



NARENDRA MODI, THE CHIEF MINISTER OF GUJARAT.
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INDIA

Fearful India Sees a Savior in Narendra Modi

By Pankaj Mishra
Bloomberg View

February 10, 2014 – Indian Prime Minister Manmohan Singh thinks he will be a "disaster" for India. Nobel laureate Amartya Sen deplors his administration's "terrible record" against minorities – the heavy taint of an anti-Muslim pogrom and extrajudicial killings. His authoritarian traits have divided members of his own Hindu nationalist Bharatiya Janata Party.

Nevertheless, India's biggest businessmen want Narendra Modi, the chief minister of Gujarat, to be the country's next prime minister. As I wrote in my previous column, Modi's bountiful concessions to India's corporations at a time of political dysfunction in Delhi naturally make him seem like the right man to restart India's thwarted economic modernization. Bollywood celebrities who touch his feet (literally) may be hoping to buy themselves some

insurance against the storm troopers of the Hindu right, who now routinely assault any artist or entertainer they deem offensive.

But a simple quid pro quo doesn't explain the effervescent cult of Modi among upper-caste urban Hindus, including some of my own friends and relatives, or the fervor among even a section of the intelligentsia for a leader whom Ashis Nandy, one of India's most respected public intellectuals, describes as a "classic, clinical case of a fascist," with "clear paranoid and obsessive personality traits."

The great national drama of Modi's ascent is not fully captured by economic history, political science, anthropology or indeed any specialized academic discipline, let alone by a corporate-owned news media wholly mesmerized by him; it still awaits a cultural historian, who can do justice

to changing sentiments and self-perceptions as well as material transformations in India in recent decades. In the meantime, the phenomenon of Modi seems the most revealing symptom and effect yet of India's fraught attempt at economic liberalization since 1991.

Uneven growth has generated both wild fantasies of a "Global Indian Takeover" (the title of a regular feature once in India's leading business daily, the Economic Times) and deep resentments. Modi has in turn emerged as their shrewdest manipulator in Indian politics. This helps explain many apparently contradictory aspects of his program and appeal.

For instance, the reflexive fear, loathing and distrust of Muslims – the country's most impoverished and depressed minority – among Modi's well-off Hindu supporters may seem strange. But, as the New York University anthropologist Arjun Appadurai argues, such hatred helps stave off anxieties that even many recent beneficiaries of globalization feel about "their own minority or marginality (real or imagined)" in a time of "unruly economic flows and compromised sovereignties." Beating up minorities becomes another way of creating identity and rekindling a sense of kinship.

Modi has also played the periphery-versus-center card well by speaking of Gujarati achievements that are allegedly ignored, if not mocked, by India's arrogant and upstart rulers in Delhi. In this morality play, Gujarat's son-of-the-soil brave entrepreneurs are ranged against "foreign"-seeming dynasts (read, the Italian-born leader of the Congress party, Sonia Gandhi), deracinated pseudo-secularists and deluded socialists.

Modi's party has long advocated a backward-looking program of economic self-reliance. Yet, among an aspiring class of urban Indians, many of whom revere Adolf Hitler as a terrific organizer, Modi has effectively deployed the idioms of management, national greatness and security, fusing them with emotive appeals to racial and religious community. His retrograde Hindu nationalism looks contemporary as a result, an exemplar of technocratic skill.

Most important, Modi uses the most beguiling discourse in underdeveloped countries – that of "development." Promising bullet trains and 100 "smart cities," Modi offers to the Indian middle class, which has long suffered from Singapore-envy, its utopia of a "neat and clean" urban environment in which the poor are miraculously absent.

Modi-mania is also an epiphenomenon of India's recent political and economic crisis – particularly, the abrupt collapse of the Global Indian Takeover project. Many of those invested in this absurd delusion have suffered both material and psychic losses. They, just as much as Indians left behind or pushed back by uneven growth, are vulnerable to demagogues promising a national regeneration.

Of course, the pied-piper's tunes of national unity and purpose, the scapegoating of minorities, and the mobilizing of malcontents have also been witnessed elsewhere – most prominently in countries that started much later than their peers the process of building strong nation-states and then underwent disastrous setbacks and crises.

Social unrest within Germany and Japan in the late 19th and early 20th centuries also

generated mass veneration for apparent strongmen, and authoritarian-minded groups tried to forge a sense of community by intensifying hostility to people perceived as aliens and outsiders.

The great poet Heinrich Heine expressed early the overpowering German longing for salvation through a robust leader:

Chase out these clowns, and close the show,
Be their critics and chastiser;
Shut down this parody of the past –
Come soon, come soon, O, Kaiser.

Something like this savior-delirium seems to have infected many urban Indians today. It is too early to say whether "salvation" by Modi will also portend a catastrophic breakdown of social order and moral restraint. But, with elections just months away, it does seem the right time to be suspicious of his formidable cheerleaders and to redouble faith in the wisdom of Indian voters, and in India's great political and social diversity.

– *Editor: Nisid Hajari*



A PEDESTRIAN WALKS PAST A BILLBOARD FOR ELECTIONS VICTOR NARENDRA MODI.
PHOTOGRAPHER: PRASHANTH VISHWANATHAN/BLOOMBERG

INDIA

India's Latest Miracle Man

By Pankaj Mishra
Bloomberg View

May 16, 2014— The ascent of an apparently decisive man as India's next prime minister has been greeted euphorically by the country's stock market, which has risen to record levels in recent days. Foreign investment may start flowing again, and, with fresh reforms on the anvil, India seems back on track to become the world's next economic powerhouse.

If that induces a sense of *deja vu*, it is because the reaction to Manmohan Singh's appointment as prime minister in 2009 was eerily similar. India's biggest businessmen, along with foreign leaders and journalists, vied to hail Singh, now universally derided, as an inspirational trailblazer — the "architect of modern India," in Pakistani dictator Pervez Musharraf's unctuous words.

The expectations for Narendra Modi are even greater. The exit polls predicting victory for his

party, the Bharatiya Janata Party, alone roused stock markets to new highs. And it is now time to ask — momentarily leaving aside questions about Modi's mode of crony capitalism and sectarian outlook, and the dark days his victory portends for political freedom in the subcontinent — whether the periodic craving of India's shareholding class for efficient economic leadership is a sign of helplessness before intransigent reality.

Certainly, it reflects a failure to acknowledge that all Indian governments elected to power since the economy's liberalization in 1991 have been necessarily torn between their rhetorical commitments to the struggling majority and their real proximity to the tiny minority of the rich who boost growth rates. In India, accelerating growth alone doesn't win you elections — as the BJP

discovered in 2004. You must be seen to be doing something for the poor, as the Congress party did before 2009, when an ambitious rural works program brought its coalition back to power.

The inevitable conflict between the demands of mass democracy and a capitalism geared to private wealth creation is what makes for "indecisive" leadership, more than any personal traits (after all, Singh, a trained economist, was hailed as a terrific steward for much of his tenure).

Also, India's economic difficulties are structural and deep-rooted, and they won't disappear with the waving of a charismatic leader's magic wand. India's economic boom – part of a worldwide expansion before the crisis of 2008 and led by debt and exceptional flows of foreign capital – was always going to be unsustainable in the absence of a solid manufacturing base and long-term investments in social and physical infrastructure.

Last year, the smallest hint that the era of excess liquidity created by the U.S. monetary stimulus might be ending caused India's biggest financial crisis since 1991. In any case, cheap money of the kind that flowed into India wasn't generally beneficial: It enabled easy finance for local corporations, which then garnered national resources such as spectrum, coal, land and iron ore and created artificial wealth on the stock market.

No wonder the much-celebrated double-digit gross domestic product growth in India was largely jobless – an alarming fact in the world's second-most-populous country, which must produce 1 million new jobs every month simply to

absorb new entrants into the workforce. Employment in manufacturing as well as agriculture has actually shrunk during the past decade.

Nevertheless, India was hailed by its corporate chieftains – who were naturally keen to see foreign capital flowing in – and day-tripping foreign journalists as a "tiger" economy. It was repeatedly yoked with China's immensely larger, productive and broad-based economy.

But India needs a manufacturing revolution before it can even be considered in the same economic league as China. This is hardly the work of a day, or even a couple of electoral cycles. And it must begin with the recognition that the regime of crony capitalism and rent seeking that delivered impressive growth rates for a while has put the country on a trajectory to oligarchydom.

The economists reciting the mantra of "more reforms" clearly had many compelling arguments about the need for less regulation. But they rarely paused to examine the real nature of India's economic growth, let alone to challenge its biggest and mostly undeserving beneficiaries: India's leading business houses, who created much paper wealth through the stock market, then used the money to finance elections (and control the media).

Despite the massive tax concessions they received from grateful politicians, they remain in a huge debt trap, with a massive exposure of close to \$200 billion in loans from abroad, their interest payments far exceeding their annual earnings. Stressed loans constitute \$100 billion, or 10 percent of all loans – a figure expected to rise to 15 percent by 2015. The Organization for

Economic Cooperation and Development's think tank claimed in a report earlier this month that any modest recovery in capital investment and domestic consumption in India is likely to be offset by the worsening balance sheets of the country's major banks.

Cheap money can engender momentary illusions of growth, even affluence. But it is no substitute for labor-intensive productivity and innovation, especially in a populous country such as India.

It remains to be seen whether Modi will even attempt the necessary reconfiguring of India's economy. Given the country's formidable basic problems, he may well meet Singh's fate: despised by the very same people who once ecstatically heralded him as India's savior.

– *Editor: Nisid Hajari*



IS SHINZO ABE'S MODEL ALL THAT ATTRACTIVE?
PHOTOGRAPHER: PANKAJ NANGIA/BLOOMBERG

INDIA

India's Foolish Crush on Japan

By Pankaj Mishra
Bloomberg View

August 31, 2014 – Narendra Modi, India's new prime minister, visited Japan twice during his long decade of ostracism by the West. He is one of only three people that Shinzo Abe follows on Twitter. Commentators have hailed Modi as "India's Abe" because he seems as determined as the Japanese prime minister to boost national self-esteem through economic growth.

Japanese direct investment in India is rising; it may even help realize Modi's grand, Japan-inspired vision of "smart cities" and bullet trains across India. But Modi has deeper reasons for bringing to his first major bilateral visit the intense ardor of a pilgrim approaching an ancient shrine.

Since the 19th century, Hindu nationalists have venerated Japan as the paradigmatic Asian society that preserves its traditional virtues while also developing industrial and military strength

and inculcating patriotism among its citizens. Swami Vivekananda, an iconic Hindu thinker of the 19th century (also the only writer Modi seems to have extensively read) claimed after a visit that "if all our rich and educated men once go and see Japan, their eyes will be opened."

Evidently, the Japanese had "taken everything from the Europeans, but they remain Japanese all the same" while in India, "the terrible mania of becoming Westernised has seized upon us like a plague."

Modi ably channels Vivekananda in his praise for the Japanese traits of self-sacrificing nationalism. And he has not evolved a "Look East" policy just because U.K. and U.S. officials refused to meet with him and the U.S. denied him a visa after communal riots on his watch as chief minister of the state of Gujarat claimed

more than 1,000 lives. Modi seems sincere in his invocation of what Asia's three outspoken leaders of the 1980s – Singapore's Lee Kuan Yew, Malaysia's Mahathir Mohamad and Japan's Shintaro Ishihara – called "Asian Values."

Lee typically argued that the only antidote to "the disruptive individualism of Western liberalism" was renewed stress on "individual subordination to the community." This coincides perfectly with the values cherished by the Rashtriya Swayamsevak Sangh (Modi's ideological guide, and the parent outfit of Hindu nationalism). Not surprisingly, Modi's recent Independence Day speech, which was widely hailed as "forward-looking and modern" was also, as the columnist Shekhar Gupta pointed out, "pure RSS" in its emphasis on "family values, morality, cleanliness, discipline and patriotism."

But can Modi's old-fashioned reverence for all things Japanese, from the tea ceremony to nuclear plants, produce the right blueprint for India's future? After all, Japan today offers less instruction in world-conquering industrial growth and innovation than in the admirable art of "bending adversity" – the title of a superb new book on Japan by David Pilling that Modi might find more up-to-date than Vivekananda's musings.

The Japanese state's striking early example of fostering internationally competitive local industries was closely followed by countries such as South Korea and Taiwan. Leaders of Malaysia and Indonesia eagerly sought Japanese investment in their economies, primarily to diversify their industrial bases.

The most avid of these Asian Japanophiles was Mahathir, the long-lasting prime minister of

Malaysia and unabashed exponent of majoritarian nationalism. His own "Look East" policy was grounded in economic relations with Japan as well as racial and civilizational assertions of difference, and included an explicit anti-Western posture.

For a while, everything seemed to be going well. Then, in the 1990s the limits of Japanese developmentalism were exposed by the new age of globalization. So much of the Japanese economic miracle had been contingent on U.S. willingness during the Cold War to open its own markets to Japanese manufacturers while turning a blind eye to Japan's blatantly protectionist trade policies and restrictions on capital movement.

Japan's comparative advantage couldn't last, and it didn't. The Asian financial crisis then went on to expose, among other things, the dangerous overreliance on foreign investment of countries like Malaysia. We haven't heard much about Asian Values since then; those who look east now seek out China rather than Japan.

Canceling talks with Pakistan, or rejecting the World Trade Organization deal reached at Bali, Modi could be projecting the India that can say no: He is more India's Mahathir than India's Abe. But it is hard not to suspect anachronism and naivete in Modi's plan to model India's economy on Japan's postwar achievements of technical innovation and labor-intensive manufacturing.

The export-oriented economies of Japan and its Asian clients achieved their highest growth when most Chinese were still wearing drab Mao suits. The spirit of innovation long ago shifted from Sony to Apple; and Abenomics, the engine of a fresh national ascent to glory and power, is

now running on empty.

Even Mahathir now thinks Japan made too many irrevocable mistakes, and has switched his affections to the Korea of Samsung and Hyundai. Arriving in Japan, Modi will no doubt find some good deals for India. But he will also find the beloved old shrine of Hindu nationalists deserted, the faithful long gone in search of other gods.

– *Editor: Nisid Hajari*