

## Opinion

FROM THE CAPITAL

# The Age of Xi and Modi

The world's future growth rests increasingly on the personal attributes of Narendra Modi and Xi Jinping

John Robertson

**T**he new leaders of India and China are attracting more than the usual amount of scrutiny. Both leaders contrast sharply with their predecessors. Both have committed to radical changes in their domestic governance practices. Both have expressed concerns about the potential for social disquiet without development. Both have engaged internationally in a way that is transforming global perceptions of their countries.

Modi has come to power against a backdrop of demographic changes expected to result in India having the largest population of any country by 2030. Over 470 million of that number will be aged between 15 and 34 and will have been born after the economic crisis of 1991 and the subsequent reforms of Manmohan Singh. Up to a million new jobs a month will be needed for the next 15 years to accommodate them.

The earliest members of this cohort of young people voted for the first time at the 2014 election as they began changing the balance of Indian political power, opening up the chance for bottom-up leaders, like Modi, to emerge in response to popular wishes.

Professor Amitabh Mattoo, a leading commentator on Indian affairs who was addressing a meeting of the Australia India Institute in Melbourne in this past week, graded Modi less favourably on his economic and social policies than his interventions on the foreign stage.

Mattoo, currently a professor at the Centre for International Politics, Organization and Disarmament in the School of International Studies at Jawaharlal Nehru University, described India as experiencing its biggest foreign policy shift since 1971, as it has tilted toward the USA in an unprecedented manner.

In assessing the first 10 months in office of the new Indian prime minister, Mattoo questioned whether a top down development model could work for India, as it had done in China, where greater emphasis on education and more direct poverty alleviation methods will be needed.

India's demographic transformation offered less opportunity than the earlier Chinese population bulge, according to Mattoo, because China's lowest paid workers were more highly skilled than those of India, offering a relatively more attractive outcome for foreign direct investors.

As well as a commitment to widening the availability of education as necessary steps



China's Xi Jinping (left) and India PM Narendra Modi... world growth on their shoulders

for successful development, Mattoo highlighted the universal introduction of personal bank accounts through which financial benefits can be delivered to those most in need. This was a reform recognising that a large proportion of benefits earmarked for the poor under previous programmes had been lost before reaching the targeted recipients.

The inference from Mattoo's analysis of the early Modi impact is that the strongly pro-development stance that brought him to office is not creating a clean break with the past. Rather than an Indian perestroika expected by many, Modi is in practice offering creative incrementalism, in Mattoo's view.

In the course of his presentation, professor Mattoo observed that there had been a radical change in the governance practices within the Modi government. All appointments of department secretaries and even ministerial staff now had to be approved by the office of the prime minister. This was far more than a symbolic change from past practice, when ministers were able to use patronage to shore up their own positions and establish competing centres of power.

Coincidentally, during the past week, professor Kerry Brown, a Sydney University professor of Chinese politics and former head of the Asia programme at Chatham House, was also speaking in Melbourne as a specialist on the elite politics of the Chinese communist party.

Among his observations about the governance approach of president Xi, the author of 10 books on Chinese politics described how Xi had assembled a very small group of no more than seven policy advisers who came up with the big picture ideas for Xi to champion.

While Modi's route to power has been public, the ascendancy of Xi has been less well documented. Despite his specialisation in

such matters, Brown admitted to being at a loss to fully understand why Xi, of all the hundreds of others who came from revolutionary family backgrounds, had made it to the top.

Analysts are still trying to assess how experiences in the government of Gujarat, for Modi, and Shanghai and Fujian, in the case of Xi, will translate into actions at the national level.

Brown did observe, however, that Xi seems to have successfully persuaded his family members to eschew the overt shows of wealth that have characterised others with family links to the early Chinese revolutionaries. This alone has marked him as different.

Brown concluded that Xi believed in the need to sustain the communist party and was acting in its best interests by abandoning and discouraging the system of patronage that dominates governance practice in China. There was, said Brown, evidence from Xi's previous regional postings that he had worked to position the party ahead of his own interests.

Since Deng Xiaoping in China and Jawaharlal Nehru in India, previous leaders have largely operated within the structures they have been bequeathed. Xi and Modi, on the other hand, are intent on toppling the status quo. This appears to arise from deep-seated beliefs about what is needed to sustain the development ambitions they have for their countries.

The governance model in both countries appears more highly personalised than ever before. For an analyst trying to judge how economic forces evolve to create investment opportunities, whether in mining or elsewhere, this presents some added degrees of complexity. How Xi and Modi react to opposition to their reform agendas, for example, and how much they are prepared to risk politically to drive the changes they want are set to have global repercussions. ▼

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