

How We Vote



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The Factors That Influence Voters

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with

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 Juggernaut

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*For my most discerning critic,
Ravinder – love and jugalbandi*



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1

Democracy and Choice



Elections are both a serious and naughty business. First, the serious part. It is about the future of people, their lives and *good* roads to their governance. That was always the case; only now, social media has compounded the problem to such an extent that some would say it is beyond repair. Be it the war in Ukraine or the atrocities in Israel–Palestine (is Israel the erstwhile Palestine or vice versa?) or the ongoing elections in many places around the world, truth is in jeopardy, and there is no one to ease the pain by pronouncing the ‘truth’.

It is increasingly difficult to define, let alone identify, a truth. There is artificial intelligence, fake news and even worse, fake expert commentary. There is a lot of information. How does one sift through the misinformation or the ideologically laced commentary to identify the dis-information?!

All of this affects the choices of a billion people in 2024.

There is a lot to debate, to fight for and to choose. For the people of India, the choice is, as in all elections, the

same. Do you want the incumbent to continue, or do you want a change of guard?

This book is about this very important choice – what determines it, what has determined it in the past and, tentatively, what is the 2024 choice likely to be? We will pay a lot of attention to the first two questions and explore them in detail; pointers to Choice 2024 may be implicit in our discussion and analysis. This is not a suspense novel – it is, rather, a reading, and perhaps an interpretation, of the political and economic tea leaves.

Let's lay down some basic ground rules of discussion and discourse. No analysis or discussion of what the writers *hope* will happen will occur in this book. In the last chapter, we discuss the hopes and desires for the future of Bharat/India. We recognize that preferences, especially political preferences, are sometimes moral, sometimes pragmatic and often instinctive and straight from the gut. But that does not mean the individuals making the choices have not thought through the arguments.

Outlooks differ in the arguments, as does the reasoning. For some, the 'absolute' argument is paramount, i.e. X has done something, but she should not have done it. And hence, she will not get my vote.

But there are hardly any absolutes – not in life and especially not in politics. The art of the possible is what politics is about, and the possible is sometimes mighty difficult. Take, for instance, the fact that the farm bill was

not passed even though one would have thought it was well within the realm of the possible.

Protests erupted from within the Opposition Congress party and spread to Greta Thunberg and Rihanna over well-organized networks. Yet, the Punjab Congress government itself had proposed the same or similar changes via a report written by the former deputy of the Planning Commission and a leading economic reformer, Montek Singh Ahluwalia. Similar reforms were included in Congress's 2019 election manifesto. Yet, the 'liberals' opposed the farm laws, en masse. A one-hour video interview I gave from my office as executive director at the International Monetary Fund (IMF) analysing the farm agitation was not telecast, while others supporting the protests were.

Besides the warning of absolute versus relative arguments, the reader should heed an additional warning about narratives and reality. Today, the line between narratives and perceived reality is disturbingly thin – we live in a polarized world, and want to believe what we want to believe. Polarization is a global phenomenon. Opinions, and people, have become hard-wired. Aided and abetted by tendentious facts, misinformation and disinformation.

What is today called a 'narrative' – earlier used to be called 'spin'. Nobel Prize winner Robert Shiller discusses the increasingly dominant role of narratives in his outstanding book *Narrative Economics: How Stories Go Viral and Drive*

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Major Economic Events. This comprehensive book is about all forms of narratives, stories that go viral, stories that are an actual reflection of reality and stories that aren't quite so. The last chapter, entitled 'Future Narratives, Future Research', is from where we borrow our version of narrative. In this chapter Shiller states, 'A problem in using narratives to forecast economic variables is that human judgement and *discourse about narratives tend to be politicized and emotion-ridden*' [emphasis added]. Shiller's book is a must read for all interested in 'identifying the truth' and knowing how a rational mind often falls for an irrational story, spin or narrative. One description of a 'future' narrative? A collection of 'facts' persuasively argued to serve an ideological agenda.

Our contribution to the debate on facts, if any, is to dispassionately provide the data, the arguments, so that the reader can form her own conclusions. We will attempt to provide all sides of the evidence so the reader can intelligently make inferences about Choice 2024.

What determines our vote? This depends on whether we are talking about today, yesterday or tomorrow. Not to be cute but one of the big stories about this election is that India is in transition from a lower-middle-income to a middle-income economy today and a developed economy tomorrow.

I can see the sceptics guffawing. Yes, we have seen this movie before, in India Shining 2004. Indeed, there is a

whole chapter devoted to what happened in 2004, and why we think 2004 was likely the beginning of the journey of India Shining rather than its completion.

Today, there is considerable evidence to buttress the belief that India is well on the road to shining, which we will provide. There are those who think or hope, some even loudly, that the Opposition I.N.D.I.A. alliance can pull off a 2004. They may choose to ignore the 'India Shining' data because that evidence does not mesh with their thoughts. But they may also be living in Dreamland or a parallel universe.

That's the tomorrow. Today is different. It is election year, and hence descriptions of reality come with a deep discount. Even in normal times, economic data is hotly contested and election years are not 'normal' in India. Examples of opinions masquerading as truths abound, which are discussed in detail.

Let us look at data on the labour market, i.e. unemployment and labour force participation. Candidate Bill Clinton aptly described his 1992 campaign as one revolving around the economy – *It's the economy, stupid* is now a household phrase the world over. India is four times more populous and many, many times more varied than the US. Not unexpectedly, there is so much variation in the data that almost anyone can come out with an observation or a description that 'fits' the chosen narrative.

This is the era of narratives, and given it is an election year in India, the narratives are having their day in the

limelight. For example, observe the take on female labour force participation rate (FLFPR) in India, as presented by a private data provider, Centre for Monitoring Indian Economy (CMIE).

Claudia Goldin deservedly got a long-overdue Nobel Prize for her work on the levels and changes in the female workforce in the US. Even before the prize, FLFPR in India, according to CMIE, was a big story. Why? Because according to CMIE, India's FLFPR in 2023, at 9%, was not just the lowest in the world but lower than war-torn countries like Yemen and Iraq – hence indicative of all not being well with the economy. The latest official estimate of FLFPR is close to 40%, i.e. more than four times higher. Yet, the appeal of the narrative in election year India is so strong that there are hardly any (none!?) calling out the CMIE bluff. (This is discussed in great detail in the chapter on gender equity, Chapter 9.)

If it is the economy that matters most (it does matter a lot) and if the Indian economy is looking good (GDP data, IMF and the World Bank are all in agreement), then it is logical that the narrative of the Opposition is going to be that the economy is not doing well, and its calling card will be WYSINWYG – what you see is *not* what you get. This counter-narrative has had, and is having, predictable second-round effects. Action is being delayed on much-needed reforms, e.g., farm laws. Further, the action and thinking on challenges to future sustained growth – e.g.,

policies needed to get India to a developed country status by 2047 – are being delayed.

As the chapters in this book reveal, India is in a sweet spot of growth. Actually, it may be a long-term sweet spot. But given our nature and politics, we don't necessarily recognize or appreciate the structural transformation that has already occurred and that is currently taking place.

Instead of discussing future challenges that face India as a nation – delimitation, the substitution of reservation for merit, providing good quality education from the primary level upwards – politicians are indulging in *revdis* (unwarranted freebies to portions of the electorate with the single objective of garnering votes for an upcoming election). This is different from vote-bank politics in which you favour one ethnic or religious or caste group with the single objective of co-opting them so that you can safely take them for granted.

I have long been a believer in the dictum that economics determines elections and investment in both physical and human capital determines growth and increase in welfare. However, arguments and dissent abound. Instead of agreement on the fundamentals and what can be done to maximize achievement, 'we' are preoccupied with false narratives. For example, you will hear that there is not enough investment for our growth, not enough taxes for finance and redistribution, that we have a K-shaped recovery merely providing jobs to the rich (meaning the

rich are getting richer and the poor poorer) and there are no jobs for women!

Discourse and evidence pointers

This book will provide three guideposts (and, in equal measure, goalposts) for discussion. First, it is important that one changes one's mind (narrative?) when confronted with strong evidence that challenges one's prior view or recommendations. John Maynard Keynes, an original liberal, said it best when he stated, 'When facts change, I change my mind. What do you do, Madam?'

The second pointer comes from the movie *Jerry Maguire*, where a football player keeps asking his agent for evidence about his job prospects, particularly his salary prospects. He keeps repeating 'Show me the money', which can be paraphrased for this book to 'Show me the evidence'.

The third benchmark of evidence in a narrative world is the difficulty in identifying the truth, the reality, the facts. What passes for evidence today is the Rashomon Effect (an expression derived from the movie *Rashomon*, which shows the same incident from the perspective of multiple people). Each of us have our own facts and, therefore, our own interpretation of the truth. In all of this noise, amplified many times by social media, how is one to act on the unknown truth? Remember, every mistruth is likely to have an element of truth embedded in it. Which is why

identifying the ‘most truthful’ among all the competing Rashomon truths is so difficult.

But we must attempt to do so. Towards this end, this book reports a lot of data, perhaps too much. But one cannot challenge entrenched beliefs and ideological passion with traditional tools. Instead, we must rely on data.

And before reporting on the topics considered, let me get another shrug of the shoulder out of the way. Individuals, especially those whose opinion or ‘fact’ I disagree with, find it easy to dismiss the idea with the line ‘Surjit is just being contrarian’. That is not an incorrect statement. I am being contrarian. There is no point in regurgitating agreements, especially on important debates. Hence, it is indeed the case that there are many agreements among the disagreements. The former are not reported in the interest of discourse and space!

Chapter 2 is the start of our journey with a discussion about the political and economic reality of India – from the first election year 1952 to 2024. We discuss elections and the major determinants of their outcomes. One interesting economic fact revealed by the data is that a much talked about determinant (inflation mistakenly labelled ‘price rise’) has had precious little to do with the contours of any national election!

Chapter 3 is titled ‘The Challenge of the Nehru Record’. Nehru won three consecutive elections, a rare event in politics worldwide. There is a likelihood that Mr Modi

will join this exclusive club this year. Chapters 4 and 5 discuss the state of democracy in the world – is the world really becoming less democratic, and how accurate are international rankings of Indian democracy?

Chapter 5 is about the micro-elements of democracy in India – the ‘treatment’ and ‘outcomes’ of minorities, the poor and the women. This directly leads us to an extended discussion (Chapter 6) of claims made by Sabyasachi Das (2023) (at the time of the release of his working paper, he was an assistant professor at the Ashoka University), that in all the Indian elections to date, the 2019 election in which the Bharatiya Janata Party (BJP) won 303 seats is the only one with ‘strong’ evidence of vote manipulation by the ruling party (the BJP).

Chapters 7 through 11 are devoted to economic data and narratives. Chapter 7 looks at ‘accusations’ about GDP growth in India being overstated – only during the present Modi regime of the last ten years and never before! (Note the coincidental similarity with Das’s contention of electoral overstatement by the BJP in 2019 and never before.) Chapter 7 also examines the likelihood of other vote-getting achievements being the present high level of GDP growth, comparisons with the period of high growth during the 2004–13 United Progressive Alliance (UPA) regime, as well as ‘promises’ of India being a \$5 trillion economy and the expectation of India being a developed economy by 2047. The Opposition, at least as gleaned

through some writings on the subject, believes that these promises are less than accurate and part of the ‘feel-good’ narrative of the Modi government.

Chapter 8 looks at the super important issue of employment and unemployment. Even before the 2019 election, there was considerable discussion of Modi’s so-called ‘promise’ of 10 million jobs a year. This was much exaggerated, according to the doubters. It turns out that the economy did much better than 10 million jobs a year between 2014 and 2023.

Chapter 9 deals with several issues related to gender equity in India. The progress on education, labour force participation, unemployment and jobs, and male–female wage gaps are all examined in some detail.

Chapter 10 deals with yet another contentious political and economic issue – how much has *Garibi* (poverty) been *Hataoed* (eradicated) in India – both under Modi and the earlier governments (especially 2004–13).

Chapter 11, ‘Redistribution with Growth’, is on a subject we believe history will define as years – the last ten years – where, almost uniquely among developing (and developed) nations, a considerable amount of redistribution was achieved in India along with healthy economic growth.

Chapter 12 discusses in elaborate detail the expected contours of voting in 2024 as we see them in February 2024. How effective will the I.N.D.I.A. alliance be? Has the alliance followed known unknowns about what it

takes to dislodge a popular leader? Has the Congress been excessively feudal about its expected alliance with other members of I.N.D.I.A.? And we present a lot of data to substantiate our expectations about Choice 2024.

Our concluding chapter, Chapter 13, is about the challenges ahead. Some challenges considered: delimitation and the north–south divide; reform of agriculture and the introduction of long-overdue farm laws; reform of direct taxes (lower average income tax rate); reform of GST (make it more progressive and lower effective GST rate); and last, and probably the most needed reform – overhaul reform and modernization of our statistical system. Throughout this book, I talk about how both statistical delivery (by the government) and statistical reception (by civil society) are grossly inadequate for a modern nation, let alone a country aspiring to be a developed economy, and within touching distance of becoming the third largest economy in the world.