

INDIA

2001: annus horribilis for BJP

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THE ruling Bharatiya Janata Party (BJP), which touched the landmark milestone of celebrating the Golden Jubilee anniversary of its foundation, also touched the low point in its existence. The Golden Jubilee anniversary celebrations itself saw a sad spectacle of Prime Minister Atal Behari Vajpayee speaking of a "communication gap" within BJP, apparently in his not being invited to the flag-hoisting ceremony at the special function to commemorate the founding of the Bharatiya Jan Sangh, the fore-runner of Bharatiya Janata Party, which was founded on October 21, 1951.

In a way, the BJP even dropped the mask of pretension, when it managed to bring back on board issues like Ayodhya, conversions issue, saffronisation of education, review of the Constitution and rewriting of history. In a way, the core agenda, that formed part of the Bharatiya Jan Sangh, seemed to surface on the political agenda of the Bharatiya Janata Party.

For the BJP, which rode to power staking claim to the moral high ground, it was a year of setbacks in

2001. The Tehelka tapes expose brought to naught the claims of the ruling party and its claims of providing suchita (probity in public life). Besides, the attack on the Kashmir Assembly (October 1) and the attack on Parliament (December 13) exposed the BJP claims of leading the nation from swaraj (self-governance) to su-raaj (good governance) and suraksha (security). The year witnessed the total collapse of its major planks, as the nation faced the worst-ever deterioration in the rashtriya suraksha (national security) environment.

The Swaraj (self-governance) to Su-Raaj (good governance) plank took the biggest beating, when the BJP was forced to change its President Bangaru Lakshman in less than a year of his assuming office, following Tehelka tapes expose, which caught on the camera Bangaru Lakshman accepting wads of currency notes. Number 13 appeared to bring bad luck to the party. Apart from being in office for the first time in 1996 for 13 days followed by 13 months in 1998-99, BJP president Bangaru Laxman had to resign on March 13 in the wake of Tehelka expose into corruption in defence deals. As though this was

not enough, the number once again dogged the BJP-led Government's fortunes with the terrorist attack on Parliament taking place on December 13.

After Lakshman stepped down, the BJP presidentship had gone to K Jana Krishnamurthy who sought to bring discipline in the party but was unable to elicit much response to a proposed code of ethics for party members. At the party's national executive on March 23 and 24, he set up a five-member Committee to draw up the code of ethics, which had to be watered down only for elected representatives of local bodies.

Then, the BJP drew a blank in the Assembly elections in five States. Going further on the back foot, the BJP had to change two Chief Ministers - in Uttaranchal and Gujarat - to tackle factional feuds. The trouble in the party surfaced in the new state of Uttaranchal also with Chief Minister Nityanand Swami making way for Bhagat Singh Kushiyanari barely six months before the assembly poll. Several senior party leaders were not too happy with the change of guard at this stage. In Gujarat, Keshubhai Patel was replaced by

party general secretary Narendra Modi but not before Patel and his supporters put up a stiff resistance and engaged in a war of attrition with the rival group. It is now almost four months since Modi was made chief minister but BJP

is yet to find enter the Assembly. The electoral graph of BJP was down even when it came to Lok Sabha and Assembly by-elections in Gujarat. The loss of Sabarmati Assembly seat was particularly galling as it fell in Advani's parliamentary constituency, Gandhinagar. The BJP-Allies suffered major setbacks in Assembly elections held in May in West Bengal, Assam, Tamil Nadu and Kerala. BJP's alliance with Trinamool Congress collapsed even before the poll in West Bengal. In Assam, its last-minute tie-up with the ruling party Asom Gana Parishad, cost it dearly in terms of erosion of its popular base. In Tamil Nadu Assembly poll, BJP ally DMK was routed by AIADMK.

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SRI LANKA

The year 2001 in perspective

HARIM PEIRIS

AS 2001 drew to a close and we look back over the course of the year, it is well worth it to examine the more momentous occurrences of the year that will continue to impact our nation in the new year and beyond.

The most decisive event of the year was undoubtedly the general elections this December, which witnessed the United National Front securing a slim majority in Parliament and forming a new Government under President Kumaratunga. The decision of the electorate mandated a political cohabitation between a PA President and a UNP Government, a substantially new experience for Sri Lanka which will significantly impact our nation's path in the years ahead.

The hope for the future is that this cohabitation would produce the bi-partisanship required to implement the many reforms both political and economic that are needed for the well-being of our nation, which perhaps neither party would be able to do on its own.

Particularly with regards the peace process, which essentially requires a consensus in the South regarding a deal struck with the LTTE would have its best chance of approval and acceptance by the populace if it has the blessings of a PA President and a UNP Government. In that context the steps to date of the new government's peace process is promising. After initial noises to the contrary, indications are that the Norwegian facilitation process begun by the PA would

be continued.

The foreign policy of the PA was arguably the most successful in post independent Sri Lanka and undoubtedly the best of the post 1983 period.

The proscription of the LTTE, achieved in their funding havens of the UK, USA and Canada was due to the untiring efforts of the President and her former Foreign Minister Kadrigamar and indications are that this international pressure so essential for bringing and keeping the LTTE at the peace table would not be unilaterally dispensed with but rather made an item on the talks agenda, with various reciprocities required.

Another significant development of the current year is of course the economic recession in the country and this coupled with the change of government has led to an extreme bout of revisionism with regards the economics of the past seven years.

The current government revenue shortfall brought about by flat economic growth is presented as the result of economic mismanagement for seven years rather than as the result of a recession which is part of a global phenomena. A thesis of seven years of PA economic mismanagement denies reality and is hardly worthy of serious debate. But perhaps in terms of refutation it might be worthwhile to quote from the 2000 World Bank Country Report on Sri Lanka, which states "Despite the acceleration of the civil conflict in the 1990s economic growth has been healthy due to good macroeconomic management and progress in trade liberalisation, privatisation and

financial sector reform.

Sri Lanka is today South Asia's most open economy and has relatively well developed capital market infrastructure. It's per capital income (of US\$820) remains the highest in the region after Maldives. Unemployment and inflation have fallen to historical lows, the external current affairs account has been strengthened, exports have diversified and expanded and foreign direct investment has risen." (World Bank Country Report-Sri Lanka, May 2000, Executive Summary page 1).

While undoubtedly the global recession, high crude oil prices and a drought all contributed to an economically depressed year in 2001 to apply such sentiments to the prior period from 1994 to 2000, ignoring the state sector reforms, the privatisations, the huge foreign direct investments in our telecommunications, ports and airlines, the macro economic stability, fiscal discipline, the historic lows in inflation and unemployment is disingenuous if not dishonest and denies what the World Bank quite correctly ascribes as "good macro economic management and progress".

A very negative aspect about 2001 has been the return of post election violence by the victors against their defeated opponents, which the PA succeeded in eliminating as a hallmark of its genuinely new political culture in 1994. It is extremely regrettable that despite all the pious claims to introduce a new political culture that the change of government that occurred has led to arson, assaults, threats, intimidation and murder of the

defeated PA rank and file. Since it doesn't occur in Colombo City, all our establishment elite's are free to celebrate the season and the removal of the security barricades and the creation of a government they so desperately desired.

Nonetheless the PA rank and file are at the receiving end of criminal violence and victimisation. Further since the government has now called local government elections in late February or early March the continuing wave of violence might well be the pre-election violence of the local polls, which the UNP are determined to steam roll through on its current momentum.

The JVP statement issued earlier this week on the continuing political violence is succinct in its summary of events and most importantly queries the deafening silence of the plethora of civil society organisation that were at hand to protest the real and imagined anti democratic actions of the PA. About whom the JVP perhaps rather unkindly allege are pseudo fronts of pro UNP establishment interests. In the alternate they may be practising the, hear no evil, see no evil and say no evil that characterised civil society during Sri Lanka's democracy destroying bloodbath of the late 1980s and early nineties raising the most important question as to whether the new year with the new UNP government heralds a return to the past we left behind in 1994.

Courtesy: The Daily News of Sri Lanka.

PAKISTAN

Looking backwards to look ahead

DR. FAISAL BARI

FOR Pakistan the year 2001 has not been great.

We had been struggling with a recession prior to September 11th, and we continue to do so at the end of the year as well. We had also been having difficulties paying our foreign debt obligations and keeping our commitments to the international lenders and sticking to their imposed or recommended conditionalities. Some of these pressures are still there, while others have been altered by the September 11th attacks. The US war in Afghanistan has certainly had a large impact on Pakistan. In the short run, we have certainly suffered some losses. Export orders have been cancelled or postponed, investments, whatever little were coming through, have been delayed or cancelled, imports have gone down, and in general the economic activity has been dampened. Foreign travel has become difficult and a lot of multinationals have had to move their staff around for safety. Some might be thinking about their future in and with Pakistan. These short-term disturbances are not just going to effect the economic activity over a quarter or two quarters. They can have more long-term impact as well.

If entrepreneurs, domestic and foreign, private foreign capital suppliers, and multinationals remain concerned about the health of the Pakistani economy as well as its future relationship with the developed world, and especially the United States, investments will just not happen. Lack of investment has been Pakistan's problem for the last few years, and these events will not be of any help in this regard. A lot has been said about the 'relief' that Pakistan has been getting and is expected to get from the international community to bolster its economy in these trying times. The Government of Pakistan has stated, a number of times, that Pakistan

has taken a principled stance on the issue of terrorism and is ready to help the world deal with this threat. It will appreciate help from the world community to deal with its economic problems, but that should not be seen as either a reward for or the price of our cooperation. Sometimes it is hard to make that distinction credibly.

Though some of the rescheduling had been done prior to September 11th, but the major portion of it has been more recent. And over these months the multilateral agencies have also been more interested in Pakistan and have been less insistent about conditionalities. Individual countries have also extended a number of smaller grants and soft loans over these last few months. There is no doubt that any relief as well as fresh injection of funds is going to be a help to the Pakistani economy. Our growth rates are down, government revenues are down, and problems of poverty and unemployment have become critical. In addition, Pakistan has to service a very large foreign currency denominated debt. Given the lack of large foreign reserves and the persistent trade and capital account deficits that we run, and the lack of willingness on the part of capital markets to loan us funds, servicing these loans was becoming close to impossible. There were a number of occasions when the possibility of default was more or less seriously considered. In this context the recent injections have offered tremendous relief.

The \$12 billion rescheduling, with packages from the IMF, the World Bank, the Asian Development Bank and other agencies, should give breathing space to the Government of Pakistan to pull its act together, and to get the economy back on some course. But this is where the real worry comes in. We have worked hard to get this breather. Does the Government have the plans and the will to implement

them to get the country on a course that would provide us sustainable development well into the current century? The historical record on this count is not that encouraging, and the current government, despite the rhetoric, does not inspire confidence either.

This government has been in place for long enough now and the economy has shown no real signs of improvement. Good agriculture continues to save us year after year. It feeds us, it fuels our factories, it gives us foreign currency through exports, and it continues to employ the largest portion of our workforce.

Investment rates remain low, banks have money but few want to borrow despite lower interest rates, many units remain closed or face default, banks still have large non-performing portfolios, privatization is moving very slowly, and we do not see any sector playing the role of 'the engine of growth' that can bring Pakistan back to trend growth (of the past) of around 6 percent. The most telling failure of the current regime has been the total disregard for creating, fostering and entrenching institutions that can make the economy perform with sustainability. This is true of regulation, law and judicial areas, governance as well as administration.

The legal lacunas in various laws continue. We brought in the National Accountability Bureau (NAB) to institute accountability, yet we did it with a large military presence. Apart from allegations of selective persecution, it seems that some get better 'deals' than others do from NAB. The better ones include ex-military personnel. Whether this is true or not, the perception of such partiality makes institutions totally useless, and in fact harmful as they become tools in the hands of the powerful against the powerless. Default now is a criminal matter. Business is seen as looting and this, surely, is the least likely way of

bringing back investment and encouraging business to work in Pakistan.

The current Government promised a lot when it came in. It has not delivered as yet. 2002 is its last chance. Will it? Our history should not give us confidence. But optimism need not be realistic. Let us hope for good things from 2002. **Wishing you all a very happy New Year.**

This piece first appeared in The Nation of Pakistan.