

The possibility of bipartisanship

I write this column on Diwali, a very special day of optimism, light and togetherness. We have just concluded an important election in Bihar preceded by a few months arguing about important social, political and cultural issues.

The arguments have not been even-tempered. They have been passionate, often accusatory, even vitriolic. The accusatory vitriol has not been confined to the social media. Political leaders, senior journalists and academics have also argued in this vein.

These arguments are vital to the resilience of Indian democracy because they are about the fundamentals of India's secular polity. It is, perhaps, unreasonable to expect them to be dispassionately bipartisan. But these debates also have an impact on public policy for two reasons.

First, India's principal economic strength lies in the national and global belief in the democratic and secular nature of our polity and in the existence of a consensus that the policy priority is to deliver an inclusive development transformation.

This belief is shaken when there are vitriolic arguments about the existential premises of the Indian polity. Second, these debates consume policy space and public attention and consequently there is low political energy put into important debates about our development trajectory.

Does that mean that we are in the midst of existential arguments that leave us no space for bipartisan coming together on questions that deeply impact the economic lives of ordinary Indians? I believe that the answer is necessarily a calibrated one; that the space exists but requires a huge effort to be secured. Let me cite three examples of the space that exists.

The Indian tax system presents a policy conundrum. The tax-to-GDP (gross domestic product) ratio is too low to adequately finance public service delivery without borrowing to consume. There is a continuous

struggle for taxation space between the Centre and the states. The Centre has, over the years, acquired a bad habit of denying the states their share in tax revenues by imposing cesses that are not shareable. This is a bipartisan practice that needs to be stopped. At the same time, despite a growing economy, the Centre continues to rely on increasing the existing indirect tax burden while failing to collect direct taxes commensurate with India's growth story.

The political economy underlying this conundrum lies in the incidence of taxation on different income groups, regions and products. Despite immense possibilities for cooperative action, there is a bipartisan lack of focus on this important question. I am not just referring to the goods and services tax, but also to the lack of attention to the issue of tax incidence and the continuing tendency by governments of all varieties to tinker with exemptions, tax rules, cesses etc. There are immense possibilities for

bipartisan tax reforms.

Cooperative federalism should be the cornerstone of bipartisanship in contemporary India, where the majority of states are ruled by political parties that do not rule at the Centre. Yet, it would appear that the space for cooperative federalism has shrunk over time and attempts to reinvigorate the principle are proceeding at a snail's pace. Few policy commentators, senior journalists, and business leaders have thought fit to devote their energies to this critical issue. This means status quo on administrative reforms, public service delivery, better expenditure management — all areas which hold tremendous opportunities for bipartisan reforms.

In the realm of diplomacy, India has traditionally spoken with one voice. Prime ministers have not commented on domestic political differences abroad. No one has questioned the eligibility of a duly elected PM

to represent India when abroad. State occasions have seen political leaders and stakeholders speak with one voice; the opposition has not boycotted state events. Today, perhaps inevitably, India's important existential debates resonate globally. But the effort to ensure that this does not result in loss of collective political voice has not been made by any figure in the political, media or diplomatic establishment. The tradition of bipartisanship is slipping and needs to be urgently reclaimed.

Can Indian public policy make progress on these important bipartisan matters that have a deep impact on the lives of ordinary Indians? In most countries this would be a formidable challenge. In almost every modern democracy, existential questions are settled before the task of development transformation is resumed, often after horrific episodes of civil war and military authoritarianism. But this is not the history of our country. Our diverse ethnicities, geographies, and social — even linguistic — challenges have been addressed by recognising that the task of development transformation is inextricable from the task of maintaining resilient democracy and a secular and inclusive polity. Both are unfinished tasks, but on both fronts we have made simultaneous, if argumentative, progress.

Thus India, perhaps uniquely, has the space to make bipartisan progress even when engaging with fundamental political issues. The challenge for India's social and political elites is to recognise that although current debates on social political and cultural issues are vitally important, yet they do not preclude the possibility of bipartisan progress on public policy questions. This a difficult ask, to engage with the complex task of pursuing bipartisanship in the public interest, however acrimonious and fundamental the contemporary arguments about India's democratic polity. Our capacity to do this will be a critical determinant of the evolution of India's democratic resilience, as well as our success in executing the most complex development transition in global history.



PUBLIC INTEREST

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