

Brazil, and Mexico. Later, the smaller countries of South and Central America and those of Africa also pursued IS policies as the process of development became inextricably associated with industrialization.

Political leaders and local entrepreneurs feared that local industries would be undermined or impeded by foreign competition. This fear was coupled with substantial pessimism about export prospects. It was believed that a secular decline in the terms of trade would result in "immiserizing growth" for the developing world if it continued to specialize in traditional raw material exports. These ideas were most forcefully argued by Raúl Prebisch and the United Nations Economic Commission for Latin America.

The pursuit of IS usually progressed through several phases, although they necessarily overlapped to some extent. In the first phase, protection was extended to producers of light manufactures, such as textiles, apparel, and food processing. These ventures could be carried out by local entrepreneurs because they involved relatively standardized technologies, were not particularly capital-intensive, and could draw on pools of relatively unskilled labor. At some point, however, the domestic market for these goods became saturated. At this juncture, policymakers faced difficult choices about which new sectors should be emphasized. Consumer durables and intermediate and capital goods production were typically more demanding of capital, technology, and skilled labor, factors in which most developing countries were deficient.

The decision to pursue "secondary" IS in these sectors had important implications for the ownership patterns of IS industries. In the first phase of IS, domestic entrepreneurs gained from, and thus were likely to support, IS policies. In the secondary phase of IS, however, state-owned and foreign firms usually played a larger role. Intermediate goods production, particularly in steel and oil refining, was typically carried out by state-owned enterprises. A number of larger Latin American countries became important sources for IS foreign investment in sectors such as chemicals, automobiles, and linked in-

dustries such as glass and rubber that were beyond the technological reach of local firms.

As early as the mid-1960s, criticisms of IS industrialization began to appear, particularly among neo-classical economists. First, the protection of domestic industry increased the profitability of the manufacturing sector at the expense of agriculture. This had a number of undesirable implications, favoring the city over the countryside, accelerating rural-to-urban migration, and contributing to an unequal distribution of income. By distorting the allocation of resources, IS introduced tremendous inefficiencies, favoring high-cost sectors in which the country had no comparative advantage.

A second line of criticism concerned the penetration of foreign firms and the role of foreign capital more generally. Although IS was designed to increase self-reliance, in many cases it resulted in greater dependence on foreign firms. These firms occupied powerful positions in highly oligopolistic industries and engaged in a number of practices that were seen as detrimental, including the introduction of inappropriate technologies, production processes, and products. In the 1970s, the forward momentum of industrial deepening was sustained in many countries through extensive foreign borrowing. In the 1980s, governments found themselves saddled with the external debt not only of state-owned enterprises but also of inefficient private firms in IS sectors.

A third line of criticism concerned export performance. High levels of protection and overvalued exchange rates designed to reduce the costs of importing capital goods and machinery had the effect of discouraging exports. Countries pursuing IS faced recurrent balance-of-payments problems, often solved in the short run by reliance on more protection.

Finally, there were a number of political criticisms of IS. From the Left, it was argued that the pattern of secondary IS tended to support an elite consumption profile, particularly by emphasizing the production of costly consumer durables such as automobiles. Instead of emphasizing the deepening of the industrial base through secondary IS,

according to this view, it would be preferable to widen the domestic market by improving the distribution of income and focusing production on widely consumed basic goods. From the Right, it was argued that the institution of protection and various subsidies to industry resulted not only in inefficiencies but also in a corruption of political life: entrepreneurs concentrated on securing privileges, or "rent-seeking," rather than on productive activities, and the initiation of trade restrictions necessarily gave rise to black markets in goods and foreign exchange.

These criticisms were often indiscriminate, attributing all problems of development to misguided industrial policies. Some IS industries were relatively efficient or had the potential to become so. This was evident in the fact that many, if not most, industries in the advanced industrial states began initially as IS industries, with trade liberalization and the development of exports coming later. This was even true of the export-oriented East Asian economies: Japan, the Republic of Korea, and Taiwan. All three developed their manufacturing bases through a subtle combination of protectionist policies, subsidies, and aggressive promotion of exports. Although they managed to avoid the excesses of IS in other developing countries, they were by no means wholly liberal in their trade policies.

Nonetheless, IS as a general strategy came under increasing pressure in the 1980s. Many countries came to recognize the cumulative inefficiencies and costs associated with IS. The withdrawal of international lending associated with the debt crisis made capital-intensive investments less viable and increased the importance of developing export industries in order to earn foreign exchange. The rapidity of technological change in major industries such as electronics made "self-reliance" a more costly and complicated goal and made it imperative that developing countries maintain close links with world markets.

The pressures to abandon IS were also political. The international financial institutions, including the World Bank and the International Monetary Fund, pressed vigorously for trade liberalization.

The United States also launched a more aggressive policy in the mid-1980s by placing greater emphasis on opening markets abroad through the threat of retaliation. Major targets of this campaign were the relatively developed newly industrializing countries that had maintained high levels of protection, including Brazil, India, and even export-oriented Korea.

This combination of domestic and international factors has led to several sharp reversals of IS policies. Mexico, Chile, and Turkey provide three important examples, as do the countries of Eastern and Central Europe. Yet it is unlikely that IS will be abandoned altogether. The adjustment costs of moving toward a new strategy are potentially high for both workers and capitalists and, thus, are likely to meet domestic political resistance. A more likely outcome is the evolution of more mixed industrial strategies that combine elements of protection and support for domestic industry with greater emphasis on exports and the development of international competitiveness.

[See also Development and Underdevelopment; Export-led Growth; Left, The; Prebisch, Raúl; and Right, The.]

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#### INDIA

The word "India" is a European invention derived from the river Indus, which runs through what is now Pakistan. Indians refer to India as "Bharat."

India is the birthplace of three major religions—Hinduism, Buddhism, and Sikhism—and is home to more than 150 million Muslims.

India borders Pakistan and the Arabian Sea to the west; Bhutan, China, Nepal, and the Himalayan mountain range to the north; Bangladesh, Myanmar, and the Bay of Bengal to the east; and the Indian Ocean to the south. The Maldives and Sri Lanka lie to the south in the Indian Ocean. India shares maritime borders with Indonesia and Thailand and has long-standing border disputes with China and Pakistan.

India is made up of twenty-eight states (*pradesh*), six union territories, and the capital city, New Delhi. The most populous states are Uttar Pradesh, Maharashtra, Bihar, West Bengal, and Andhra Pradesh. Seventeen states each have a population of more than 25 million people.

India is the dominant economic and military power within South Asia, often defined to include the eight countries of the South Asian Association of Regional Cooperation (SAARC). India's economy and military are larger than those of the other seven countries of the SAARC combined—Afghanistan, Bangladesh, Bhutan, the Maldives, Nepal, Pakistan, and Sri Lanka.

Under the last five decades of colonial rule, per capita income in India shrank. After independence, India achieved respectable rates of economic growth. By the 1960s, gross domestic product growth per capita declined to just over 1 percent annually, referred to as the "Hindu rate of growth." From the late 1990s, after several years of economic contraction caused by structural adjustment, Indian gross national product rates were for a decade among the highest in the world. Growth rates have since declined.

**Scholarship on India.** India was long considered by European scholars to be a place unchanged by waves of invaders. G. W. F. Hegel argued that India had no "history" because it had no "national spirit." Karl Marx described India as an "unresisting and unchanging society." The perception that India's traditions, such as caste, and cultural, ethnic, linguistic, and religious diversity kept the country

stagnant allowed colonial administrators and colonial scholars to regard the end of traditional India as destructive but necessary for progress. Rabindranath Tagore claimed that British rule in India was unlike that of any previous foreign rule. For the first time, argued Tagore (1918, p. 8), India encountered a nation, "the Nation of the West driving its tentacles of machinery deep down into the soil."

Some scholars argue that India was a British invention. India's present political system is largely of British design. India was never unified politically or territorially in its present form. Under British rule, more than five hundred "princely states" maintained nominal independence, allowing the East India Company (before 1857) and the British Crown (after 1858) to control their trade and foreign affairs while providing the rulers of the princely states with legitimacy and stipends. Only upon independence, when these princely states, including Kashmir, were required to join India or Pakistan, did India assume something close to its present form. Hyderabad, a large state in the south, was occupied, as was half of Kashmir. Sikkim, a once independent kingdom, and Goa, a Portuguese colony, were integrated by force.

Much of the study of Indian politics after independence focused on the question of why a country that does not have the "requisites for democracy" (i.e., high levels of literacy and income) has maintained a tradition of elections extending back to the 1880s. Barrington Moore argued that India had not seen a successful national peasant revolution only because of Mohandas Gandhi's pacifist teaching and the Hindu belief in reincarnation. The scholarly focus shifted toward the end of the twentieth century from the requisites for democracy in India to the economic and social consequences of Indian democracy. For example, some argued that Indian democracy has made Indian economic reforms ineffective. And some argued that the anti-Muslim riots in Gujarat in 2002 were a chief reason that the Bharatiya Janata Party (BJP: Indian People's Party) coalition lost the national elections in 2004.

**Constitution and Judiciary.** India came into existence as an independent country on 15 August

1947, when the British viceroy Louis Mountbatten transferred power to the president of the Indian parliament, Dr. Chakravarti Rajagopalachari. India became a republic on 26 January 1950 with the ratification of the Constitution. The chair of the Constitution Drafting Committee was B. R. Ambedkar, a former untouchable, a status that the Constitution outlawed. The Directive Principles of the State, with which the Constitution begins, commits the government to provide citizens with social welfare, including universal literacy and full employment. The government has not come close to meeting these requirements, but social justice has broad appeal in Indian politics. Poverty alleviation is a dominant feature of the electoral manifestos of all major political parties.

The Indian Constitution requires that elections to Parliament be held within five years of the previous election. National and provincial elections are decided using the "first past the post" or single-member constituency principle. The candidate who receives the largest number of votes in a constituency becomes the sole representative of that constituency. The British introduced this principle in the Indian Council Act of 1861, which allowed some members of the British viceroy's Legislative Council and Provincial Assemblies to be elected. Indian voters elect members of the lower house of the Parliament (Lok Sabha, literally "Council of the People") directly. A majority of the Lok Sabha forms the government. Members of provincial assemblies elect the members of the upper house of the Indian Parliament (Rajya Sabha, literally "Council of States"). This system of indirect election of the Rajya Sabha explains how someone who has no seat in the Lok Sabha could become prime minister. The Assam Assembly elected the economist Manmohan Singh to the Rajya Sabha so that the Lok Sabha could elect him as prime minister. As in many parliamentary systems, the president is the head of state, and the prime minister is the head of government. The Lok Sabha designates and the president appoints the prime minister.

The Indian judiciary is independent of the executive and legislative branches. Indian courts are well

known for lengthy delays. At the same time, Indian citizens make regular use of the courts. Courts have more successfully asserted their authority in India than in the any other country of the region. The Supreme Court of India ruled in 1973 in *Bharati v. Kerala* that it could disallow any amendment that it judged would violate the basic structure of the Constitution.

**Politics and Parties.** The conviction of independence leader Jawaharlal Nehru that the loose federal structure proposed by the All India Muslim League would not allow India to free itself from the shackles of colonialism led to the creation of Pakistan. The States Reorganization Act of 1956 redrew according to language the colonial boundaries of states. States have their own chief ministers and assemblies. Many are bicameral. Union territories are governed by "the center" (the federal government).

Until 1975, the Indian National Congress (INC), founded in 1885, was the dominant party in a multi-party system. Since the 1980s, no party, including the INC, has been able to compete in every constituency in the country. Instead, victory at the center requires the negotiation of pre-electoral, no-contest pacts with regional parties. The INC and its coalition partners are referred to as the "United Progressive Alliance." The BJP and its coalition partners are known as the "National Democratic Alliance." The other significant political coalition is the Third Front, which includes several Communist, socialist, and regional parties. The National Democratic Alliance was able to win a majority of seats in the Indian Parliament (Lok Sabha) in 1998 largely by accusing the INC of corruption and "pseudosecularism," in which special allowances were given to the Muslim minority.

Indian politics are identified with pervasive corruption. Some estimate that 20 percent of the members of Parliament have been tried for criminal offences. (Note that courts are also used for vendettas and political purposes.)

With more than 100 million votes cast over an election that took four months to complete, India's first general election, begun in October 1951 and

concluded in February 1952, was the largest election ever held. More than fifty political parties fielded candidates. Today, it takes four weeks to conduct a general election. In March and April 2009, India held its fourteenth general election. More than 350 political parties fielded candidates and more than 400 million Indians voted. Since the third Lok Sabha election in 1962, between 55 percent and 66 percent of all eligible voters have voted in the general elections. National and provincial elections were separated after 1971.

The Indian Parliament has lost much of the English-speaking and upper-caste character it had at independence. Today, some of the largest blocks of seats in Parliament belong to political parties organized to promote the rights of scheduled tribes and castes (STC) and other backward castes and tribes (OBC). And these STC and OBC parties control government in populous and politically important states.

Jawaharlal Nehru was India's first and longest-standing prime minister, serving until his death in 1964. When Nehru's successor, Lal Bahadur Shastri, died soon thereafter, the INC, then the dominant party in what remains a diverse field of political parties, opted to support Nehru's daughter, Indira, for leadership of the party. (She took the name Gandhi on her marriage to Feroz Gandhi. She was not related to Mohandas Gandhi, the independence leader and spiritual father of India who was assassinated in 1948.)

Prime Minister Indira Gandhi was convicted in a High Court of minor election irregularities. The court required Gandhi to resign. Instead, on 26 June 1975, Gandhi instructed the president to declare an emergency under article 352 of the Constitution (a British colonial legacy), to suspend the Constitution, and to arrest her political opponents. When Gandhi lifted the emergency and held elections twenty months later, India saw its first non-Congress government at the center.

Manmohan Singh, finance minister during the initial years of structural adjustment, became prime minister upon the Congress coalition's victory at the polls in 2004, with Sonia Gandhi, Italian-born wife

of assassinated former prime minister Rajiv Gandhi, becoming chairperson of the INC. The Liberation Tigers of Tamil Eelam, operating from Sri Lanka, assassinated Rajiv Gandhi.

Militants inspired by Maoism and Marxism-Leninism—referred to as “Naxalites” (from the uprising in Naxalbari in 1967)—have effective control of large parts of India, in a corridor from the north-east through the central India “tribal belt” into the south. The highest levels of civilian and military leadership in India claim that the greatest threat to Indian national security is the Naxalite movement.

**Gender and Human Development.** Adult literacy rates range from 94 percent in the southern state of Kerala to 64 percent in the northern state of Bihar. Life expectancy at birth varies from seventy-four years in Kerala to fifty-eight years in Chhattisgarh and Jharkhand in the center of the country.

India has had women in more leadership positions in government than any other country; Indian women have been presidents, prime ministers, chief ministers, and speakers of the Parliament, giving India the number one worldwide ranking on women in leadership positions in government. If all Indian women (and girls) are considered, India ranks very close to the top in gender inequality. Indian females are aborted more and girls are neglected and die more. Not all of this is intentional discrimination. But the effect is that there are fewer females in the general population, and the trend is worsening, aided by the spread of amniocentesis centers. The ratio of females to males, already at 0.945 in 2001, declined further to 0.927 in 2011. The natural rate appears to be 1.06 females per male.

India is the second-most-populous country on earth, with a population of 1.2 billion. One in five babies born today are Indian. At present trends, India will surpass China in population in 2025, when India will be home to 1.4 billion people. India is both the world's most populous democracy and the country with the largest number of people living below national and international poverty lines. The national poverty line in India is estimated by a minimum number of calories. International poverty lines use a purchasing power estimate.

**Foreign Relations.** Under Jawaharlal Nehru and Indira Gandhi, India was a leader in the Non-Aligned Movement (NAM), the successor of which is the G-77. Nehru was one of the leaders of the NAM-founding Conference of Asian and African Nations at Bandung, Indonesia, in 1955.

With more than 1.3 million active armed service personnel and more than 2 million reserves, India has the world's third largest standing army, after the People's Republic of China and the United States. India has fought three wars with Pakistan—in 1947–1948, 1965, and 1971—and a war with China—in 1962. Pakistan initiated the wars in 1947–1948 and 1965 to gain control of the Muslim-majority former princely state of Kashmir. In 1971, India intervened in Pakistan's civil war, in which Pakistan lost its eastern wing, East Pakistan, which became Bangladesh in December 1971. India and Pakistan fought a major battle in Kashmir in 1999 (near Kargil), the year after each government detonated nuclear weapons, and mobilized troops in preparation for war in 2001, after an attack on the Indian Parliament by militants based in Pakistan.

Since the mid-1990s, India has taken a more pro-United States posture in economic and military affairs. The United States and India conduct joint military operations. The government of India has sought a role in a reformed United Nations Security Council.

Upon taking office in 1998, BJP Prime Minister Atal Bihari Vajpayee authorized the testing of nuclear weapons. India had conducted a “peaceful nuclear” test in 1974 but announced then that it would not develop a nuclear weapons program. The detonation of five nuclear devices in May 1998, two weeks after the induction of the BJP government, helped to promote popular support for the BJP government. The revelation of what some BJP leaders called a “Hindu bomb” prompted a predictable nuclear arms race between India and Pakistan. India, Pakistan, and Israel were the only nonsignatories to the 1970 Nuclear Non-Proliferation Treaty.

In 2006, the United States enacted the US-India Peaceful Atomic Energy Cooperation Act. The act permitted US companies to sell nuclear technology

and nuclear fuel to India, which had been banned to nonsignatories of the Non-Proliferation Treaty. In 2008, the International Atomic Energy Agency (IAEA) and the Nuclear Suppliers Group permitted India to separate its civilian and military nuclear facilities and to place its civilian nuclear reactors under IAEA supervision. As a result, India has become the only de facto nuclear weapon state that has access to the nuclear technology that Nuclear Non-Proliferation Treaty signatories have but is not bound by the treaty.

[See also Hinduism; Nehru, Jawaharlal; and Pakistan.]

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Christopher Candland

#### INDIAN OCEAN REGION

The islands of the western Indian Ocean—Comoros, Madagascar, Maldives, Mauritius, Réunion, and Seychelles—have much in common, yet each is different in many ways. They share many economic, social, historical, political, geographical, and geophysical characteristics. Until quite recently they were all isolated, in the backwater of the international political arena, and were colonies or dependencies of either France or Britain. Except for Réunion, which

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