

## The Indian Elections: Implications for the US

June 5, 2009

CSIS's panel discussion on the Indian elections featured three speakers. Dr. Walter Andersen, Acting Director of the South Asia Program at the School of Advanced International Studies, discussed how Congress strategically consolidated its victory, and its possible next steps. Secondly, Ambassador Teresita Schaffer, the Director of the South Asia Program at CSIS explained the economic conditions and how to provide for inclusive growth, and Lisa Curtis, a Senior Research Fellow for the Asian Studies Center at the Heritage Foundation delved into new policy toward security and national defense, and approaches for U.S. involvement.

### Electoral Strategy and Results

Dr. Andersen started the meeting by commenting on India's electoral map. Geographic tendencies did not differ significantly from the 2004 elections. Fears that Indian politics would become more ethnically divisive following the Mumbai attacks have been largely unrealized. Therefore, conclusions about demographic loyalty in Indian politics have been made hastily. According to Dr. Andersen, Congress is emerging as a party that can cut across ethnic and religious lines, and present an ideologically centrist position.

Congress picked up votes from both the right and the left. Having acquired a majority that no single party can undo, the Congress party will have more room to maneuver this term. The coalition has amassed a majority the likes of which hasn't been seen since the 90's. This will allow Congress to ally itself with smaller parties, rather than having to join with larger ones that require concessions. Last term, Congress was often bogged down by opposition from the Communist party.

Despite Congress' current majority, Dr. Andersen did not foresee any dramatic changes in policy. Congress will continue to take incremental steps in its policy-making. He pinpointed some leaders who will be pivotal in the new regime: Prime Minister Manmohan Singh would put the government together but would work closely with UPA Chairwoman Sonia Gandhi, the political powerhouse. Finance Minister Pranab Mukherjee, is a political veteran and would continue to be a trouble-shooter. Home Minister P. Chidambaram would remain in his pivotal job, where he has proved to be a strong leader and good administrator. Particularly of interest is the political emergence of Rahul Gandhi, who played a pivotal role in the campaign. According to Dr. Andersen, he will be important to watch as he enters the Indian political scene, and perhaps prepares for larger roles down the road.

Dr. Andersen explained the unexpectedly decisive victory for Congress as a result of its strategy of targeting two key groups: the rural poor and youth. The previous Singh government had implemented several policies to relieve some burden from rural groups. The *National Rural Employment Guarantee Act* of 2005 offered poor families one hundred days of assured employment, lifting some of the weight of unemployment. As well, the government also moved toward debt relief by establishing *the Farmers' Debt Relief Fund- Farm Loan* waiver, relieving the burden on small and marginal farmers. These policies expanded Congress' reach into rural areas and increased their popularity. Three major outcomes of the election are the weakening of caste and class politics, the elimination of consulting partners for Congress, and the emergence of a stable and ideologically centrist Congress party.

### Economic Policy and Forecast

Ambassador Schaffer argued that Congress' success was partly due to its employment efforts. She agreed that we will still continue to see incremental policymaking from Congress. India's economic policy will be pulled in different directions by the competing requirements for balancing growth with rural development, for managing investment and land use (and ambivalence over appropriating agricultural land for industry), and for dealing with uneven growth across the country's different states.

The economic forecast is optimistic for India over the long-term, and much of this growth will be generated by the private sector, running on its own momentum. There have been dramatic increases in private investment and fixed capital, and imports and exports have more than doubled in a decade as a share of GDP. Despite the opening of the Indian economy, the country's leaders assert that its cautious approach to deregulation has insulated India from the world economic crisis. Ambassador Schaffer claims that, despite this rhetoric, India has become much more integrated into the world economy.

### **Foreign Policy, Defense, and U.S. involvement**

Ms. Curtis explain that while the Indian government showed restraint after November's Mumbai attack, relations with Pakistan are still extremely strained. Indian officials deduced that a taking military action against Pakistan would present unacceptable risks because of the nuclear factor and extremist elements. But this consensus could change if there were another serious incident on the scale of Mumbai. Therefore, expectations of improved Indo-Pakistan relations should be tempered. If Pakistan begins to show a firm commitment to routing terrorism from its borders, the U.S. should push for dialogue between the two countries.

The recent release by the Pakistani Supreme Court of Hafiz Saeed, leader of Lashkar-e-Taiba and Jamaat-ud-Dawa, does not bode well for relations. However, Pakistan's recent offensive in the Swat valley might signal a turning point. If Pakistan turns against its internal terrorists, it may also be willing to rethink the way they conceive of different threats. Pakistan has always seen India as its greatest enemy. In turn, terrorist groups such as Lashkar-e-Taiba are seen as assets fighting a proxy war, and have been outwardly or covertly supported by the state at some level. If Pakistan is turning away from this ambiguous policy, it would be good news for their relations with India.

Ms. Curtis claimed that now, more than ever, there is enormous room for cooperation between India and the U.S. on defense issues, such as counter terror and nuclear power. The U.S. has a strategic interest in seeing a healthy relationship between India and Pakistan. While options are limited, the U.S. can play a supportive, facilitating role between the two countries. The recent incursion into Swat may, in fact, create a new paradigm, where the countries may cooperate against non-state actors. The U.S. can also pressure Pakistan into taking actions against groups beyond the Taliban. The U.S. should also quietly encourage movement on the Kashmir issue, and try to bring the negotiating parties back to the table to create a viable solution.

The U.S. can also help to bring India and Pakistan closer together by creating common ground over Afghanistan. There is much room to integrate the three economies, and work together on construction and development. However, India continues to stand behind its policy of "strategic autonomy." Ambassador Schaffer noted that India will not create any military alliances, and the government will be careful to not appear that its foreign policy is being dictated by external forces.