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India's New Path to Greatness

by Kishore Mahbubani

SINGAPORE – It is unwise to underestimate the near-metaphysical significance of the recent Indian elections. The Indian electorate decisively pushed world history in the right direction with the re-election of the Manmohan Singh-Sonia Gandhi partnership. They now have the mandate and power to press for greater economic reform and liberalization. The incipient tiger in the Indian economy will be released. The simultaneous rise of China and India will strengthen the forces of modernization and moderation globally. At a time of global crisis, the world should celebrate this new burst of energy.

Virtually no one predicted this spectacular outcome. Most observers underestimated the Indian electorate, which understood the many benefits of the Singh-Gandhi partnership. First, their Congress government revived the moderate secular traditions of Jawaharlal Nehru and brought India back firmly to the political center, wresting control from communal and ideological extremists.

Second, the electorate grasped the importance of re-electing a modest but wise and determined leader who understood the direction India needed to take. Singh will open up India's economy even more than he has so far. As he once said, "Although India has a large domestic market, our experience with earlier relatively insular policies, as also the global experience in this regard, clearly bring out the growth potential of trade and economic cooperation with the global economy."

Finally, Singh will continue to re-engage India's Asian neighbors and push for greater regional cooperation. As far back as 1995 he said, "It is this vision, of a resurgent India taking her rightful place as an economic powerhouse in Asia, which has inspired our economic policies." Just as China has signed a free-trade agreement with ASEAN, India will seek to do so. A process of competitive economic liberalization will sweep across Asia, further guaranteeing the region's continued resurgence.

All this will be propelled by India's new cultural confidence. In the 1950's and 1960's, few leading Indians believed that their country could compete with the industrialized economies. Hence, the Mumbai industrialists' club used to be inherently protectionist. Today, the same industrialists, convinced that India can compete with the best, support Singh's reforms.

Yet India continues to face many challenges: nearly 300 million people living in poverty, the spreading Naxalite insurgency, the danger of terrorist attacks ala Mumbai, and sprawling urban slums. In addition, how will Singh balance the trade-off between pro-market and pro-poor policies? How will he manage the growing middle class's expectations of better infrastructure, expanded access to health care and education, uninterrupted electricity and water supplies, and more efficient transport facilities?

These problems will not be solved overnight. But the growing conviction that tomorrow will be better

will keep India's polity stable. This may well be the most important result of the Indian election: five more years of political stability and economic reform will create an irreversible and virtuous cycle of economic growth and political moderation.

The Indian middle class will grow rapidly, providing the country with valuable ballast that will keep it on an even keel in the next few decades. One statistic is worth noting. At the current stage of development of many Asian economies, a 10% increase in the median income can lead to a doubling of the middle class. And such an increase is eminently achievable.

It was purely coincidental that the extremist Tamil Tigers leader, Velupillai Prabhakaran, was killed and his movement decimated at the same time as India was voting. But the significance should not be missed. Prabhakaran, not Al Qaeda, invented suicide bombing. His elimination shows the futility of the river of terror that he unleashed on history.

But if Sri Lanka's President Mahinda Rajapaksa wants to eliminate the spirit of Tamil separatism, he must emulate Singh's culture of political moderation. Rajapaksa was wise to speak a few words in Tamil while announcing the victory over the Tigers. He must now follow up by creating an open, inclusive environment, like India's, that will enable both Sinhalese and Tamils to thrive.

Pakistan remains India's single biggest challenge. There can be no doubt that Singh has the right instincts. He wants Pakistan to succeed as a moderate, modernizing country. He wants no more wars. But these instincts can be bolstered by wise long-term policies.

India could take a leaf from China's success in handling the Taiwan problem. At the height of tensions, when China found the governments of Lee Teng-hui and Chen Shui-bian intolerable, it never ceased its policy of embracing the Taiwanese people and Taiwanese businessmen. Over time, this created a rich web of economic interdependence, which promotes stability.

It would be equally easy for India's people to embrace Pakistan's people. They are the same people. As an ethnic Sindhi, I feel an affinity to both. When I attend international gatherings, I am amazed how easily and naturally Indians and Pakistanis gravitate toward each other. The political divisions are artificial. The cultural unity is natural.

The Pakistani population can easily work with the political moderation of Singh's government. Indeed, the open spirit of both President Barack Obama and Singh toward the Islamic world has probably provided the best political opportunity to find a lasting political solution for the India-Pakistan problem.

In short, the re-election of the Singh government has made the world a less dangerous place and has opened up many political opportunities. It is hard to imagine India with a better prime minister. Singh is one of the best economists in the world. At the same time, he demonstrated that he has a spine of steel when he refused to buckle under to severe pressures to renounce the India-United States nuclear deal. Singh stood his ground and achieved victory. The benefits of his resolve will now be enjoyed by India and the world.

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