

Accelerating Economic Development with Political Stability

I WOULD like to suggest that we start by defining the two terms "economic development" and "political stability". Let us take political stability first. What does it mean? Does it mean that, when a country changes its Government from time to time, it is unstable? The answer obviously is "no". In a democracy, a change of the Government is part of political stability and a failure to change the Government over a period of time becomes a factor for instability, as it has been seen in many countries of the world. So it is not changing Governments that is unstable, it is something else in a deeper sense.

By

M. R. MASANI

Is stability necessarily a good thing? It depends at what level you stabilise. If you stabilise at the level of tyranny and slavery, it is a bad thing. There are two kinds of political stability. Babylon, which was a tyranny based on slave labour, went on for centuries. Other empires also lasted for a long time. In modern times, the Soviet regime has now lasted 50 years based on slave labour and political serfdom. In communist China, Mao Tse-tung also looks stable and it looks as if he may die without being overthrown. So stability is not necessarily a good thing. Stability in freedom is good; stability without freedom is bad.

Certain Ambiguities

Turning to economic development, one again finds certain ambiguities in this phrase. What does it mean? It means economic progress—growth. This is a good thing. But if it is at the cost of the people, as it can be, then it is a bad thing. Colin Clark, the economist, has written a little booklet on *Growthmanship*,

Both economic development and political stability are highly desirable goals. Even in a backward country like India, there is great scope for liberalism because the people have a rich religious and cultural tradition and are not strictly materialists.

where he points out that growthmanship is a disease, an obsession, it is anti-social, anti-human, because growthmanship becomes an end in itself. The people must be starved, the peasants must be squeezed of their grain, workers must be kept down at the subsistence level so that more and more investment may take place and the economy grow. But the human being shrinks. That again is a bad thing. So economic development also, like political stability, is ambivalent. It may be good or it may be bad. Let us put it this way. Economic development without tears is good. Economic development with tears or slavery is bad. In other words, development and prosperity are not interchangeable terms. One has to distinguish between economic welfare and prosperity which is a good thing and economic development which is ambivalent and neutral morally, depending on how it is used.

Let us see which countries in Asia, in modern times, have enjoyed economic development and which have not as yet in order to get the definitions clear. Among the countries that have prospered are Israel, Pakistan, Thailand, Malaysia, the Republic of China in Taiwan, South Korea and Japan—countries which have gone forward very fast in their rise in the national product, in the per capita income and in the standard of life. On the other side, the countries that have failed to achieve eco-



nomic development are: India, Ceylon, Indonesia, Burma, Egypt and communist China, where there has been little development.

To come to the correlation between economic development and political stability. The question arises: Is there any correlation between the two? I have an open mind on this. Starting to think about it, I find it difficult to suggest any essential cause and effect relationship. This seems to me to be extremely difficult to establish. There are certain broad propositions one can advance. Other things being equal, economic prosperity makes for political stability. I think one can say that, other things being equal, a prosperous people are likely to be politically stable. The communists have used this thought on which to build their "theory of increasing misery". They have taken the converse of it—that a starving and discontented people are likely to listen to communist propaganda, so they have invented the theory of increasing misery. That is, communists must create the utmost confusion, starvation and misery so that they can hope to rise to power. They are trying to do this in India today and they have tried in every country of the world to create the utmost economic confusion and distress so that people may listen to promises of the heaven that will come when a communist dictatorship is established. I think they are wrong and I believe those who think that prosper-

They saved the ancient banyan tree and now their daring knows no bounds

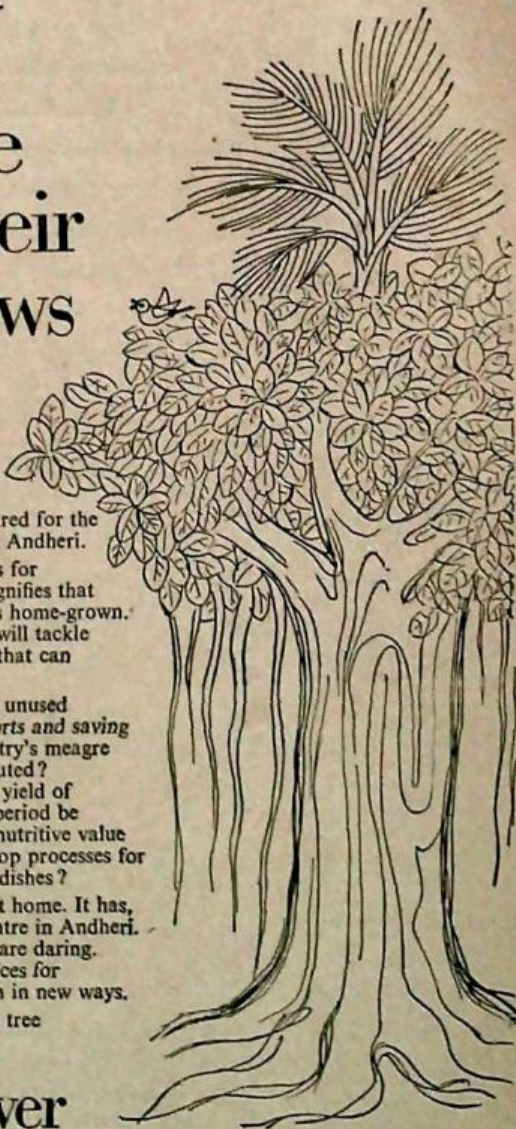
'Let it stand,' someone said of the banyan tree as the site was being cleared for the Hindustan Lever Research Centre, at Andheri.

So the tree still stands—and it stands for quite a lot. For one thing, the tree signifies that we can't easily get away from what is home-grown. Appropriately, therefore, the Centre will tackle problems rooted in India—the kind that can only be solved here:

Can we discover and exploit hitherto unused *local* sources of oil, thus cutting imports and saving foreign exchange? How can the country's meagre milk supply be conserved and distributed? What can we do to increase the milk yield of buffaloes...and can't their lactation period be extended? How can we improve the nutritive value of protein-poor foods? Can we develop processes for the preservation of Indian type food dishes?

Research on all this can only begin at home. It has, at the Hindustan Lever Research Centre in Andheri. The sweep and thrust of the studies are daring. The scientists are producing new devices for old, making traditional things happen in new ways.

They have, of course, left the banyan tree alone to grow by itself.



Hindustan Lever

Lintas-HLL PR. 9/140

ity equals stability and poverty equals revolution are not correct.

Contradictory Phenomena

You get all kinds of contradictory phenomena. Some years ago, the son of a Swedish Admiral, coming from the upper class of Sweden, was convicted of being a Russian spy. He was leading a very prosperous life, indulged in every way, highly educated and certainly one cannot say that he was starving and therefore became a communist. Mr. Alger Hiss, the well-known American spy, who accompanied President Roosevelt to the Yalta Conference, came from the American ruling class and had been at the finest universities. He was convicted in a court of perjury for denying that he was a Soviet spy. Klaus Fuchs, Alan Nunn May, Pontecorvo, Philby, Maclean and Burgess—they are all members of the elite and all communist agents. So poverty is not the cause of it. My own thinking has always been that communism is a disease of the empty mind and soul and not of the empty stomach, and I have advanced the proposition that the empty mind and the empty soul are as relevant to communism as the empty stomach and perhaps more so.

Other things being equal, prosperity makes for stability and happiness. This is a sound proposition. But are other things ever equal? In other words, there are non-economic elements that seem to be relevant. The element of personality to which I referred in the case of the Soviet agent. In India the Communist Party is led by younger members of the elite—almost all of them. There are no working class leaders in the Communist Party in India. Almost all of them are good bourgeois with a university education.

What are the non-economic factors? There is the historical factor. There are racial factors. There is the factor of personality and then there are emotional factors of all kinds. Take Kashmir, for instance—the Kashmir problem. What is there economic about the problem? It is emotion on all sides. Take the language problem in India which is dividing the country and shaking its very foundations. What is economic about the language issue? It is a purely emotional issue. Take the situation in Indonesia which has recurred over and over again—Java versus Sumatra. When a revolution

takes place against a regime, it is not so much an economic revolution but Sumatra trying to throw off the Javanese yoke or domination. In Pakistan, one finds East Pakistan versus West Pakistan. Nothing economic about that or about Paktoonistan. In Ceylon, there is the Sinhalese-Tamilian issue which is probably much more important than the class war despite all the communist propaganda they have. So it seems that non-economic factors are perhaps more relevant than economic ones for the problem of political stability. The pattern is a very mixed one.

Mrs. Indira Gandhi is reported to have said that parliamentary democracy in India was there for keeps and there was no danger of any kind of upset or military dictatorship. I hope she is right. As a democrat, I would like that to be true, but I cannot share her optimism. Neither on economic grounds nor on non-economic grounds can we say that parliamentary democracy is secure in India. The prevailing disgust with the politician, which is spreading very fast and which is likely to tar all politicians, good and bad alike, is a very real thing. Naturally, Mrs. Gandhi cannot see it, cut off as she is from the people. So too President Soekarno, if he had been asked a little while before his overthrow whether his people were sick of his system and were wanting a military dictatorship, would have said: "Of course not." I am sure politicians in Pakistan who were playing the game, as it is now being played in India, were shocked when they awakened to the fact that the Generals had taken over.

Causal Relationship

There is one causal relationship which I have been able to find and that is a negative one—that political stability is necessary for economic progress. If there is political instability, obviously a country cannot advance economically. It has to be the stability either of the militia or of Parliament. Some kind of stability is necessary for any kind of economic progress, for production and for effective distribution. One cannot have economic growth or progress without some measure of political stability. Perhaps political instability is aggravated where one gets economic distress alongside of a high level of intelligence and a little education. It has been said that "a

little learning is a dangerous thing." Kerala may be a good example of that. Kerala has an intelligent people with a fairly high degree of literacy, compared with the rest of India, and poverty—a very combustible mixture. If Kerala has gone in twice for a communist-dominated State Government, it may not be altogether an accident. Calcutta city and Kerala may be cited as examples of this kind of combination of intelligence and poverty.

As far as I can make out, three conclusions seem to follow in broad terms from all of this. One is that there does not seem to be any essential relationship of cause and effect between economic development and political stability both ways. One way there probably is. One can say that there can be no economic development without political stability. So, there may be a causal relation one way—that in order to have economic development, a prerequisite is political stability. That stability can be morally good and bad; it can be at the high level of freedom as in the western democracies or Japan or it can be at a low level of slavery as in Russia, east European captive countries and communist China. The other way I see no correlation. It appears to me that there can be political stability with or without economic development or even with or without prosperity. There can be political stability at a high level based on prosperity as in America, Canada, Scandinavia, Switzerland, Australia, New Zealand, Japan and Germany or there can be political stability without any economic welfare or progress worth mentioning in the lives of the people as in a dictatorship, modern or traditional.

My second conclusion is that both these things are desirable in themselves. Political stability is a good thing and economic progress is also a good thing. One does not have to make one a means to the other end. One can stand for both as ends in themselves. Both are positive values. A liberal should like both. A liberal should like economic progress and he should also like political stability of the free kind. Both are desirable objectives to be pursued for themselves rather than as a means to the other. My third conclusion would be that liberals should strive for both in an intelligent way. As far as economic progress is concerned, I have given my own diagnosis very briefly that the correct path to economic progress is through what is called the



when is a substitute not a substitute ?

**when it is as good as
the original or better**

Every industry aims at being self-reliant and this becomes a crying need when so many essential raw materials are scarce and costly.

How does I.T.I. tackle this problem? By continually seeking a substitute with qualities as good, if not better, than the original, by relentlessly eliminating redundancy and as the last resort, by seeking a fundamental redesign in the basic equipment.

The search for substitutes often results in the finding of new materials, sometimes surpassing the capabilities of the original.

Since the last four years I.T.I. has been able to effect a Foreign Exchange saving of Rs 1.56 crores by Import Substitution.

Examples are, substitution of platinum by palladium for relay contacts, substitution of copper bus bars by aluminium for telephone exchanges, use of indigenous bright mild steel strips, sheets and rods, phosphor bronze strips and rods, phenolic laminates, PVC switch-board cables, wires and electronic components, all of which are obtained indigenously.

I.T.I.'s exclusive Resources and Utilisation Department works full time at bringing down imports.



ITI SERVES THE NATION

INDIAN TELEPHONE INDUSTRIES LTD., BANGALORE-16

RANGE OF PRODUCTS

- ★ Electric Overhead Travelling Cranes up to 230 Ton lifting capacity
- ★ Level Luffing Wharf Cranes up to 20 ton capacity
- ★ Goliath and Special Gantry Cranes up to 250 ton capacity
- ★ Hydraulic Gates—Vertical and Radial
- ★ Railway Wagons
- ★ Railway Passenger Coaches
- ★ Electric Multiple Unit Coaches
- ★ Diesel Road Rollers
- ★ Structural and Bridge Steelwork
- ★ Machine Tools

JESSOP OF INDIA

...now export a wide range of sophisticated engineering goods designed and manufactured to international standard in their modern works in
CALCUTTA, FARAKKA & DURGAPUR.

JESSOP & CO LTD
—ENGINEERS—

63, NETAJI SUBHAS ROAD
CALCUTTA-1.

free competitive economy where the ballot of the market place supplements the political ballot of parliamentary elections.

Basic Democracies

Mr. Jayaprakash Narayan who has own sympathy for "the basic democracies" of Nepal and Pakistan, has complained that the people here only vote for Parliament once in five years. That is true. The only way this political democracy can be supplemented is by economic democracy and that is that every day people have a ballot of the market place when they go to market to buy something with which a little money they may have in their pockets. They exercise a vote. They go there as consumers. If they find something they like, they buy it. They cast a positive vote. If they find the prices high or the product not to their taste, they come back with their money in their pockets and that is a negative vote.

In selecting what they buy they cast a vote. They cast a vote between one soap and another, between one lipstick and another, between one kind of bread and another, between one cake and another, one brand of chocolate and another, one kind of cloth and another. They collectively decide the pattern of production. When they cast their one rupee or 20 paise vote, all these votes are tallied up throughout the bazaars of India into a pattern of production. The capitalist has to quail in the face of the vote of the small man. In a liberal economy, "the consumer is king."

Competitive free enterprise is the law of the people's good. So the liberal, in working for economic development, should stand four square for the principle of peasant proprietorship on the land and for competitive free enterprise with minimum control. The role of the State should be that of laying the infrastructure and acting like an umpire, blowing the whistle when somebody indulges in a foul. The referee does not join in a boxing match, he only stops a foul from being committed; if the referee joins in one side, he ceases to be a referee. This should be the role of the State in economic affairs. The trouble with statism or socialism is that the State becomes a participant and thereby abdicates its role of being an honest referee. The policeman and the factory-owner become one and liberty comes to an

end. As Leon Trotsky once said, the old slogan "he who does not work, neither shall he eat" is replaced by the new slogan "he who does not obey, neither shall he eat", as in Russia about which he was writing. On the political side, the liberal has to preach the values of freedom. He has to fight censorship and arbitrary rule of every kind. He has to fight on the one hand the communist, totalitarian forces and, on the other hand, he has to fight obscurantist forces in his own country.

Liberals in this part of the world have two big handicaps. India has illiteracy on one side and poverty on the other and these make for irrational and anti-democratic forces to get strong. The important thing is to try and hold the scales even and not to lean too heavily one way or another. The liberal is always under pressure to choose the lesser evil. The country stands for the policy of "double rejection". Louis Fischer, who is himself a good Liberal, preached this theory in a book many years ago called *The Great Challenge* when he preached the theory of double rejection.

A Great Liberal

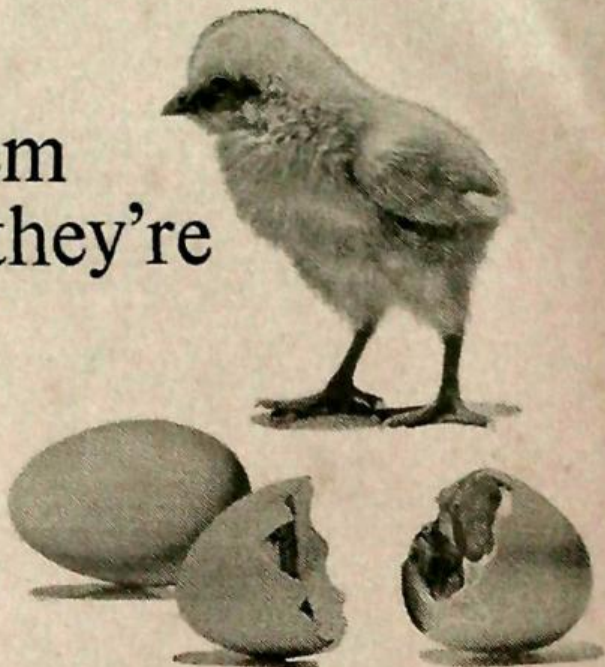
Mahatma Gandhi was a great liberal. He was an Indian liberal and those of us who today function have to draw on two main streams. We have to draw on the foundations that Gandhiji laid in this country of a kind of indigenous liberalism and on international liberalism which has found its highest expression in the countries of the West. The old liberals in India drew entirely on British liberalism. John Stuart Mill, Cobden, Bright and Bentham were their mentors. They were thrown out of politics by a man who looked illiberal when he came in—Gandhi, who resorted to the politics of the bazaar, crude nationalist propaganda, who vulgarised politics to such an extent that the refined liberals went back to their ivory towers. Today's liberals have the benefit not only of the old liberalism but of what Gandhi and the last generation have created. This gives the country a richer heritage and a broader base on which to work.

Today's liberal has to be close to the common man. He has got to be close to the peasant and to the middle class. He cannot afford to live in an ivory tower, because today Indian

liberalism speaks for the great majority of the people. The Indian peasant finds no difficulty in understanding "farm, family and freedom." What after all is the common illiterate peasant attached to? He is attached to his home and his family, his place of worship, his temple and his land. If you leave him alone with these things, he could not care less what else you do. If you attack one of them, then he will fight. Now the people who attack them are the socialists and the communists. If only one can make the mass of illiterate peasants aware that liberal values stand for farm, family, worship and freedom, the country could have democracy that is based on liberalism. Therefore, I am an optimist. I think there is great scope for liberalism in this backward country because the heart of the people is sound, because they have got a religious and cultural tradition, because they are not barbarians, they are not materialists, and they are not mercenary. They believe in non-material values, not in the way that we boast about our spirituality, but in the fact that the poorest among us, the most oppressed among us, does have certain non-material values. And if we could educate them, if we could get to them, we could keep our country free and liberal.

The difficulty is with what I call the "conveyor belt". The country has not got enough intellectuals who are liberals yet. Most of intellectuals here have been confused Marxists—thanks to the poor and outdated national leadership they have had for the last 20 years and they have got to be emancipated from this confused Marxism in order to get back on the path of liberalism. This process has already started. More and more people who were socialists or communists ten years ago are beginning to think for themselves and, if they think for themselves, one believes that as rational human beings they must come to some form of liberalism. So I believe that there is hope for liberalism in this country and in the neighbouring countries provided liberals have the courage of their convictions and are prepared to work hard. Belief is not enough. They have to translate belief into effort. Truth is not enough; even truth has to have wings. It has to be carried to people. When the truth is carried to millions of people, it becomes a tremendous force. This is how I see the problems of political stability and economic progress being satisfactorily resolved.

count them
before they're
hatched?



Not us! Carborundum Universal sell results. Predictable, profitable results. Only we offer you progressively abrasives, contact wheels and machines, properly matched to your operation, to improve your products and reduce your production costs. That's why, we are way ahead—and stay ahead—of others in the abrasives line.

Remember, we are backed by two of the world's best known abrasive manufacturers: the Carborundum Company of the U.S.A. and the Universal Grinding Wheel Co. Ltd. of the U.K. Both are credited with epoch-making advances in the abrasives field. Both have vast research experience and closely guarded manufacturing techniques. Our technical collaboration with The Carborundum Company, U.S.A., enables us to bring you the best in abrasives.

Only we manufacture such a wide range —Coated and Bonded Abrasives, Super Refractories, Abrasive Grains and Calcined Bauxite—made available to you through an extensive distribution network. Our experience covers a wider range of abrasive applications than any other Indian manufacturer's. And what's more: we set the pattern for efficient, practical customer service. Our technical staff are in the best position to offer comprehensive advice, and suggest new techniques to solve your specific grinding problems. Call the man from Carborundum Universal. It is your right—and his privilege to help you.



CARBORUNDUM UNIVERSAL LTD.

(Member of the Indian Standards Institution) Madras • Calcutta • Bombay • Delhi

Bonded Abrasives • Coated Abrasives • Super Refractories • Abrasive Grains