

Winnowing fact from rhetoric: A look at what figures tell of UPA's regime

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In spite of the sordid history of corruption all parties share, one leader cannot solve a systemic problem by the Midas touch of “governance”.

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By Maitreesh Ghatak

There is a narrative that the UPA's rule at the Centre led to an economic disaster, especially in the second term. In contrast, [Gujarat](#) has prospered, thanks to Narendra Modi's good governance. We have several problems with this.

First, through UPA's first term and about halfway into its second, many economic indicators critics like to harp on were much better than those during the NDA days. This is true of growth, stock prices, fiscal deficit, public debt, FDI inflows, poverty reduction and so on. Even recent figures look bad, not in comparison with the six years of NDA, but the first eight years of UPA.

Second, it is true that Gujarat has grown faster than India in the last decade, but that was the case already in the 1990s, well before Modi. In spite of ranking high among the states in growth, Gujarat figures in the middle of the pack on most social indicators. In fact, it has slipped further in rankings during the Modi years. Trickle-down hasn't worked in Gujarat, nor have government efforts to translate growth into development.

Damned Lies and Statistics

Too many commentators have drawn strong conclusions from cherry-picked data and shifting arguments. One strange argument, made by Swaminathan Aiyar, goes like this. Voters don't look at a government's average performance over its tenure, only the recent record. He is unfazed by the fact that NDA lost in 2004 after a year of 8% growth and UPA won in 2009 despite the growth collapse after the financial crisis.

In any case, so what? An analyst's job is to present his own assessment, not parrot voter sentiment. If [UPA](#) gets re-elected in 2014 — unlikely, but polls have been wrong before — we don't think he will turn around and start praising UPA's brilliant economic management.

Heads I Win, Tails You Lose

The criteria for judging performance is another shifting goalpost. Performance depends on both skill and luck. What is important is that you apply consistent standards. If UPA benefited from a booming world economy in its first term, why isn't the global slump responsible for the poor growth of late?

If UPA's eight year-long run of high growth is due to what NDA did before them, shouldn't Modi pass on credit to Keshubhai Patel? After all, Modi barely managed to increase Gujarat's growth [lead](#) over India compared to the previous decade, but UPA increased India's growth lead over the world from NDA's 2.5 per cent to 3.5 per cent — a full [percentage point](#) gain.

If only the last two years of UPA matter, why does one hear about the Gujarat "miracle" of the last decade? Yet another tactic is to shift constantly between policy-based arguments and result-based arguments. You can assess a government on its policies or governance, but people often disagree on what are the best policies or how to measure governance, so this debate tends to run into a dead end.

The UPA's critics raised the chorus: let us look at results, because proof of the pudding is in the eating. Look at Gujarat's high growth, look at the deficits, [inflation](#) and growth slowdown that we face at the national level. When evidence is produced that the records of the two national parties do not support their story, the pundits want to slip back into a discussion on policy and governance instead of results.

Most critics of the UPA come from a camp that believes in market reforms: deregulation, privatisation and a more liberal business climate. They say the Congress' socialist baggage

and expensive welfare schemes have hurt growth. The answer, it seems, lies in Modinomics, whatever that is.

A party running on a development platform has failed to bring out its manifesto till the eve of the general elections. If you look at its 2009 manifesto, economic policy makes its first real appearance on page 17, in a 49-page document. Does this show a commitment to economic issues?

Swadeshi Money is Enough

Modi has thundered against [FDI in retail](#) in his speeches, and one of the first things the Vasundhara Raje government did was to keep Wal-Mart out [of Rajasthan](#). Is it any wonder that yearly FDI inflows during UPA-II were nine times what they were under NDA? The problem with partisan drones is that they turn serious issues into a competition of vice and virtue.

But contrary to what the drones will tell you, UPA did not neglect infrastructure. It increased infrastructure spending from 5 per cent of GDP to nearly 8 per cent, largely by allowing the entry of private capital into mining, roads, power and so on. This helped growth, but this is also where the big scams originate. So, desirable and undesirable outcomes can be interrelated — some measures that boost growth also tend to increase corruption, unless institutional checks are in [place](#).

The lesson not to draw is that in spite of the sordid history of corruption all parties share, one leader will solve a systemic problem by the Midas touch of "governance". The country has many problems, but a personality cult shorn of actual ideas will not solve any of them.

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