



Left in limbo

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20 Nov 2007

Overview

The latest political manoeuvrings in Delhi merely postpone by 4-6 weeks the moment of truth in the festering government crisis. The most that can be said for certain is that at around the turn of the year, it will become clear whether the government is going to fall over the US-India nuclear deal with the resulting national election probably being held in April, or if it will be able to serve out its full term ending in May 2009.

We predict that the coalition parties will step back from the brink. None of them wants an early election although the timid Congress party in reality has less cause to fear this outcome than any other party, the opposition Bharatiya Janata Party included. So underlying stability and policy continuity might even benefit if our prediction proves wrong, and an early election does take place after all. And in that event, it now appears that the nuclear deal would be implemented anyway.

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Core Case

Elections or not, the likelihood of the nuclear deal's success has increased

Assumptions and Evidence

Despite Congress timidity, election portents are as good as they will ever get

Core Case

On 16 November, the United Progressive Alliance (UPA), the Indian National Congress-led ruling coalition, reached an agreement with its communist allies to permit the government to begin talks on a nuclear safeguards pact with the Geneva-based International Atomic Energy Agency (IAEA). A safeguards treaty is the last step the Indian government needs to take to operationalise the US-India nuclear agreement.

An IAEA agreement will clear the decks for the US to lobby the 45-nation Nuclear Suppliers Group (NSG) to lift nuclear restrictions on India and for the US Congress to vote on a bill that defines the scope and procedures of nuclear cooperation between the US and India. (Click [here](#) for our earlier analysis of the US-India nuclear cooperation agreement.) With these steps complete, the Bush administration would be able to take credit for a rare foreign policy success.

Until this understanding between the UPA and the left, communist opposition had stalled any movement on a nuclear deal that had painstakingly been negotiated between India and the US since July 2005. Having finalised the last of a series of agreements with the US, the Indian government in August had been preparing to approach the IAEA when the left publicly warned it not to proceed any further. This led to a political crisis that ended in an embarrassing climb down by the government. The 16 November agreement was the culmination of a series of meetings between the UPA and the left to resolve the impasse.

Where the government went wrong

The government made two major mistakes. The first was that it concentrated its efforts on extracting concessions from the US while neglecting to spend adequate time or effort on convincing political allies, opponents and the public of the merits of the deal. This reflects an inherent problem in India's government culture whereby important policy decisions are often made with little consultation with political party workers or other stakeholders outside the government.

This tendency was compounded by Prime Minister Manmohan Singh's technocratic background and his natural affinity for working with career professionals in the Prime Minister's Office and the Ministry of External Affairs. Singh tends to leave important political footwork to Congress President Sonia Gandhi, who also chairs the UPA. Overconfidence about the deal's political saleability produced a tepid consensus in favour of the deal within the UPA and strong criticism from its communist allies and the Bharatiya Janata Party (BJP).

This laid the ground for a second mistake when Singh and Gandhi adopted a hard line in favour of the deal without an adequate analysis of their position vis-à-vis their political allies and coalition partners. On 11 August, Singh responded to leftist criticism of the deal by daring the Communists to withdraw support from the government, sparking a crisis that could only be resolved either by one side backing down or the collapse of the government.

The crisis put allied regional parties - such as the Maharashtra-based Nationalist Congress Party (NCP), Bihar's Rashtriya Janata Dal (RJD) and the Dravida Munnetra Kazhagam (DMK) of Tamil Nadu - in a bind. Their earlier support for the deal had not factored in the possibility that the left could withdraw support from the government. Confronted with a choice between postponing the deal and facing early elections, they opted for the former and forced the government to follow suit.

A lack of support for their hard line forced Singh and Gandhi to beat a tactical retreat and attempt to rebuild a consensus in favour of the nuclear deal. On 12 October, Singh publicly stated that "if the deal does not come through, it will be disappointing," adding that "in life, one has to live with certain disappointments and move on to the next."

Looking ahead

A concerted effort led by Foreign Minister Pranab Mukherjee subsequently led to a 16 November announcement that the left would allow the government to approach the IAEA for a safeguards agreement, but that any draft agreement would have to be approved by the left prior to being signed by the government. This step would set in motion US efforts to complete the process by encouraging the lifting of nuclear sanctions on India by the NSG and the passage of a "123" bill by the US Congress.

This appears on the face of it to be a major compromise, but leftist leaders insist in private that it is only a tactical concession to save the government's face after its public embarrassment. They imply that they will reject the IAEA draft when it is presented to them, not because they oppose a safeguards agreement for India's civilian nuclear programme but because approval would set in motion a process of strategic rapprochement with the US that they fundamentally oppose.

In short, there is a high probability of a fresh crisis when the government presents a draft IAEA agreement to the left in 4-6 weeks.

But this concession is not exactly token: it has fundamentally weakened the left's leverage over the government in one important respect. Prior to the most recent agreement between the UPA and the left, the collapse of the government would have stalled the nuclear deal since a government that has lost its majority cannot bind a future government to an international agreement.

But if the government quickly signs a previously negotiated IAEA agreement, the left may not have the opportunity to bring down the government in time to stall the nuclear deal. An IAEA agreement does not require ratification by parliament. The status quo earlier favoured the left; some government officials now believe that it favours the government.

The cautious record of Congress party leaders such as Manmohan Singh and Sonia Gandhi makes it unlikely that the party will boldly push ahead and risk early elections. But this possibility cannot be ruled out entirely. In theory, this is a propitious time for elections, with inflation under control, GDP growth high and both the BJP and the left beset by political troubles. If the Congress performs better than expected in the Gujarat and Himachal Pradesh state elections in December (votes are to be counted on 23 and 28 December respectively), this could create a momentum towards early national elections.

It should also be noted that, despite its threats, the left has no desire for early elections either. The recent concession was driven in part by a concern that its previous inflexibility had embarrassed and angered the Congress party and possibly middle-class voters - many of whom had flocked to the left in the 2004 elections, especially in West Bengal state. India's communist parties expect to suffer electoral losses in early elections given their political troubles in strongholds Kerala and West Bengal. The increased likelihood that bringing down the government will not derail the nuclear deal will make them even less inclined for costly and pointless elections.

Possible outcomes

So how might the Congress respond to a likely leftist veto of its draft IAEA agreement in late December or early January? Events are already in motion with the government's announcement that the head of India's Atomic Energy Commission is heading to Geneva for negotiations with the IAEA on 21 November.

Keeping in mind that politics rarely follows neat scripts, here are three scenarios.

1. The default scenario given the reluctance of party sceptics and UPA members to risk elections for the nuclear deal is that the government will continue its efforts to persuade the left to change its mind. Failing this, it will suspend the deal until a favourable political opening in 2009 such as a new Congress-led coalition that excludes communist parties. The government would then have to persuade the next US administration to cooperate, an additional source of uncertainty.
2. Another possibility is that the left rejects a draft IAEA agreement and the Congress - through sheer frustration or even cold calculation - defies the Communists and goes ahead with the nuclear deal, daring the left to bring down the government.
3. Some leftist leaders have hinted that elections could be avoided if the government and the left reached an understanding to allow the nuclear deal to proceed so long as India does not actively pursue commercial transactions with the Bush administration. In this scenario, the communists will not impede deals with other countries or even a successor US administration.

Wrap

The key event will be the government's presentation of a final draft IAEA agreement to the left. A rejection by the left will trigger a decision by the government whether to concede or to push ahead, which will in turn trigger a decision by the left on whether or not to withdraw support for the government.

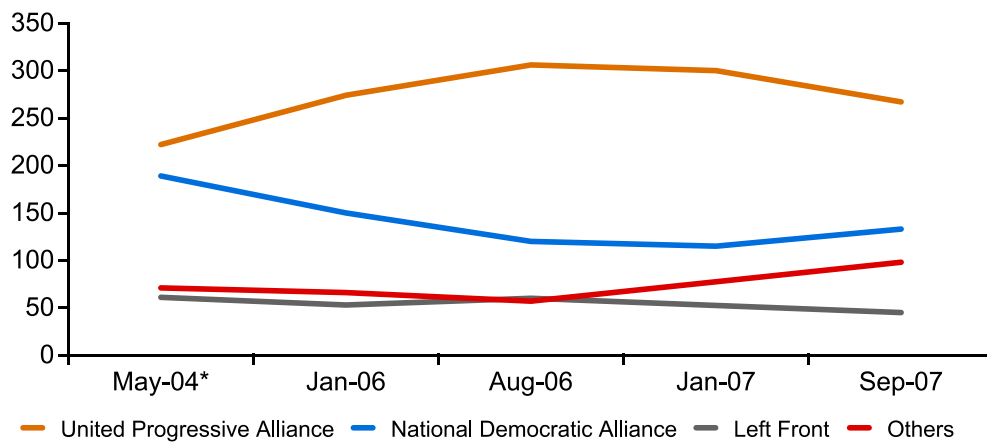
We believe that the coalition parties will step back from the brink since neither side is keen on elections. The important change in the equation between the two is that the nuclear deal could become fully operational even if the government falls, putting greater pressure on the left to agree to it.

Although the government's willingness to confront the left and risk early elections remains unknown, circumstances are as propitious as they can be for it to embark on such a path. A snap election that produced a new coalition with a reinvigorated Congress party at its head would be good for stability and policy continuity, particularly given the BJP's apparent inability to offer a strong alternative at this point.

Assumptions and Evidence

Although the BJP's surprise defeat in 2004 induces caution about the accuracy of opinion polls, the data show that the UPA remains ahead of the BJP-led National Democratic Alliance (NDA) although its lead has gradually begun to shrink as anti-incumbent sentiment grows.

Seats in the Lok Sabha, the lower house of parliament



* Actual

Source: "State of the Nation" surveys, Centre for the Study of Developing Societies, New Delhi.

The nuclear deal itself is not a significant election issue and is overshadowed by concerns over inflation and the condition of the country's farmers. Only 6 per cent of respondents in a September survey listed it as the most important issue in a mid-term election.

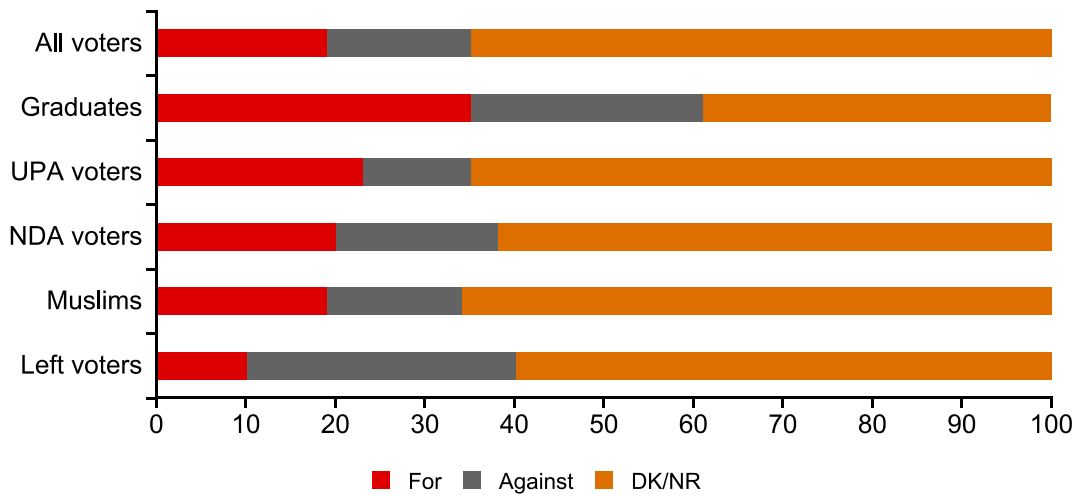
Main issue in a mid-term election (per cent)	
Inflation	36
Condition of farmers	36
Hindu nationalism	8
US-India deal	6
Lower-caste job reservations	6

Source: Mock mid-term poll, Centre for the Study of Developing Societies, New Delhi, September 2007

About two-thirds of survey respondents from different categories of voters either had never heard of the nuclear deal or had no opinion about it. The exception to this rule is school graduates of whom nearly two-thirds had an opinion about the deal.

In the wider population, there is a small majority in favour of the deal among those who hold an opinion. This also applies to Muslims although conventional wisdom considers them opposed to any agreement with the Bush administration which they believe to be anti-Muslim. The only group that is clearly opposed consists of left voters.

Split verdict on nuclear deal, September 2007 (per cent)



Source: Mock mid-term poll, Centre for the Study of Developing Societies, New Delhi.

Contact us

If you would like to discuss any of the points made in this note, or ask further questions, please feel free to contact the authors:

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