

The BJP's conversion to Globalisation: Path Dependent versus Political Choice Explanations

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Abstract

Throughout the 1990s the Hindu nationalist Bharatiya Janata Party (BJP) has claimed to stand for a form of economic nationalism under the banner of 'swadeshi'. However when the BJP entered office at the centre at the head of a coalition government in 1998 it proceeded to articulate its justification of economic policy in a discourse that made heavy use of the term globalisation. It also implemented policies that appeared inconsistent with conventional interpretations of swadeshi. In this paper I review two arguments that could be used to explain the BJP's decision to maintain and later extend reforms that increased India's integration with the global economy. The first argument is that the BJP was 'path dependent' on decisions made by earlier governments and was obliged to adopt a policy at odds with its orientation. This approach also implies that globalisation introduces new constraints that limit the policy options available to the governments of nation states. A second argument is that the BJP leadership chose to articulate their policy using a narrative of globalisation for reasons of political choice. This implies that ideas and ideology are of continuing importance in the determination of economic policy.

A curious situation characterises contemporary Indian politics. The Bharatiya Janata Party (BJP) is promoting engagement with the global economy and has adopted a qualified rhetoric of globalisation. This is a surprising outcome because the BJP is associated with the cause of Hindu nationalism and we would expect the party to favour inward oriented policies. It is not at all clear that the economic nationalism often described as 'swadeshi', that BJP allegedly favours, is consistent with globalisation. While economic globalisation has generated a large and diverse literature it could be described as the transformation of modes of production, financing and employment in ways that encourage interdependence and transcend national boundaries. Arguably globalisation reduces the capacity of the nation state and obliges a more receptive attitude on the part of the state to the wishes of capital that is often globally organised (Strange, 1995; Cerny, 2000). The notion of swadeshi came into popular usage as a way of referring to the boycott of imports in favour of locally produced goods in Bengal between 1903 and 1908 (Guha, 1997). The term has been given a variety of interpretations since then but the general emphasis has been on promoting the consumption of home produced goods. One way of explaining the paradox of a party that favours economic nationalism and globalisation would be a path dependent argument. According to this view the BJP had very little choice on entering office except to follow the policies established by its predecessors and accept the norms forced upon it by global market forces. One very direct way expression of this view puts it thus

'If this was liberalisation from 'above' why is it that four Governments that have followed the Congress(I) regime of 1991-96 have maintained the same features of the reform programme? The reason is simple. The pre-1991 paradigm had exhausted itself years earlier, so no Government could even dream of returning to those policies. At the same time there was no alternative paradigm on offer. So in an international setting where globalisation was the ruling ethos, all Governments - of the Congress (I), United Front and the BJP-led coalitions - have persisted with the liberalisation programme as originally devised. This is why reforms have been 'irreversible' and have been so since the day in July 1991 when industrial licensing was abolished and trade liberalisation was set in motion.' (Reddy, 2000)

L.K.Advani, a former President of the party and current Home Minister, took a more subtle view when he described globalisation as

'a phenomena that denotes the increasing integration and interdependence of the nations of the world, brought about by new advances in information and communication technology and new global-scale activities in trade and industry, globalisation is a

fundamental fact of our times. Neither its reality nor its irreversibility can be questioned. If anything, it is a development that bids fair to advance rapidly and in ways that cannot even be fully envisioned today. This being the truth, any position that opposes, and seeks to roll back, globalisation per se is as futile as it is untenable.' (Advani, 1998)

In this paper I provide an alternative political explanation. I accept that in some respects the BJP was constrained but I argue that it has opted for policies that encourage the globalisation of the Indian economy for reasons based on political choice. The assumption is that actors have a range of objectives that they seek to achieve and they are able to make strategic choices from a number of alternative courses of action available to them. I accept that the BJP faces difficulties in the constitution of its economic policy. Divided as a party and ruling in coalition it faces a number of constraints. India's cautious integration into the global economy since 1991 has also introduced a new dynamic. Even so the leadership of the BJP retains a certain amount of autonomy in policy making. One source of this autonomy is a sophisticated use of the rhetoric of economic globalisation. This terminology helps the leadership to fashion a narrative that gives them space to pursue a policy, predicated in many respects on globalisation, that is less than optimal to many inside the party. There are a number of dissenters within the party, and the wider Hindu nationalist movement, who are unhappy with external liberalisation. In what follows I assume that party elites are motivated by considerations of ideology and ideas about what constitutes the most effective economic consistent with that ideology. In spite of constraints and external forces acting on the leadership I will argue that the individuals in question have retain considerable freedom to act on their motivations. I also assume that ideas are an important motivator of individual and collective action. While the focus of the paper is not on the character of the Indian state, consideration is given to the argument that economic policies reflect the disposition of class forces in India.

A path dependent explanation

An argument can be assembled that the BJP, once in office, found it very difficult to disengage from commitments made by previous governments and found itself in a path dependent situation. This section will set out the basis on which a path dependent explanation is constructed. The concept of path dependence sets events in historic context. The concept originated in the discipline of economics where it was argued that initial investment in one form of technology could profoundly shape the later development of a particular industry. The investment would generate early returns and make a shift to

another technology expensive (Arthur, 1989). Accordingly historical contingency, rather than technological superiority, might mark the development of an industry and set it on a particular trajectory. In addition to the costs of physical capital there are costs embodied in institutions that are established around the use of that technology. The significance of this argument have been applied to the realm of politics by a number of writers who argue that contemporary outcomes have to be understood in the light of events that preceded and shaped them (Collier & Collier, 1991; Putnam, 1993). These events reinforce later outcomes and make change very difficult. Pierson summarises

‘Each step along a particular path produces consequences which make that path more attractive for the next round. If such effects begin to accumulate, they generate a powerful virtuous (or vicious) cycle of self-reinforcing activity.’ (1997, p.12)

Institutions nurture this dependence as they create incentives for certain types of behaviour. Breaking away from a path incurs substantial costs, as the investment that went into establishing, maintaining and developing institutions is lost. Costs are also incurred as interests that have a motive for maintaining an existing policy or institutional arrangement may exact retribution on a politician that initiates change. Politicians may get ‘locked in’ to a particular policy because of the costs associated with breaking away from the path. The longer that a path is followed the more difficult it can be to opt for an alternative course of action. This inflexibility may require an exogenous shock to oblige a shift away from an entrenched arrangement (Pierson, 1997, p.38). The relevance of path dependency can be illustrated by reference to a specific Indian case. The Nehruvian Congress Party to opt for a state-led development strategy had important institutional implications (Chakravarty, 1997). A policy path was established and an institutional framework put in place to implement it. These institutions funded, supervised and regulated development. They helped to link interests to the ruling party and build a constituency that supported planned development. The institutions themselves also had an interest in maintaining the system. Those employed by the state or with privileged access to markets and resources through the system of industrial licensing derived great benefits from the policy set. As the state expanded its activity the system became more difficult to reform. The ‘licence permit raj’ tended toward path inefficiency as it created opportunities for corruption, rent seeking and discouraged innovation. Proposals to reform the unwieldy system of planned development had to overcome a great deal of inertia. A detailed explanation of the shift from this path is beyond the scope of this paper. The state-led development approach did create a network on interests and obligations that grew increasingly difficult to sustain. The fiscal crisis of the state and the perceived costs in terms of

inefficiency suggested to influential policy makers that a shift towards an alternative policy approach was desirable. It has been argued since that the 1991 crisis may have served as more of a pretext than a determinant of the policy shift but even in this interpretation the crisis served to assist the turn away from the state-led model (Corbridge & Harriss, 2000).

Pierson identifies institutions and collective action problems as two contributing factors to political path dependence. When assessing the nature of the path dependence created by the 1991 economic reforms I have added two other factors: interests and economic constraints. Pierson does not give full consideration to interest groups that resist change. The possibility of resistance from interests associated with a policy or set of institutions must enter a reformer's calculations and thus reinforce an existing arrangement. He argues that institutional norms and rules shape behaviour. Change may very well involve changing institutions. This can be difficult where institutions are long established and have a powerful impact on behaviour. One response is to incorporate interests under the category of institutions. One does not have to be a pluralist to recognise that particular institutional arrangements attract long-standing support from, and often incorporate, interest groups. In the Indian case, Jenkins has drawn our attention to the informal institutions, such as political parties, that integrate interests with the political system (2000, pp.151-171). Separating interests from institutions is analytically useful especially as some groups are more integrated than others. Economic factors contribute to path dependence and warrant separate discussion. Prior to giving a full analysis of how path dependent the BJP is I will outline my political choice explanation.

A Political Choice Explanation

At the heart of my political choice based explanation of the BJP's economic policy lie some assumptions about the nature of the party and the importance of ideas. When interviewed BJP party members insist that their party is 'different'. This distinction is helpful because it draws attention to the ideological nature of the party and, whether intended or not, to the close relationship that the party has with the Hindu nationalist 'cultural' organisation, the Rashtriya Swayamsevak Sangh (RSS). Individuals with close links to the RSS founded first the Jan Sangh and then the BJP for the purpose of fulfilling the objectives of the Hindu nationalist movement by political means. Hindu nationalist asserts that 'Hindus alone, constitute the Indian nation, since they are the original inhabitants and sole creators of its society and culture' (Basu et al, 1993, p. 37). According to this view alien invaders,

advocated by the BJP follow interests. This is not to argue that interests are irrelevant to the construction of Hindu nationalism but rather that the relationship between ideology and interests is a complex one. I do not accept the view that Hindu nationalism is a hegemonic project designed to advance the interests of a particular class though it is certainly possible to detect an upper caste bias on the part of the RSS (Jaffrelot, 1998, pp. 23-25). I would accept that the RSS and the BJP are socially embedded organisations and that the actions of their members do partially reflect opinions consistent with their social backgrounds. If the BJP is beholden to an interest the most plausible case that can be made is that it is the RSS. As key leaders of the BJP hold widely divergent views from the RSS on economic issues the party is clearly not articulating an interest based economic policy from this direction. As a party striving to win elections the BJP cannot afford to neglect the interests of its supporters but because it is an ideologically driven party it also seeks to lead its supporters. The party also seeks to bring together a variety of groups into an electoral coalition united by common cultural identity. The ideology of the BJP and its electoral strategy prevent it from articulating an economic policy at the prompting of a particular class. This is of course presuming that class based politics is a feature of Indian politics. We might be able to identify groups with a shared economic interest and describe it as a class. However we have good reasons for assuming that in India class is fractured by a variety of other identities and that collective action can take place around a number of shared identities (Rudolph & Rudolph, 1987, p. 248; Varshney, 1997, p. 1739). Class action is possible but so are a variety of other forms of collective action. This would enable us to say that the BJP, in the pursuit of other aims or for electoral reasons, might implement individual policies that have a class bias.

The argument that policy-making elites are influenced by an idea of what constitutes best economic practice is more easily applied in the Indian context. This suggests that consensus is confined to a much narrower circle. It also implies that ideas about what an optimal economic policy is do not have to be culturally rooted though they are likely to be consistent with a particular ideology or worldview. These ideas may also be influential because politicians see in them new ways of putting together a political coalition (Hall, 1997, p.184). When I analyse of the BJP's turn toward globalisation later in the paper I start with the wider nationalists aims of key party leaders. I then demonstrate how views of what constitutes best practice fit with the policy currently being pursued. I give separate consideration to the linkage between external orientation and the BJP's geo-political ambitions for India. I conclude with a review of how the concept of globalisation fits with the

electoral strategy being pursued by the party. In the next section I will map out the evolution of economic nationalism as promoted by the Jan Sangh and more recently the BJP.

A party of economic nationalism

The Jan Sangh, the predecessor party to the BJP, has been described as a party that was very much in the shade of the Congress Party when it came to economic issues (Graham, 1990, pp.194-195). The party did speak for what it considered to be the interests of its core constituency, the small-scale sector and the trading community. The Jan Sangh also articulated a mild form of corporatism. The RSS founded trade union, the BMS, was a critical part of this formula (Anonymous, 1992, p.19). The Jan Sangh based its economic thinking on an organic view of society in which each individual was seen as part of a greater whole. Conflict was to be avoided by conciliation and compromise. By the late 1960s there was some unease among the leadership about the loss of direction on economic issues. It was felt by some that renewed interest in socialism on the part of the Congress Government was highlighting the conservatism of the Jan Sangh's economic policy and that the party was in danger of losing touch with the people. Prior to the 1971 election the party adopted a manifesto that focused explicitly on improving the lot of the rural poor (Jaffrelot, 1996, pp.234-241). The poor electoral performance in the general and state elections in 1971 and 1972 stimulated the party to evaluate its strategy. The party decided to engage in direct action as a way of strengthening the Hindu nationalist movement. This meant the party was in step with, and was prepared to participate in, the 'JP' movement in 1974. This move was supported by the Jan Sangh's parent organisation, the RSS, who had sympathy with the Gandhian approach of the veteran socialist. The ideological background to this approach was the articulation of Hindu nationalist ideas using a Gandhian idiom. This view was formally stated in 1965 by Upadhyaya, the party's General Secretary, in the document 'Integral Humanism' (Hansen, 1998, pp.293-294). The RSS appreciated Gandhi's opposition to Western modernity and were willing to endorse a campaigner, such as Jayaprakash Narayan, who stood for the Gandhian ideas of decentralisation and support for cottage industries (Jaffrelot, 1996, pp.263-264). Gandhi's notion of Swadeshi was also appropriated. The idea of home production for home consumption sat easily with the wider aims of the Hindu nationalist movement. Members of the Jan Sangh continued to support this approach to economic issues when the party merged with several other opposition parties to form the Janata Party in 1977. Policies such as support for small industry and rural development were given a priority by this first non-Congress government. However limited progress was made on the

economic agenda as the Janata government collapsed under the weight of its internal contradictions and the Janata Party split. The erstwhile members of the Jan Sangh established a new Hindu nationalist party, the Bharatiya Janata Party, in 1980. Hansen argues that economic policy was not a high priority for the nationalist movement before the 1980s as issues of identity and nationhood were considered to be more important (Hansen, 1998, pp. 296-297). It could be further argued that while the Congress Party eschewed a Gandhian approach the Jan Sangh had once again failed to demonstrate its difference. The Congress Party, with its inward looking state centred development strategy, had strong credentials as a party of economic nationalism. The regulation of foreign investment and the protection of domestic industry by high tariffs serve to underline this point.

The Congress move towards liberalisation in the 1980s provided an opportunity for the BJP to differentiate itself on economic issues. Even so it was not until the 1990s that the party was able to make significant use of this new ideological divide. The BJP continued to argue in favour of Gandhian socialism and rural development but it did not gain a profile because of its stand on these issues. The reforms initiated by the administration led by Rajiv Gandhi lost momentum in the face of widespread opposition (Varshney, 1999, 238-244). The BJP opposed these reforms on a number of grounds. Congress stood accused of capitulating to the interests of multinational corporations and the World Bank (Hansen, 1998, p.299). The minority Congress government led by Rao in 1991 took up the cause of liberalisation again. The reforms were more thorough going than any attempted earlier. The wider political context had changed as the BJP had won 119 seats in the 1991 election. This achievement gave an indication that it might one day be possible for a BJP government to rule at the centre. Following the demolition of the Babri Masjid on 6 December 1992, and the defeats inflicted on the BJP in the 1993 state elections, the party was keen to broaden its base. It was anxious not to be perceived as a party simply concerned with religious identity. Thus economic issues were given a high profile by the party leadership. It was an opportune moment, as the Congress Party appeared to have abandoned its nationalist principles in the key area of economic policy. This was not a simple matter for the BJP. It had long supported the internal liberalisation of the Indian economy. At the same time some party members and the RSS strongly opposed the external liberalisation of economy whereas a number of key leaders had more ambivalent views (Ghosh, 1999, pp. 284).

The BJP campaigned vigorously against the Congress decision to sign the treaty replacing the GATT with the WTO on the grounds that India's national sovereignty was threatened. The BJP joined a range of parties and interest groups that opposed the signing. The party and the RSS affiliated Swadeshi Jagran Manch (SJM) organised a series of demonstrations and protests in early 1994. The protests were extended to include the activities of multinational corporations in India. This was epitomised by the campaign against the Enron project outside of Bombay. The SJM, backed by the BJP, alleged that the project was poor value and that it was tainted by kickbacks (Gordon, 1997, p.78). The protestors demanded its cancellation. The Enron protests may have given the impression that the BJP was hostile to multinationals and FDI. Yet the Enron contract was eventually ratified in 1996 by the BJP-Shiv Sena coalition state government in Maharashtra. There were certainly some members of the party who took this point of view. However a number of senior figures, including Vajpayee and Advani, did not share this attitude. Party policy, leading up to the 1996 election, did not rule out FDI but rather argued for priority for Indian capital with FDI being permitted where it would enhance export capacity or introduce new technology. FDI was to be discouraged in some areas of the economy, such as consumer non-durables (BJP, 1996, pp.64-65). The BJP entered the 1996 election with a considerable amount of ambiguity surrounding its economic policy. It was closely associated with the RSS, an organisation hostile to MNCs and the entry of foreign capital. Observers were uncertain as to the party's likely attitude to MNCs (Ghosh, 1999, p.298). Writing in 1996 Lakha described the attitude as 'lukewarm' and argued that without a more positive attitude a future BJP government would fail to promote export growth (1996, p.281). The BJP had clashed with Congress over the GATT issue but party policy supported many of the reforms initiated by Congress. The term 'swadeshi', commonly understood as implying strict economic nationalism, was used heavily by members of the RSS and the BJP but it was not always clear how the term was being employed. It was also apparent that senior figures in the party held divergent views on economic policy. In summary we have in the BJP a party that is first and foremost a nationalist party. It is not a straightforward political party because it is associated with a broader Hindu nationalist movement that seeks the transformation of Indian society. The ideology of the BJP inclines it towards economic nationalism yet there were signs that by 1996 that the party was softening in this regard. The ideology of its 'parent' organisation, the RSS, remained supportive of protectionist economic nationalism.

The break with Economic Nationalism

The BJP had directed attention away from its economic policy by attacking the performance of Congress since 1991. It won the largest number of seats in the 1996 election and was asked to form a government. It was unable to do so but observers caught a brief glimpse of how the BJP might behave in government. It is impossible to extrapolate from the 13 days in office but there was evidence of a shift in policy. Jaswant Singh was appointed as the new Finance Minister. He had a reputation as a supporter of economic reform and external liberalisation. Shortly after entering office Singh made it clear that he would stand by the commitments made by the previous government (Ghosh, 1999, p.300). Jaswant Singh was not re-appointed as Finance Minister when the BJP successfully assembled a coalition government after the 1998 election. It was suggested at the time that this was because he was unacceptable to the RSS (*Asian Age*, 21/3/98, pp.1-2). Instead the post was given to a compromise candidate Yashwant Sinha. However Sinha did not prove to be a hardline economic nationalist either. Just after his appointment he made it clear that multinational corporations had nothing to fear from the new government (*Asian Age*, 21/3/98, p.1). The BJP led coalition government did not deviate significantly from the reforming trajectory of the previous United Front and Congress governments. The emphasis was on continuity and gradualism as the minority government was routinely destabilised by its troublesome partner the AIADMK. The Finance Minister stated at the beginning of his term in office that the government would follow a swadeshi approach to economic policy. This approach that would 'protect and promote' national interests but it would not be used as a justification for defending the inefficiency of Indian industry (*The Hindu*, 6/4/1998). Sinha's use of the term swadeshi left much unsaid though he implied that some areas of the Indian economy needed protection. He also stated that the government would be discerning about the sectors to which foreign investors would be given access (*Indian Express*, 6/4/1998). Later that month Sinha was refined his position when he stated that an economic policy based on swadeshi did not mean that the government was hostile to MNCs (*Asian Age*, 22/4/98). As it turned out evidence of swadeshi-based policies proved hard to come by. The government was criticised by the SJM for allowing foreign investments easy access to the Indian economy and for not applying the principle of swadeshi rigorously (*Asian Age*, 3/9/98). The government announced in December 1998 that it would introduce a bill that would enable limited foreign investment in the insurance industry. This proved deeply controversial with the RSS and a number of BJP backbenchers (*Asian Age*, 15/12/98). Prime Minister Vajpayee asserted the right of the party in government to decide matters of policy and the bill was introduced with support

religious minorities and pseudo-secularists have in various ways fragmented the cultural basis of the nation and have weakened its natural religious unity. The RSS seeks to undo this legacy and aims for nothing less than the transformation of India and the creation of a homogenous Hindu society. It is my contention that the leadership of the BJP has an ideological agenda that motivates their actions. A related assumption is that winning elections is important for the BJP but elections remain a means to an end. Mere office holding is insufficient. However we need to be careful that the BJP is not understood, as some commentators would have it, as a mere front organisation for the RSS. The relationship between the BJP and the RSS is much discussed and it is a topic about which members of both organisations are sensitive. The relationship is a certainly a very close one. The leadership of the RSS is accorded great respect and their views are taken seriously. Many senior BJP leaders are also members of the RSS. However the BJP has demonstrated a certain amount of independence, particularly in the area of economic policy, from the RSS while in office at the centre. State units of the BJP have also taken decisions that run against the expressed views of the RSS. I would characterise the relationship as one in which the RSS remains highly influential even though the BJP has achieved a certain distance from its parent organisation. This leaves a party that is ideological in outlook and subscribes to the general aims of the Hindu nationalist movement spearheaded by the RSS. At the same time the Hindu nationalist movement, of which the BJP is a part, is not entirely homogenous and particularly within the party it is not unusual to encounter subtly different interpretations of ideology and disagreements about policy.

This brings me to the role of ideas in shaping economic policy. Peter Hall outlines three broad accounts of the ways in which ideas influence the making of economic policy (1997, pp. 183-186). These can be described as ideas subsequent to interests, dominant ideas of best practice and ideas as constitutive of meaning. The third account offer rich insights into the ways that economic ideas become culturally embedded and set the boundaries as to which policies are considered appropriate to a particular nation state. To borrow a phrase this approach could be characterised as the national 'common sense' on economic policy. It is not an approach that I will follow up here because ideas about what constitutes appropriate policy in India have been rudely disrupted since 1991 and it would be premature to suggest that there is national consensus around the principles that should order the economy. I do not hold the residual view that interests are prior to ideas as a motivator and that ideas come into play as a supplementary variable. It would be misleading to suggest that economic policies

from the Congress Party. The government fell in April 1999 with many reform issues pending, including the insurance bill. The BJP fought the election at the head of the National Democratic Alliance (NDA). The alliance included a number of smaller regional parties. The BJP did not issue a separate manifesto but instead signed up to the agenda of the National Democratic Alliance. The agenda promised to continue with the economic reforms with the qualification that they would be informed by the principle of *swadeshi*. The NDA made sufficient gains in the election to enable a majority coalition government to be formed. Immediately after the election it was made clear that the government would press ahead with a reform process that had become stalled by the weakness of a succession of coalition governments. The legislation on the insurance industry was introduced and passed. The government also promised to move on to the 'second generation' of reforms.

Path Dependence and the BJP in office

In what follows I will examine the factors that might have made a shift in policy so costly for the BJP that it might have been the case that the party remained committed to globalisation because the leadership were not prepared to pay the cost of adopting an alternative economic policy. I will examine the incentives that have been established around the reform trajectory in the four categories of institutions, interests, collective action and economic considerations.

Institutions

Pierson argues that the institutional density of politics encourages path dependence. However the institutional consequences of the reforms since 1991 have been uneven. The reforms have been politically managed and pursued indirectly. In order to avoid high profile conflict certain changes have been delayed. Other changes have been pursued by informal means. Thus labour markets have so far not been reformed by legislative means. One implication of this approach is that the reforms can be slowed or accelerated according to circumstances and without incurring heavy costs. Other evidence suggests that economic issues have a relatively low public profile and it is not clear that symbolic changes in policy direction would carry heavy electoral costs (Varshney, 1999). It is certainly the case that bureaucratic influence over economic matters has been reduced but the overall impression is that the reforms have not been given solid foundations in new formal institutional structures. Reforms that would put certain things 'out of the reach' of elected officials, such as outright privatisation and the creation of an independent central bank, have not occurred. The strongest institutional change

introduced by the Congress Party was the ratification of the Dunkel draft. This made the Indian trade policy subject to the rules of the World Trade Organisation and with the passage of time it has become increasingly difficult to evade this intrusion. It could be argued that important aspects of the BJP's policy have been path dependent on this agreement. Thus the government was obliged to reform patent laws and lift quantitative restrictions on imports because of earlier decisions. Conforming to the WTO regulations was not inevitable but avoiding them would have incurred significant costs. Another important institutional change has been the devolution of responsibilities to the states (Jenkins, 2000). Those states that have gained benefits from liberalisation provide institutional support for the new approach to economic policy. The states are an important area of institutional depth in India's political system. As Jenkins has argued some of the most significant change has taken place at the level of informal institutions. To the extent that politicians have created new structures of extraction and patronage there is an institutional bias in favour of continued liberalisation.

Interests

The post-1991 reforms set the economic policy pursued by the Indian state on a new path. It is important not to exaggerate the pace of change but many institutions and interest networks have been modified as more market friendly reforms have been introduced. Among the innovations were closer relationships between the Indian state and the World Bank and the IMF. Policies towards foreign capital were relaxed in a number of ways. Foreign institutional investors were given much greater access to Indian stock markets. Foreign direct investment (FDI) was also liberalised. This has strengthened the interest of foreign capital in India and it adds to the momentum for further reform. Multinational corporations have lobbied the Indian government over issues such as liberalising the insurance industry. Any 'rollback' of the reforms would meet with resistance from these interests. However overall levels of FDI remain low and a regulatory regime remains in place for foreign capital (*Economic and Political Weekly*, 6-12/5/00). While successive governments have courted foreign investors the implementation of policy has not been unduly lenient towards new investors (Vicziány, 1999). The relationship with foreign capital has changed but the Indian state still accords greater priority to other interests.

The relationship with the World Bank and the IMF has not compromised the sovereignty of the Indian state in the ways that have been experienced in other examples of structural adjustment. Following the

early restoration of India's foreign exchange reserves, and the careful management of external debt, India was able to minimise the influence of the IMF. The relationship continues to be marked by respect but it is not based on obligation. Likewise it is a mark of India's status and macro-economic competence that the World Bank has accepted that reforms have to be politically managed. The World Bank and the IMF do constitute an interest but it is not one that has a heavy bearing on the conduct of economic policy in India. The two Bretton Woods institutions have reason to be satisfied with the changes since 1991 but successive Indian governments have delayed reforms and the crucial agricultural sector has yet to be significantly de-regulated. Other issues of concern to external observers, such as the level of the fiscal deficit, have been dealt at the pace suited to domestic political conditions.

Industrial capital might be expected to be a key constituency supporting the reforms. This 'interest' is not homogenous and some elements of liberalisation have been preferred over others. Many Indian businesses derived great advantage from being sheltered from foreign competition under the old state centred policy. Those with good political connections were well placed to benefit from the industrial licensing system. They had the resources to expedite investments approvals through the Byzantine system of controls. Once established in a market they would often be protected from domestic competitors through the restrictive licensing system. It has been noted that medium sized businesses excluded by the old system have been key supporters of de-regulation (Bardhan, 1998, p.125). A few businesses, such as Reliance, had an international orientation and did not fear international competition. They also supported liberalisation because it would make it easier for their organisations to build up international production networks (Cragg, 1997, pp.18-23). Easing foreign exchange controls and making it easier for Indian companies to obtain funds from international markets have been well received. However other aspects of globalisation, such as the lifting of quantitative restrictions and easing rules on takeovers, weaken the position of domestic capital and gain only reluctant support.

Collective action

Pierson argues that the difficulty of producing coordinated collective action makes change difficult (1997, pp. 25-28). Success requires a great deal of effort and high start up costs for uncertain returns. The elite nature of economic policy in India making reduces the height of this barrier to change though

to the extent that there is an elite consensus among party leaders and high ranking civil servants around the desirability of reform there is a bias towards policy consistency. The implementation of policy, with a wider range of government officials at the state and central level involved, raises greater problems in the event of a policy shift. It should be noted that implementing market friendly reforms has not been straightforward in the face of this inertia. In other words there are costs associated with proceeding with reforms as well as reversing them. In narrower political terms the realities of coalition government introduce a constraint. The regional parties favour continued reform but this support is qualified. They are in the main pragmatic supporters of liberalisation and have no great enthusiasm for measures that impact negatively on their sources of revenue and their constituents. The BJP also dominates the coalition in a number of ways. They are far and away the largest party and they have a majority in the cabinet as well as holding such key posts as the Finance Ministry. The coalition partners have obliged the BJP to compromise on policies based on their Hindu nationalist agenda but not in the area of economic policy (Jaffrelot, 2000).

Economic Constraints

India is somewhat unusual among cases of structural adjustment because it has enjoyed a degree of macro-economic success. The economy has experienced respectable growth rates, inflation has been contained and the level of external debt has been reduced. However the economy still has structural weakness and these have implications for the types of policies pursued by any government. Export performance has improved since 1991 but the liberalisation of imports, which began in the 1980s, has contributed to a balance of payments gap. This has yet to result in a balance of payments crisis as the increased FDI and portfolio investment has covered this gap. It does mean that policies that discouraged capital inflow would create balance of payment difficulties. More seriously the Indian state is faced with a latent fiscal crisis. It was estimated that in the financial year 1997/8 the Central Government could only fund 76% of its revenue expenditure from revenue receipts. Of this expenditure 36% went on interest payments (Government of India, 1999, Table 2.2). The successful management of external debt has been at the expense of high levels of internal debt. This fiscal shortfall reduces the amount of money available for public investment and encourages a dependence on FDI to make up the shortfall (Ghosh, 1996, pp. 326-329). It has been argued that poverty levels fell significantly during the 1980s because of buoyant public spending. It appears that this trend has stopped with reductions in public spending in the rural sector (Corbridge & Harriss, 2000). Official

policy to reduce poverty is now predicated on achieving high levels of growth based on external orientation of the economy (*Asian Age*, 6/12/99). There is of course a debate as to whether this is the most effective method of reducing poverty but there remains the nagging question of how a fiscally constrained state could fund increased social spending. One alternative is to increase taxation on the rural middle classes. However successive governments have not been willing to confront this under-taxed group. Ironically one of the reasons that made globalisation an attractive option is the domestic bind that successive central governments have found themselves in when trying to fund their activity.

In summary there were a number of costs that would have encouraged the incoming BJP coalition in 1998 to be path dependent. The reform process has secured influential support at home and abroad. Institutions have to an extent been restructured to fit changed circumstances. The Indian economy has certain structural weaknesses that make external orientation an attractive short-term palliative. It is worth stressing that while costs had accumulated by 1998 it was still relatively early in the reform process. The presence of interests opposed to reform and the insulation of the state from external pressure made alternatives feasible. One alternative would have been to delay reform rather than to engage in an overt reversal. Another alternative is a more strategic development strategy orchestrated by the state that is not dependent on full external liberalisation. The suggestion of Corbridge and Harriss' review of the Indian economy in the 1980s is that respectable growth rates could be achieved on the basis of carefully directed public spending. However there is no denying that a reversal of policy would have incurred significant costs and involved some very difficult decisions.

A Path Dependent 'conversion'?

In spite of the pressure for continuity I will argue that the leadership of the BJP had political reasons, independent of any path dependence, for continuing with an economic policy predicated on globalising assumptions.

A key explanation for the turn away from swadeshi based policies lies in the nature of Hindu nationalism. This ideology emphasises, among other things, modernisation and national achievement. Those BJP leaders that give qualified support to the idea of globalisation do not see it as an outright contradiction of their ideological views. On the contrary they take the view that the most effective way to pursue their nationalist ambitions, to the extent that they impinge on economic matters, lies in an

outward orientation of the economy. This is not necessarily because external orientation represents the ideal match with Hindu nationalist ideas, important inconsistencies remain, but it offers important benefits that are not available under different policy options. The economic nationalism espoused by the RSS and the SJM is not the only approach consistent with the ideology that motivates members of the BJP. Economic nationalism is often understood as support for measures that distort trade and control the inflow of foreign capital. Such policies would limit the activity of MNCs inside India. The term 'swadeshi' is interpreted quite strictly by the RSS and the SJM. It is taken to mean that Indian industry should be protected from foreign capital and as far as possible self sufficiency should be a goal of government policy. The position taken by many within the leadership of the BJP conforms to a much looser definition of economic nationalism. The overall aim is to promote the national economic interest. It is of course possible to defend such a position as economic nationalism but as Burnell notes it is unexceptional because most governments would claim to do so (1986, pp.26-28). One way of tightening the definition would be to distinguish those governments that are willing to pursue the national economic interest without regard for the welfare of other nations. Evidence of such disregard would be a willingness to break the rules that govern international trade (Burnell, 1986, pp.29-30). The evidence here is that the BJP-led government, with the lifting of quantitative restrictions and the patents legislation, has moved towards better international citizenship in this regard. The leadership of the BJP is pursuing nationalistic aims through its economic policy. However the approach is an indirect one and it is articulating a form of economic nationalism that is much less distinctive in terms of discriminatory policies adopted. The objectives pursued retain a certain consistency with Hindu nationalist ideology. Three broad themes stand out: external deprivation, modernisation and national achievement. A common theme of Hindu nationalist thinking has been deprivation suffered at the hands of external powers. As an RSS pamphlet puts it

'There is a need to recreate the self-confidence of the people of Bharat. Not so long ago, Bharat produced such superior yarn that Britain had to ban the sale of textiles from Bharat. Likewise, Bharat produced the best steel in the world ... That the indigenous science and technology of Bharat were deliberately crushed by the West is undisputed. Curiously, the same colonialist intervention from the West continues even on the eve of the twentyfirst century, now in the form of GATT, World Bank and IMF conditionalities' (Anonymous, 1992, pp.31-32)

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The external threat remains under globalisation and takes new forms. In a significant re-interpretation Advani does not scapegoat a specific enemy referring instead to the danger of financial ‘contagion’ (1998).

Hindu nationalists have routinely perceived themselves as progressive reformers who were keen to modernise India. This can be seen in the symbolism of the RSS that draws unapologetically on Western forms of dress and military organisation (Jaffrelot, 1996, p.37). The aim was to achieve a blend with local traditions that would create a dynamic movement that would help to create a forward looking and resurgent India. This theme was articulated in the 1996 general election manifesto

‘BJP stands for a modern and progressive India, open to new ideas, new technology and fresh capital. A modern India to the BJP is not a westernised India; a pale copy of the Western economic models.’ (BJP, 1996, p.34)

This was taken up, without the xenophobic twist, at a number of points in the Chennai declaration three years later

‘We can seek no other reward except the glory of India and the happiness of all Indians. Our goal – to make India a resurgent nation through the noble mission of politics and governance – cannot be lost sight of under any circumstance.’ (BJP, 2000, p.7)

‘We believe in a modern India and a moral India. An India that is forward-looking and forward-moving. An India without either social or regional disparities and imbalances. An India that is strong scientifically, technologically, economically and in self-defence.’ (BJP, 2000, p.9)

Successful modernisation will enable national achievement. The gap between India’s resources and her potential should be closed. In the words of one SJM activist

‘All developed countries know that India is a potential economic power. It constitutes the second largest market in the world; possesses the fifth largest number of scientific and technical personnel; has abundant natural resources; and cheap labour. A judicious use of all these factors can make India an economic giant. India is a tiger in the cage of the wrong policies. For liberating the tiger the cage has to be broken.’ (Krishna, 1992, p.23)

In a similar vein Advani talks about India a potential ‘software super power’ (1998). However his concern is that India is held back by its internal weakness. In this case corruption and poor corporate governance. There are important elements of continuity in the new globally oriented economic nationalism articulated by the leadership of the BJP even though it is certainly the case that the

endorsement of globalisation is at odds with policies advocated by the BJP in the 1980s and the interpretation of swadeshi favoured by the RSS.

The second explanation for a non-path dependent explanation is based on ideas, more specifically the ideas and attitudes of key leaders in the BJP on economic issues. As noted above a number of senior figures were on record before 1996 as taking a conciliatory line on external economic relations. These included Vajpayee, Advani and Jaswant Singh. They are not necessarily neo-liberal in outlook but they do not believe in a closed economy for its own sake. They are anxious to modernise the Indian economy and Indian society. They do not consider it feasible to complete this project without the involvement of foreign capital. FDI is seen as bringing with it much needed new technology (The Hindu, 17/6/00). These views contrast sharply with the views of the leadership of the RSS who object to a liberal investment regime that encourages multinationals to invest in India. The difference of views is, on one level at least, a disagreement about the technicalities of policy. It is my view that the leadership of the BJP are at heart nationalists influenced by the ideology of the wider movement. It is not simply an argument between the RSS and the BJP. The differences over the mode of policy can also be detected inside the BJP. Senior figures, such as M.M. Joshi, hold views close to the economic nationalism espoused by the RSS. My argument is that the economic liberals that are ascendant in the BJP retain many of the principles of the RSS at a level of generality. However there are important differences in terms of the translation of these ideas into policy.

A third explanation for the enthusiasm for globalisation, that is consistent with the previous argument that ideas about the economy are significant, lies in elite ideas about India's geo-political status. The leadership of the BJP has a vision of India as a power of world importance. Again this is rooted in a general commitment to Hindu nationalist ideas that were strongly evident in the decision to conduct the nuclear tests in 1998. There is an economic aspect to boosting India's status. It could be argued, in standard realist terms, that military security has to be rooted in a robust economy to provide the material support for arming the nation. To this can be added a more nuanced argument that powerful countries should have strong economies that reflect their status. In other words power can be achieved by economic means. Prosperity does not necessarily have to be translated into military hardware for a nation state to be regarded as powerful. This is especially relevant in an integrated world economy where military competition is secondary to economic prowess (Arefieva, 1990, pp.189-190). This line

of thinking is certainly reflected in the pointed self-criticism that draws attention to the gap between the aspiration for world status and India's economic backwardness. For example the introduction to the Chennai declaration attacked the legacy of Congress dominance in the following terms

'India's underachievement in the social and economic spheres has been especially glaring in the view of the rapid growth achieved by many developing countries in the world. Our poor developmental indicators have predictably had an adverse impact on India's global image and influence.' (Bharatiya Janata Party, 2000, p.2)

The irony is that while the emphasis on economics is of growing importance to Indian views of international politics some relations inside the region, namely those with Pakistan, are denominated in military terms. Perkovich argues that the Congress elite under Narasimha Rao put the economy first in the general conduct of foreign policy (2000, p.329). Economic growth was to be the route to enhanced international status. It was felt by key decision makers that any decisive shift in nuclear policy would jeopardise the economic reform programme. Economic objectives were given a much higher priority in the conduct of diplomacy (Gordon, 1997, pp 84-89). Thus considerable resources were devoted to courting the international financial institutions. The leadership of the BJP accepted much of the logic of modernising the Indian economy as a prerequisite of enhancing India's international status. However they were unwilling to relinquish the nuclear route to prominence. With hindsight it can be seen that their gamble paid off. Economic sanctions have been a minor irritant but the general economic objectives remain in place. The leadership of the BJP has translated their view that India's strategic ambitions must be based on economic achievements into policy. They have accepted the assumption that rapid economic growth requires an external orientation, significant foreign direct investment and further liberalisation of the economy.

A fourth explanation for the conversion to globalisation is an electoral one. The BJP recognised that if it was going to advance beyond the limitations imposed upon it by its image as an extremist party it had to broaden its appeal. As detailed above it had to take up issues other than the religiously defined ethno-nationalism associated with the Ayodhya movement. A significant attempt to do this was articulated around the campaign against the ratification of the GATT treaty in 1994. This approach had its risks as the party took a stand close to the parties of the left. However the party did not wish to yield the votes of the urban middle class who were more ambivalent about reform. The reforms,

insofar as it implied rationalisation, posed some threat to their employment prospects. However the reforms met with some sympathy among those who considered the state to be a profligate subsidiser that held back the private sector with excessive amounts of red tape. Engagement with the global economy also offered an opportunity to wealthy consumers tired of poor quality domestic consumer durables (Hansen, 1998, 306). If the BJP could endorse globalisation it would distance itself from other critics of reform. A longstanding concern of the Hindu nationalist movement has been to marginalise parties of the left that are viewed as reliant on alien ideas and are also considered to favour class struggles that undermine national unity based on a common cultural. At the same time the BJP could gain support from those voters that supported reform. It would also be a politically astute way of broadening the BJP's electoral coalition. The voters mobilised by the RSS with economic hardline views would not be in a position to desert the BJP. Considerations of religious nationalism would keep them away from parties of the left. Congress and its regional competitors generally take a liberal line on economic issues so they do not offer an alternative for voters dissatisfied with the BJP's economic policy. The persistent tension with the RSS over economic issues has been viewed as politically *neiprui* for the Prime Minister. He can continue to appear moderate to the general public while hardline activists have the consolation that the RSS shares their concern (*The Hindu*, 9/7/00). It is important not to overstate the electoral motivation for a policy shift. The economy is generally not a salient issue for Indian voters. Practical issues, such as food price inflation, have at specific times motivated voters. However the reforms since 1991 have been implemented in ways that reduce their impact on ordinary voters. At the same time other issues, such as religion and caste, have achieved a much higher profile (Varshney, 1999). The broader issues such as the debate over development strategy have remained more of an elite concern.

Pursuing a policy of globalisation allows the BJP to take up other issues of concern to its core constituency. The party, and its predecessor the Jan Sangh, had long campaigned for de-regulation that would allow small and medium size businesses to prosper (Graham, 1990, pp. 158-160). This would involve internal liberalisation that would reduce government controls and extend the scope of the market. This policy would be popular among the trading classes and small entrepreneurs that have been courted by the Hindu nationalist movement for decades. However they would not necessarily play well with the wider electorate who support regulatory measures such as controls to contain food prices.

These potentially unpopular policies can be advanced under the general heading of creating the efficient economy required by participation in a global economy.

The Rhetoric of Globalisation

None of this should be taken as an argument that the adopting the assumptions of globalisation on the part of the BJP has been straightforward. Nayar makes clear that the BJP-led coalition found the economic policy making process a fraught one (1999, pp.34-40). The first budget was only passed in 1998 after a series of concessions were made to coalition members. It was, as is usually the case with budgets, a rather cautious package. On balance the measures did not strongly favour domestic or overseas capital (Nayar, 1999, p.39). The BJP was been divided on economic issues at the highest level. Relations between the BJP and the RSS have been tense since 1998. Senior members of the RSS and other affiliated organisations continue to express their discontent with government policy. Since the 1999 election the BJP-led government has been more assertive and pushed ahead with further liberalisation. It is still too early to tell if the second generation reforms will live up to their protagonists claims but the government has not followed the bidding of its critics inside the coalition on issues like the Insurance bill and subsidy cuts.

The term 'globalisation' has proved very useful in these circumstances. Politicians in India have not pushed forward reform on the basis of transparency and straightforward advocacy. Instead they have favoured obfuscation and ambiguity (Jenkins, 2000, pp.43-50). This trend has continued even though BJP ministers have been more open than their predecessors. Vajpayee's efforts to promote the cause of second generation reform and willingness to face down his critics within the RSS contrasts with the indirect approach favoured by Rao. However there are still clear limits to this candour and politicians continue to take refuge in opacity. The strenuous attempts to re-interpret the term 'swadeshi' as being consistent with policies favouring globalisation is one obvious example of the attempts to obscure the intent of government policy. During the 1999 election it was stated that moves would be taken to 'discourage FDI in non-priority areas' (NDA Manifesto, 1999). It is important not to attach too much significance to manifesto commitments but the gap between rhetoric and reality is worthy of note. The gap between policy and implementation has been a feature of reforms since 1991. This has been especially important in the day to day functioning of regulations governing FDI (Viczianny, 1999).

However the direction of policy under the BJP-led coalitions since 1998 has been away from protection and a series of measures have been announced to ease the entry of FDI. The government has been strongly criticised by the RSS for allowing FDI into non-core areas (*Asian Age*, 2/9/98, p.1)

The terminology of globalisation has been used to provide cover for the difficulties faced by the BJP in the sensitive area of economic policy. The term provides a rhetorical curtain behind which the BJP can attempt to conceal the extent its compromise with foreign capital. Globalisation implies a certain powerlessness and inevitability in the face of a global trend. In Advani's speech cited in the introduction globalisation is described as 'a fundamental fact of our times'. He added that 'neither its reality nor its irreversibility can be questioned... any position that opposes, and seeks to roll back, globalisation per se is as futile as it is untenable' (1998). Thus the inevitability of globalisation rules out a return to the pre-1991 isolation of the Indian economy. The rhetoric is disingenuous at this point. It implies the government has no choice in the face of overwhelming global market forces. It certainly does not advertise the fact that Advani has long taken a liberal view on the entry of foreign capital into the Indian economy.

Globalisation has other rhetorical uses. It implies a threat to national economies. The dangers inherent in globalisation mean that the response has to be, in the words of Finance Minister Sinha, 'calibrated'. This phrase is also used by Prime Minister Vajpayee

'we are following a cautious and carefully calibrated policy towards globalisation, so that we can best protect and promote our national interests, including the interests of our farmers and workers.' (*The Hindu*, 15/4/00)

India cannot risk immediate and total integration. Indian industry needs 'seven to ten years for substantial integration with the global economy' (BJP, 1998). Advani also notes the cultural and social disadvantages of globalisation. The solution is not rejection, rather it is policy based on swadeshi that he takes to mean 'national pride and self confidence ... or self reliance'. India has to find its 'own path of economic development' (1998).

Thus the vocabulary of globalisation allows the BJP leadership to frame its compromise package. 'Inevitability' obliges the BJP to pursue policies favoured the supporters of reform. 'Roll back' is not an option. Discussion is limited to the speed of the globalisation process. The BJP, in keeping with its

nationalist outlook, favours slower integration that will give domestic industry a chance to achieve global competitiveness. Globalisation also implies danger. Allusions to the threat of financial 'contagion' and cultural dilution indicate that the BJP leadership is in touch with the concerns of the hardline activists. The deliberately vague construction of the external threat completes the compromise. The BJP does not want to make MNCs a scapegoat of its nationalist rhetoric. Its 'resignation' to the imperatives of globalisation means that international investors are re-assured.

The BJP and the Political Economy of Globalisation

Before I conclude I want to examine an alternative class based explanation of the BJP's economic policy and comment briefly on the place of the state in India's changing political economy. Corbridge and Harriss argue that the reform process initiated by the Congress Party in 1991 has had a strong class bias in favour of the owners of capital and the rural middle class (2000, ch 7). They concede that the proprietary elites have not been able to dictate the precise sequence or exact content of the reforms. Nevertheless they are unwilling to yield the general principle that India's social and economic elites have been able to induce or block reforms. However the political management of the process and the numerous instances in which reforms have run against powerful interests make drawing such a conclusion difficult. I prefer an interpretation that draws on Offe's argument that capitalist states have an interest in maintaining the material basis of accumulation (1976). Without a prosperous economy the state lacks resources to sustain its activities. This may result in policies that favour the owners of capital but it is not the same as arguing that the state acts as an instrument of capital. According to this view the state enjoys a certain amount of autonomy and can act against the interests of capital. This could occur where the short-term interests of capital might threaten the longer-term viability of the accumulation process. The post-1991 reforms to the Indian economy could be conceived in these terms. Thus it could be argued that state actors perceived that alternatives to the state-led model offered a more effective way of sustaining the material basis of the state.

An alternative interpretation is that reform in the 1980s proceeded at a pace permitted by the state in alliance with dominant class forces (Vanaik, 1990, p. 23). An argument could be extrapolated from this that by the late 1980s India's industrial bourgeoisie recognised that its interest was no longer being served by the state-led model of development and that the state, responding to these interests, changed policy accordingly. This argument could be given a further twist with the rise to prominence of the

BJP. Some see the party as a projection of bourgeois interests. The acceleration of the reform process since October 1999, with the emphasis on privatization and cuts in subsidy to the poor, lends this view a degree of plausibility. However I have several difficulties with such an approach. As stated above I do not regard the BJP as simply an outcrop of a particular class. The BJP mobilises on the basis of religious identity though it has chosen to diffuse its overtly religious appeal and has adopted a less ideological approach since the mid-1990s. This is consistent with what I see as the long term ideological motivation of the BJP's leadership. The party may have presented a moderate image since 1996 but on lower profile issues the ideological agenda remains intact (Jaffrelot, 2000). The BJP, as we are routinely reminded, is a political party but it is a different kind of party. Electoral considerations are relevant to the BJP but it also has ambitions informed by its ideological outlook. This is not to argue that the BJP is not to a certain extent socially embedded. Individuals from upper caste and middle class backgrounds dominate the leadership of the party. It would be surprising if the party did not respond to these concerns but this is not the same as arguing that the BJP is a projection of a particular class interest. At the same time it is party conscious that it needs to extend its constituency in both geographical and social terms. Motivations, other than the social affiliation of the party leaders, are of greater significance in determining the BJP's approach to economic policy. The party seeks a growing economy that will support its ideological ambitions for a modern and powerful India. If this approach can be combined with policies that favour its supporters then the party will act accordingly. However this is not always possible, as decisions on FDI and patents suggest, and policy remains consistent with the overriding priority of 'guaranteeing and safeguarding a 'healthy' accumulation process' (Offe, 1976, p. 120). A robust economy is also an electoral asset as the BJP discovered in November 1998 when it suffered as a consequence of voters concerns about rises in food prices. Elections matter for the BJP because without access to state power it cannot fulfill its part of the Hindu nationalist project.

Conclusions

In addition to the specific observations about the determinants of the BJP's economic policy a number of conclusions follow from what has been argued above. Even in an era of globalisation it remains important to look at actors at the level of the nation state. In the Indian case these actors retain a certain amount of autonomy. They are not simply swept along by the imperious forces of global markets. However it is important not to overstate this independence. The Indian economy has

changed significantly since 1991 and it is more open to global markets than previously. This openness has introduced new options, incentives and costs. The reforms have introduced an element of path dependence to the making of economic policy. This is not to deny that there are alternatives but instead to argue that a major change in the direction of policy would bring with it costs such that such a decision would not be taken lightly. However I have argued that there is sufficient evidence to suggest that the leadership of the BJP has remained committed to the reforms process because of explicit choices. In other words it did not continue with the reforms because it was a prisoner of former commitments. The BJP has opted for integration with the global economy for political reasons. The BJP is a nationalist party and it can achieve some of these aims by pursuing policies based on globalisation. In terms of its electoral ambitions the BJP perceives opportunities in accepting the norms of globalisation. Globalisation is not without its disadvantages but it is a concept that fits easily in a rhetorical framework designed to obscure those costs and diffuse responsibility. As well as defending the autonomy of Indian political actors from external forces I have been anxious to establish their autonomy in the domestic sphere. This autonomy is by no means absolute. The nature of coalition politics and the presence of powerful interests do limit some of options available to political actors. However, as Jenkins has argued, Indian democracy continues to offer space for politicians to pursue potentially unpopular policies. The democratic political system also means that the state can concentrate on the longer-term ambition of creating an economic system that will provide the material basis necessary for the survival of the state. With the rise to power of the BJP we have a party that incorporates this ambition within an ideological vision of a resurgent and powerful India.

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