

POOR DEARS!

ASIA is torn apart by old fashioned nationalism, particularly economic nationalism, the erecting of economic boundaries to destroy that world market which should be our goal. Most of our countries are engaged in it and our pattern of planning makes it inevitable, because the planning in which many of the States of Asia are engaged is basically Soviet-type planning. It is based on being self-sufficient within a number of years. Mr. Nehru, for instance, was very fond of saying that India should be free of foreign capital and assistance within ten years.

I remember once when I said in parliament in his presence that I thought that this would last over half a century, he got worked up and said: "I am astonished that the honourable member should admit that we shall have the humiliation of being dependent on foreign capital for fifty more years." As if something terrible were involved in accepting foreign capital! To this I pointed out that the United States takes more British capital today than is invested by the United States in Britain, without any shame or any disadvantage. This kind of resentment of foreign aid or foreign capital, which is typical of the half-baked Marxist thought that has been dominating our countries for the last generation, leads to the desire that our plans should be autarkic, that iron and steel plants and machinery plants should eat up all the capital investment which should have gone to agriculture and the land, thereby creating a food shortage. This type of autarkic planning is economic nationalism run mad. An example of this was that some people in Nepal, I understand, have expressed the wish that Nepal should have a steel plant. It has been rightly said that a steel plant, a five-year plan and supersonic jets, are the status symbols of the new emerging nations.

**WITHOUT
SHAME**

Finding no existing organisation to lead their thinking, the group of 30-year-old executives woke up to the fact that they had begun forming one themselves. What had started as intermittent conversations over lunch in the canteen, or in somebody's office at the end of the day's work, almost by accident became formalised into a group.

So the Ludgate Group stumbled into existence. Others from other occupations began to be invited to its meetings—clergymen, journalists, aspiring politicians of all parties—those in fact likely to share the common interest in understanding overseas development. The great thing is that these outsiders came back. If any of them, persuaded by a contact in the inner group to attend one meeting, came once just to see, they found themselves surprisingly ready to come again. Any member, inside the house or outside, could have very easily pleaded pressure of other engagements as an excuse to be involved no further. Miraculously, not one person did. Despite—or perhaps because of—pledges to devote at least two hours a week to the things of the Ludgate Group, none of those who had been once bitten fled.

For from the first the Ludgate Group was a working body. We did not merely meet to talk. We had to arrive with homework, and Christopher Jackson, the convenor, pursued lag-gards resolutely and with success. So books began to be read, tables of statistics tracked down and examined, and the piles of mimeographed documents to accumulate. We even read one another's papers. While so many sheafs of stencilled papers remain skimmed, the papers that members of the Ludgate Group compiled were read, discussed, amended, rewritten, retyped with a rare persistence.

After several months it seemed appropriate to have a weekend together, and those who went came away thinking that the Ludgate Group must grow. Since then it has taken the best part of a year to announce the Ludgate Group's existence more widely with the publication of this pamphlet. That is long enough for us to feel pretty sure that the group is here to stay. We shall be finally convinced if this pamphlet meets with the response for which we hope. If we don't deserve much attention, perhaps the influx of newcomers will ensure that with our future activities we do.

**WORKING
BODY**

Moreover, economic aid, while generally helpful can also harm; that the money can be well used or it can be wasted, and unfortunately a great deal is being wasted. Take, for instance, the aid to India. The U.S. government aid and British and West German aid is to some extent wasted because it is not given under proper conditions, because the right kind of strings are not attached as they should be. If money is given for building a steel plant, as Germany and Britain have, that money is largely wasted, because it does not give a quick return on the capital invested. So far, the German and the British plants have made colossal losses. This has saddled India with a big debt.

If the money had been used for agriculture or road building or electric power, it would have given manifold returns and would have been more productively used. It is good that the American Congress last year turned down the idea of another steel plant, which our Government unwisely wanted. That was the beginning of economic wisdom on the part of the United States. It is very important that the country which gives the money is satisfied that the purpose for which the money is used is the right purpose. This is not political interference and, if it is, it is sound interference because national sovereignty has become meaningless when you give and accept economic aid. I would say that one government should refuse to give another government economic aid except for legitimate purposes, and a Liberal would say that a legitimate purpose is the building of the infrastructure, the provision of irrigation, transport, communications, technical education and know-how.

But to give money to another government to produce articles of manufacture—whether it is penicillin or steel—is wrong. It is wrong because it is unsound in principle, it is often wasteful, because these governments produce those articles at high cost, they mulct the consumer, and waste the money and incur debt. For that kind of thing, these governments should be referred to the money market. The United States government should give money for infrastructure, but for anything else they should ask them to raise equity capital.

**INCUR
DEBT**

Equity capital is in the interest of the developing country. If someone gives us a government-to-government loan, we are bound to pay back the loan and the interest charges, however unwise we use the money. If our government pours it down the drain, we still have to pay the capital and interest. This is not so with equity capital. When that comes in, it does so at its own risk. The man who brings in his money has to make a profit. If he does not, he loses it and goes back empty-handed. We lose nothing. Therefore the insistence on the investment of equity capital is highly important from the viewpoint of the national interest of the backward countries.

A second factor is intellectual co-operation and aid. It would be fair to say that economic aid has outrun intellectual or ideological aid. True friendship requires frankness and not just politeness. Too many foreign experts and politicians visit our countries and, without knowing what they are doing give a fine certificate to our governments, which may be engaged in doing something irresponsible. The result is that it becomes twice as difficult to open the eyes of our peoples and educate our electorates about the mistakes of our governments. They can always say "but look what professor so and so from England or Mr. so and so from America said. They think we are all right, why are you bellyaching?" Now this is something which has become very painful to democrats in these countries. We find our position continually eroded by well-meaning, starry-eyed gentlemen from abroad who think it is very good to tell the "poor dears" that they are doing very nicely.

I do not think it is a compliment to be so indulgent to the poor dears, who should be judged by the same strict standards by which we judge ourselves, and if by those standards we are doing something wrong, we should be told so.

This note is an extract from a longer published article by Mr. Masani on Problems of Nationalism.

**STARRY-
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