rival's manifesto, but different from those mentioned in their own manifesto!

We already have numerous examples. In Maharashtra, the Shiv Sena-BJP coalition has been in power since 1995. In its manifesto then, the BJP assured the voters that if voted to power, they 'would throw the Enron project in the Arabian Seas'. Four years later, the project is not in the Sea; but very close to it, and already merrily generating electricity that the M.S.E.B may find difficult to cope with? Now the same coalition partners, in

preparation for their coming elections, claim in their speeches that the Enron project is one of their achievements!

At the national level, Mr.P.V.Narasimha Rao's Congress party was voted to power in 1991. Its principal and path-breaking achievement [some would say, the only], is the rigorous introduction of structural economic reforms under the able guidance of Dr. Man Mohan Singh. It brought back the economy from the verge of international default. But the Congress manifesto then did not even mention economic reforms. In fact, it was the BJP manifesto then that talked of introducing economic reforms. In informal gatherings BJP leaders apparently kept on complaining that Dr. Man Mohan Singh had hijacked reforms from their manifesto; and he himself expressing surprise that the BJP was criticising his policies when he was merely implementing their manifestos.

The moral of the experience is clear: The best things that parties in power do are often those that their manifestos are silent about, and sometimes those that are the exact opposite of what their manifestos promise to do.

Mature citizens are tired of reading the tall promises and the empty rhetoric in the manifestos. The younger first-time voters will probably not even start reading them. There is even a demand that 'legal remedies' should be explored against a ruling party if it fails to fulfil the manifesto promises. Sensing this mood, the Congress manifesto this time assures "to bring out an annual report on the progress of implementation of the promises made".

My humble advice to citizens is as follows:

- (i) I spoke to some legal luminaries; and all of them confirm that there are no 'legal remedies' whatsoever under the present framework, against such erring parties. This is obvious too. Are politicians such simpletons to give promises against which they can be hauled up in a court?
- (ii) Do not ask for any 'progress reports' from the party in power, in relation to its manifesto promises. That may prompt it to adopt absurd policies merely to prove that it were fulfilling absurd promises. The party in power should be left free to forget the manifesto and to do what it considers best, even if its manifesto were

silent on it, or even if it pleaded for the exact opposite. This freedom is the best chance of something good happening.

- (iii) Good manifestos will not necessarily bring up good governments; and good decisions are taken at times in the face of bad manifestos. So, deposit the manifestos where they belong.

Tailpiece:

Decades ago, soon after I had established in my work some rapport with Mr.J.R.D.Tata, he sent to me one day a long, elegantly prepared Report, which he had received from some important expert on some important economic issue. JRD's note to me said 'This is for your perusal, if interested. Otherwise send it to Mr.W.P.B.' Within minutes of my receiving it JRD's secretary phoned and said 'Mr.Pendse, in future you may be receiving many such papers from the Chairman. In case you have not met him, Mr.W.P.B. is always handy, just under your table'.

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[Based on contents of manifestos published in respectable English newspapers!]

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