

CHAPTER FOUR

NEHRU ON MIXED ECONOMY.

CHAPTER - IV

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To Nehru the problem of development was basically a problem of scientific orientation of the nation's attitudes; the progress of the country was not possible without training her population in rational modes of thought. He viewed India's culture as rich but static, its social framework as oppressive and non functional. He was only modestly optimistic about India's economic and industrial resources, and was frightened at the rate at which some other countries of the world, notably the United States of America were consuming the world's limited resources. He was opposed to free enterprise as the dominant form of economic organisation, but at the same time did not approve of a fully controlled economy. He chose to steer the middle path, and adopted for his country the framework of a mixed economy.

In this paper, an attempt is made to examine in the context of Nehru's own thinking the notion of mixed economy as an optimum form of economic organisation. This is followed

by an analysis of Nehru's ideas on the dynamics of population, land and capital the ultimate factors in economic progress. The next two sections deal with education and democratic planning the two instruments on which Nehru banked for achieving the transformation.

Nehru's economic model and have posed certain basic questions which must be answered before any judgement can be attempted on the relevance of that model for the development of the country.

Nehru's decision in favour of a mixed economy was evidently based on four considerations. First, he thought that the acquisitive society " was " no longer suited to the present age " and sought its replacement by " a classless society, based on co operative effort, with opportunities for all." ¹ He wrote :

Our economy and social structure have outlived their day, and it has become a matter of urgent necessity for us to refashion them so that they may promote the happiness of all our people in things material and spiritual. We have to aim deliberately at a social philosophy which seeks a fundamental transformation of this structure at a society which is not dominated by the urge for private profit and by individual greed and in which there is a fair distribution of political and economic power. ²

He further observed that " the strongest urge in the world today is that of social justice and equality"³ and came to the conclusion that any social structure based on the possession of land and capital by a few with " the others living on the verge of existence " stood " self condemned " and had to be changed.

Secondly, while Nehru took the view that the free enterprise system had outlived its relevance he could not accord his approval to a system based on a completely controlled economy. He had two reasons for this one an institutional reason and the other a historical reason. Thus he took the position that a fully controlled economy a was not possible without introducing ' authoritarianism ' and ' totalitarianism ' both of which were based on dogma and were therefore irrational. He sought a system which could " realise economic growth and social justice without the sacrifice of freedom and the democratic rights of the common citizen."⁴ From the historical point of view Nehru saw the 'shell' of the Indian system to be capitalistic and its ' essence ' feudalistic it was also clear to him that, with every little growth that took place in the economy, the system would increasingly gravitate towards " monopolies and aggregations of economic power."⁵ He wanted to change the course of history, but in a manner that did not break sharply with the country's geographical, historical, religious, economic and social"⁶ background :

A country, especially one with an old civilisation, has deep roots in the past, which cannot be pulled out without great harm even though many weeds in the form of harmful or out of date customs and institutions can and should be pulled out. Even as nature establishes some kind of an equilibrium which cannot be disturbed suddenly without untoward results appearing, so also in a community or a country it is not easy or desirable to upset old ways of living too suddenly.⁷

Again :

" Change is essential, but continuity is also necessary the future has to be built on the foundations laid in the past and the present. To deny the past and break with it completely is to uproot ourselves and."⁸

Thirdly, contrary to popular belief, Nehru did not regard the mixed economy as a half way house between the capitalistic and the communistic forms of economic organisation. (At one time however, Nehru apprehended the transitoriness of mixed economy, Refer : Constituent Assembly on April 7, 1948. " Jawaharlal Nehru's Speeches ", Vol. I, p. 125.) To him the mixed economy was synthesis of the two systems and, freed from their dogmatic approaches, represented a higher form of economic organisation. Moreover, he took the position that the mixed

economy alone possessed flexibility and resilience to assimilate changes in human activity and modes of production made possible by the continued phenomenal growth of science and technology. In his own words :

It is not so much ideology which is changing human life, but the growth of science and technology which are constantly moulding social and economic structures. Function influences form. This is so in architecture. It is equally so ultimately in social structures, the form of that structure following its function. Science and technology are constantly changing functions, and so the social structure has necessarily to adapt its form to these new functions.⁹

Since capitalism stood condemned even in its own traditional citadels, there was no need for Nehru to debunk it further, and he accepted the validity of much of Marx's criticism of capitalism. But lest India should turn to a full blooded Marxism under strong anti colonial and anti imperialistic impulses, he went to great lengths to argue his case against Marxism.

In 1941 he wrote : " I dislike dogmatism, and the treatment of Karl Marx's writings or any other books as revealed scripture which cannot be challenged."¹⁰ In 1959, he returned to this theme again : " Marx was a very great man and all of us can

learn from Marx. But the point is that it is grossly unfair to ask Marx's who belonged to the middle of the nineteenth century, to tell you, what to do in the middle of the twentieth century."¹¹

Forthly, Nehru believed that there was a direct relationship between economic activity and development of human character. He argued that, if the individual had to realise his dignity and the fullest development of his higher faculties, it was necessary to provide him with adequate incentives both pecuniary and non-pecuniary. Indicating that " private enterprise would have a large field"¹² in the future set up of the country, though its functioning would necessarily have to be modified to delink if from its acquisitive basis, he justified it thus : " We have to encourage the spirit of adventure, of invention and of taking risks in order to give an edge and substance to our lives."¹³ Similar statements may be found throughout his writing on economic policy. Introducing socialism he wrote : " The only key to the solution of the worlds problems and of India's problems lies in socialism."¹⁴ But then he added the significant rider : " There is a danger that socialism, while leading to affluence and even equitable distribution, may still miss some of the significant features of life. It is largely for this reason that stress becomes necessary on the individual."¹⁵

In analysing the question of population, Nehru's mind reached out to many considerations.

In the first place, citing the experience of north western and central Europe and the Soviet Union, Nehru observed that the development of industry and the extension of modern technology, " accompanied by education, are likely to lead to rapid growth of population. He was not unaware that affluence can lessen fertility of some sections of the population. " It is well known that, as a rule fertility is higher among the poor than among the rich, as it is also higher in rural areas than in urban."¹⁶ But he upheld the view that the net result of the two opposite tendencies was to step up the rate of growth of population. Nehru's study of economic history left him in no doubt about this.

In the second place, while holding that " India, far from needing a bigger population, would be better off with fewer people."¹⁷ Nehru exposes the futility of relying on contraception to restrain the size of population. He argued that such a method can have only a marginal impact as is proven by the experience of many Catholic countries, notably Ireland " where contraceptives are presumably little used, " but where " a fall in the birth rate started earlier than in other countries."¹⁸ Nehru's anti pathy to contraception was based on his particular understanding of the historical forces.

In the third place, Nehru held the view that " the growth of individualism " and " the metropolitan life " which are the chief features of " modern industrialism and the capitalist structure" produce " biologically unstable"¹⁹ societies. Observing that " individualism lessens the importance of the group and the race", he fully endorses J B S Haldane's view " that in a great many civilised societies those types which are regarded in the particular society in question as admirable are less fertile than the general run of the population. Thus those societies would appear to be biologically unstable. Large families are often associated with inferior intelligence. Economic success is also supposed to be the opposite of biological success."²⁰ Likewise, metropolitan life creates an environment which produces " sterility and racial decadence".²¹ Speaking of its dangers he wrote :

Metropolitan life produces an unstable society which gradually loses its vitality. Life advances in many fields and yet it loses its grip it becomes more artificial and slowly ebbs away. More and more stimulants are needed, drugs to enable us to sleep or to perform our other natural functions, foods and drinks that tickle the palate and produce a momentary exhilaration at the cost of weakening the system, and special devices to give us a temporary sensation of pleasure and excitement and after the stimulation comes the reaction and a sense of emptiness . With all its splendid manifestations and real achievements.²²

In the fourth place, Nehru believed that the organisation of production on "capitalistic and acquisitive" lines was harmful to the healthy growth of society. He wrote, any economic system that is characterised by "the enthronement of wealth above everything else "must inevitably lead" to the ill health of the mind" and produce "meiotic states".²⁴

Such were Nehru's views on population when he took over the reins of government. Of the two aspects of the problem quantitative and qualitative the qualitative aspect offered the real challenge. The remedies Nehru sought followed closely the nature of the analysis. Foremost, he wanted India to evolve a 'saner and more balanced economic structure' which will be based on the principle of "social gain" rather than of "profit" and which will be organised on "co-operative" rather than on "competitive" lines.²⁵ Secondly, Nehru wanted industry to be located in such a way that "a divorce from the soil, from the good earth" does not take place.²⁶ He wrote: "I do think that life cuts off completely from the soil will ultimately wither away. Of course, there is seldom such a complete cutting off and the processes of nature take their time. But is a weakness of modern civilisation that is progressively going further away from the life giving elements."²⁷ Thirdly, Nehru wanted that the process of



urbanisation be adjusted in such wise that the village and the city " approach each other in regard to life's amenities " and in both there are " full opportunities for bodily and mental development and a full all rounded life."²⁸ It was Nehru's belief that, once the economy is organised on these lines, population would automatically equilibrate to its optimum condition. Basing himself on the premise that " little seems to be known about the basic causes behind the falling birth rate,"²⁹ Nehru dismissed all simple approaches to the question of a quantitative control of population. His theory was not a narrow economic demographic model but a grand architectural design. It was set in a long historical perspective and involved everything cultural. Social biological, and natural that was deemed to have a bearing on the size and quality of population. Small wonder, then, that under the first two plans the programmes for population control hardly got off the ground. A trifling sum of Rs. 65 Lakhs, was provided in the First plan and only Rs. 5 Crores in the Second plan. These allocations were intended to provide financial support for research and experiments " and for setting up of centres for " family planning advice and service " on an experimental basis.³⁰ Nehru's idea was that the most searching minds should analyse the problem from every angle before evolving a national policy and he had hoped to set up " a population commission to assess the population problem, consider different views held on the subject of population

control, appraise the results of experimental studies and recommend measures in the field of family planning to be adopted by the Government and the people."³¹

However, an unexpected explosion of population in 1950s made India highly vulnerable on two fronts : there was mounting unemployment and the country's food economy was working " to the smallest, margin of safety".³² At the same time, the gains of development failed to make any dent on the poverty of the masses. As one observer put it, " India was rather like a man running up a descending escalator just about able to hold his own."³³ These developments introduced a new dimension in Nehru's thinking and, by 1959, he veered round to the idea that " checking the growth of population" is " a matter not only of importance but of urgency."³⁴ The Third Five Year Plan, the last Nehru signed, spoke of " the objective of stabilising the growth of population over a reasonable period " and developing " family planning " into a " nation wide movement ".³⁵

In his inaugural address to the First Asian population conference in 1963, Nehru referred to the population problem as " a problem of world importance because it will create all kinds of social conflicts, and ultimately political conflicts."³⁶ At the

same time he had no hesitation in confessing that " we have not succeeded remarkably and the growth of population in this big country is rather alarming."³⁷ Nevertheless, the one satisfaction Nehru had was that India was the world's first country to adopt family planning as an official policy. Addressing the International Conference on Planned Parenthood in 1959 he said :

" It is a matter of some gratification that the Government of India is the only Government which has, officially as a Government, taken up this matter Our approach to this question is not, if I may use the expression, a purdah approach."³⁸

While Nehru took a historical view of the population problem and refused to be hustled into a population control policy, his approach to the land problem was largely pragmatic. Its reason ' d'etre' derives from four basic considerations.

First, the ownership of land is crucial to promoting farm productivity. As there are " too many people " in the country and " relatively little land " land ceilings have to form the centrepiece of our land policy.³⁹ Nehru's strong dislike of jagirdars, talukdars, and zamidars, is well known. He referred to them as " the spoiled children of the British Government " who had reduced them " to a state of complete intellectual impotence"⁴⁰

They do nothing at all for their tenantry, and are complete parasites on the land and the people".⁴¹ The landlord system was a historical enormity. Its abolition would not only promote farm productivity but would also " break up the old class structure of a society that is stagnant." ⁴²

Secondly, to overcome the problem of shortage of capital and to encourage application of suitable farm technology, farming operations have to be organised, by and large, on a co-operative basis." Co-operative farming could be combined either with individual or joint ownership."⁴³ Nehru did not favour collective farming except on " culturable waste land ". He wrote : " I do not think that collective farming is suited to India in the present circumstances and I would not like our farmers to become indistinguished units in a machine."⁴⁴ He was prepared even to allow " Peasant farming in small holdings " provided there were " no intermindars, etc."⁴⁵ Thus Nehru's approach was a compromise between methodological individualism and socialisation. The State steps in only where the farmer needs their help.

Thirdly, ' manpower ' and ' machine power ' are to be utilised in a manner that is complementary and not substitutive, Utmost importance is to be given to " the national point of view to utilise manpower for production."⁴⁶ The use of machiner is to be

restricted to " absorbing labour and not for creating fresh unemployment ".⁴⁷ According to Nehru, models of agricultural development evolved in the other countries are not applicable, in the Indian conditions and India will have to evolve an approach which recognises its peculiar factor endowment on the one hand and is suited to its historical genius on the other. To quote Nehru :

Foolish comparisons are made between manpower and machine power of course a big machine can do the work of a thousand or ten thousand persons. But if those ten thousand sit idly by or starve, the introduction of the machine is not a social gain, Comparisons between India and the small highly industrialised countries of the West, or big countries with relatively sparse populations, like USSR or the USA are misleading I am all for tractors and big machinery, But I am equally convinced that the most careful planning and adjustment are necessary if we are to reap the full benefit of industrialisation and avoid many of its dangers. This planning is necessary today in all countries of arrested growth, like China and India, which have strong traditions of their own.⁴⁸

Forthly, Nehru believed that, in order to stabilise the food economy and to ensure an adequate return to the farmer, all trade in foodgrains will have to be gradually institutionalised.

After the 1956 crisis, when the food prices spurted in spite of increased production, Nehru's mind turned away from institutionalisation, in which cooperatives and other social organisations could also participate, to complete monopolisation of trade by the State. In 1958, he spoke of " State trading in food " as " an inevitable thing to be done ".⁴⁹ In 1964, referring to the malpractices indulged in by private trade he said :

" If they, do anything of the kind, they will only succeed in bringing about the nationalisation of the whole trade from the procurement to the distribution of grains. We will have no alternative but to set up a food corporation to take over the trade partially, if possible, and wholly, if necessary."⁵⁰

Nehru fully realised the importance of land in India's economic development. As a historian, he could see that agricultural revolution precedes industrial revolution and unless India developed her agriculture concurrently it would not be able to go ahead with its programmes for industrialisation. He was thrown into contact with the peasantry during the agrarian movement of 1920. Disturbed by " the progressive pauperisation " of the peasantry, he wrote : " I was filled with shame and sorrow shame at my own easy going and comfortable life and our petty politics of the city which ignored this vast multitude of semi naked sons and daughters of India, sorrow at the degradation and overwhelming poverty of

India."⁵¹ He retained this sensitivity till his last years and laid down the maxim that " the true test of progress and freedom in India " was " the change in the status and conditions of life of the peasant." ⁵²

Nehru did not panic over the excessive numbers dependent on agriculture. He mentions that only 55 per cent of India's population was engaged in agriculture in the middle of the nineteenth century and ascribes its sharp increase in the following decades to the unfavourable economic policy of the British Government.⁵³ (According to Census, 69.8 per cent of India's population was engaged in agriculture. But in the middle of the nineteenth century there was a larger proportion of feudal dependents in the countryside and domestic dependents in the towns.) He was of the view that under " a proper economic system " there could not be any difficulty of making " the entire population ... productive." ⁵⁴ He could see that the crucial factor in the case of land was not the land man ratio but the management of land. The problem has, naturally, long run and short run aspects. The long run problem consists of optimising production, the short run of securing the most efficient distribution of agricultural output.

From the long run point of view, Nehru thought that in a feudal economy agricultural production could be expanded in two ways : through increase and improved inputs and through organisational

and institutional changes which make these inputs effective. The two approaches were complementary. Nehru proceeded to formulate his policy on the assumption that in a dynamic setting the two approaches could not be divorced from each other. The agricultural policy that resulted from Nehru's thinking sought to promote two parallel revolutions the technological and the agrarian. The technological and the agrarian. The technological revolution aimed at a through modernisation of agriculture by encouraging the use of the latest methods of production and extension of input facilities such as, irrigation, fertilisers, finance, better seeds and implements, and insecticides. The chief aim of the agrarian revolution, on the other hand, was to break up, by quick degrees, the feudal structure of India's agricultural economy by introducing suitable changes in the pattern of ownership of land, the system of land tenancy and rent, and the laws of inheritance.

The short run distributional problem is, for all practical purposes, co extensive with the problem of procurement and distribution of foodgrains. This is so because India has very little acreage under non food crops (in 1969-70 the area devoted to food crops was 80.9 per cent of the total cropped area.) On the side of demand, the main problem is that of stabilising consumption at a level that will prevent hunger and permit steady growth of consumption when the supply conditions improve. The

phenomenon of upward shifting consumption functions has been widely noticed in under developed countries which have experienced growth in real incomes. On the side of supply, the only relevant consideration in the short run is getting enough imports to supplement indigenous output whenever there are shortages.

The thrust of the food policy during the Nehru era was on the long run objective of increasing production no attempt was made to build an effective system of public procurement and distribution of foodgrains. The economy lived from crisis to crisis, alternating between controls and free market conditions, and the imports of foodgrains became a more or less permanent feature. One has a feeling that the possibility of realising increased agricultural production constantly loomed before Nehru but his reasoned optimism led to the neglect of this essential area of economic policy. Contrary to the impression created during Nehru's time, that India was being fed by other nations notably the United States of America all of India's imports of food grains during the first three plans add up to less than five and a half per cent of India's actual consumption during this period.

This brings us to the consideration of Nehru's views on capital. As a factor of production, capital is of a derivative nature and is made up of domestic savings and foreign capital, .

Nehru observes that as a rule capital is shy and does not come in for economic development rapidly enough. The investor, he wrote, is a frightfully delicate person, and if any wrong word is said or some speech is delivered, his temperature goes up. The sensitiveness of the body/^{OF} the mind or of the spirit is nothing as compared to the sensitiveness of the pocket." ⁵⁵

Realising that the barrier of poverty could not be crossed without an adequate participation of foreign capital and diversion of a considerable proportion of the country's current income to capital formation, he laid great stress on creating the right climate for investment. During the famous debate in the constituent Assembly on the Industrial policy Resolution of 1948, he coined the motto : " A fair chance, a fair field, and a fair profit." ⁵⁶ This was to apply to foreign as well as domestic investment.

The participation of foreign capital was justified because, in addition to supplementing national savings, " in many cases scientific, technical and industrial knowledge, and capital equipment, can best be secured along with foreign capital." ⁵⁷

Nehru gave three assurances to foreign investors. First, no restrictions would be imposed on foreign enterprise " which are not applicable to similar Indian enterprise." ⁵⁸ Secondly, " foreign interests would be permitted to earn profits " and seek " withdrawal of capital investments " depending " on foreign exchange considerations. ⁵⁹

Thirdly, there would be no expropriation of foreign capital and should national exigencies require a particular enterprise to be taken over the government will pay " a fair and equitable " compensation.⁶⁰ Nehru was fully alive to the political risks involved in accepting foreign aid. Speaking in the House of the people in 1952, he observed that all foreign aid leads to economic dependence on other countries though sometimes " this kind of thing is euphemistically called having close cultural and economic ties."⁶¹ He stated his own position unambiguously : " I would rather that our advance was slower than that we became dependent on the aid of other countries."⁶² Throughout the period that Jawaharlal Nehru was Prime Minister, the Government of India acted with great circumspection in negotiating aid with the two power blocs and its policy of ' non ' alignemtn ' act as a political shock absorber consistent with other major foreign policy objectives.

Having regard to the fact that foreign capital was an uncertain quantity which, at the same time, led to economic dependence unworthy of a great nation, Nehru advocated self reliance as soon as it was feasible. However, mobilisation of internal resources had its own limitations. India was starting from a low per capita income base. This meant that the community's propensity to save was low and, therefore, voluntary savings, could not amount to much. In Nehru's own words, " we have new problems or historical precedencts elsewhere the countries

that are advanced today were economically better off than India today, in terms of per capital income, before their industrialisation began."⁶³ Secondly, India was initiating the process of economic development " in the context of full political democracy".⁶⁴ This imposed severe constraints on social action to restrain consumption and flush out resources for development. Nehru referred to this situation as follows : " The development of modern nations of the Western world took place at a time when democracy as we know it today did not exist. The pressures from the people did not come to the surface. The common mass of humanity does not agree to bear the cost of progress..."⁶⁵ Again, " In Europe, an economic revolution preceded feal political revolution and so when the letter came certain resources had been built up by economic changes. In Asia, political revolution came first, followed immediately by demands for easily be fulfilled because of economic backwardness and lack of resources."⁶⁶ Nehru's strategy to mobilise domestic resources aimed at direct as well as indirect measures. In the first place, he so designed as to step up the rate of investment in the economy through public savings including taxation :

Development involves investment. It naturally, involves savings, private and public. Both are necessary, public savings means taxation and other forms of compulsory savings, while it is good that there should be private savings it should be encouraged

it is not something on which one can rely with any assurance. Nor is it necessarily a very equitable, way of doing things because while the people who are more conscious of their duty, act up to it, others do not. As it often happens, the good people who are conscientious suffer and those who are not, get away with no savings. Therefore, it becomes inevitable for a country, faced with these choices, to pay a good deal of attention to public saving which takes the form of taxation or compulsory savings.⁶⁷

Secondly, a conscious use had to be made of price policy so as to check non functional consumption and encourage flow of resources to essential areas of production. Such a policy, Nehru thought, might " involve all kinds of approaches including control.⁶⁸ Thirdly, every effort had to be made to change human nature so as to eliminate hoarding for private profit and other anti social activities. This was sought to be achieved through giving " the individual and the nation a sense of purpose, something to live for and if necessary to die for".⁶⁹ One instinct that Nehru particularly wanted to be curbed was the instinct of private property. He spoke of this with unusual passion : " I have no respect for property. . . . I have no property sense. It seems a burden to me to carry property, it is a nuisance. In life's journey, one should be lightly laden; one cannot be tied down to a patch of land or a building. I cannot appreciate this intense attachment to property."⁷⁰

In view of the compelling need to fill the resources gap through state intervention, Nehru attached utmost importance to utilising state resources only " in starting new basic industries or new big schemes".⁷¹ Nationalisation, which merely transferred " the ownership of some industries from private hands to state control", came in for a low priority, except for those " key and basic " industries which for strategic reasons could not be left in private hands.⁷² Nehru foresaw a powerful technological and electrical revolution and looked at the universe of production " in dynamic terms rather than in static terms."⁷³

Most of our friends socialists or Communists continually think in terms of the technique of production remaining as it is ... They think in terms of acquiring the industries, because a socialist economy means that high industries should be owned by State ... But they do not think so much in terms of the vast changes in productive methods that are taking place which may render the present industrial apparatus, or the methods adopted in the cultivation of the land, completely obsolete. They say, ' Why don't you acquire this or that ? Spend vast sums of money over acquiring things which are 90 per cent obsolete ? In fact, from the point of view of technological advance, it may well be a complete waste of money to acquire such obsolete machinery, factories and other installations.'⁷⁴

" It is clear that in the final analysis it is the quality of the human beings that counts. It is man who builds up the wealth of a nation as well as its cultural progress."⁷⁵ In order " to produce that quality in the human beings ", and " its progeny, technology " ⁷⁶ Nehru was fascinated by the way technological progress provided the nexus between education and economic development in countries " following different policies and with different structures of government."⁷⁷ In this context, he repeatedly drew attention to the economic miracle of Russia, Germany and Japan. He thought that the Russian system of education was " the best in the world."⁷⁸ He urged the Indian scientists to evolve " the latest techniques ... applicable to the conditions of India,"⁷⁹ and held out the hope that " for the first time in the world's history science and technology have given us the means to fight poverty, disease, ignorance and all that,"⁸⁰ He severely discounted emphasis on literary training which " often leads to a dead end" and urged the Indian universities to impart training that " leads to creative and profitable work."⁸¹ He once observed : " You cannot have a starving person listening to discourses on cultural values and the rest."⁸² In short, Nehru's emphasis was on " training " rather than on education in the traditional sense.

While aiming to build up a nation " used to thinking in terms of technical change and technical advance."⁸³ Nehru thought

that the educational system had to be divested of its character as an enclave for the elite. He viewed education as investment, rather than as consumption, and wanted the system to become an agency " to activise and dynamise the base of the Indian social structure."⁸⁴ This was necessary to draw out the productive powers of the economy and could be achieved only through " mass education " which was to be " free and compulsory ".⁸⁵

Nehru thought that development depended on the outlook of the people all social institutions were enjoined to work towards this end, but the educational system was given the primary responsibility. These strands were fused together to form the texture of this progressive outlook. There was the dignity of labour in particular, of manual work. Nehru observed : " A man who sits cooped up in an office becomes static and a dead weight."⁸⁶ He was ashamed to find that " Every body in India wants a jeep to do social work."⁸⁷ Expatiating on this point he remarked : All the great things in the world have been done not through acquisitiveness but the reverse of it. All the great inventors, the great scientists the great writers, the great musicians, even our great engineers have prospered and made the world advance because of other urges."⁸⁸ The most important thing, however, was that the people be conditioned to think scientifically. It was Nehru's view that India had suffered for a long time from too many dogmas. The two dogmas Nehru dreaded most were " economic dogmas " and " religious dogmas."⁸⁹

To get away from economic dogmas Nehru adopted the framework of a mixed economy on which an extended comment has already been offered. Similarly, people's involvement with organised religion he considered to be the main stumbling block in the way of India's progress. He came close to describing religion as the opium of the people. Speaking of men of religion he wrote : " few of them are intersted in trying to make the world a better, brighter place."⁹⁰ The impact of religion on Indian society he regarded with horror. He wrote :

" India is supposed to be a religious country above everything else : Hindu, Moslem, Sikh, and others take pride in their faiths and testify to their truth by breaking heads. The spectacle of what is called religion, or at any rate organised religion, in India and elsewhere has filled me with horror, and I have frequently condemned it and wished to make a clean sweep of it."⁹¹

Religion seemed " to stand for blind belief and reaction, dogma and bigotry, superstition and exploitation, and the preservation of vested interests."⁹²

Nehru was " far from being a communist,"⁹³ but an aspect of Marxism which he accepted without any reservation was Marx's use of the ' scientific method ' of history and the insight it

afforded into the process of social change and class conflict. Analysing the forces of exploitation with what Nehru himself described " a sense of burden of history " he concluded that the religious outlook was " the enemy of clear thought " and " organised religion invariably becomes a vested interest and thus inevitably a reactionary force opposing change and progress." ⁹⁴

His " Autobiography " adduces impressive evidence to show that religion has been favourable to exploitation of one class by another, of one group by another, and of one nation by another. He refers with anguish to the role the Church of England played in giving " both capitalism and imperialism a moral and Christian covering " and justifying " British predatory policy in Asia and Africa." ⁹⁵

Nehru tried to meet the challenge of religion through the force of secularism which he accepted as an article of faith as also of the constitution of India. The process of economic development in India was seen by Nehru to involve ' planning ' and ' socialism ' in an integrated manner. Planning he defined as " the application of intellect to a logical reasonable, and better way of doing things," ^{96 so} /as to secure maximum out put and employment opportunities. Nehru observed : ' It passes my understanding how any person with a grain of intelligence can objecting to an intelligent approach to things. Whether it is

in economics, politics, or anything else, planning is essential."⁹⁷ Socialism, on the other hand, comes in when " we plan to distribute production evenly."⁹⁸ Abbreviating " inequalities in wealth and status" and removing disparities " as between the various areas in India " were the two imperatives that Indian socialism must obey."⁹⁹

Growth with social justice was Nehru's decided objective. He would not accept the plea that social justice had to be sacrificed to secure rapid growth. However, he persistently refused to define socialism. He did not want any " doctrinaire form of socialism."¹⁰⁰ In his own words, " Some people seem to make fine distinctions among socialistic pattern, socialist pattern and socialism. They are all exactly the same thing without the slightest difference. But what they are is not such a very easy thing for anyone to put down and define, except in the broadest terms. We have not approached this question in any doctrinaire way."¹⁰¹ With the same persistence Nehru refused to copy any given socialist model and hoped that India would evolve its own pattern acquiring in the process the broad features of socialist society.

The change in the economic system was to be effected through the democratic method which was supposed to reflect

" the will of the people "¹⁰². Apart from ethical considerations of the right means, Nehru wanted to avoid what he called " semi disaster,"¹⁰³ which inevitably accompanies the overthrow of a system. He sought reforce. Revolution he defined as " something that fundamentally changes the political and economic structure of the existing society." ¹⁰⁴

Nehru's choice of method was based on a single fundamental consideration. He had thought that the democratic method of change would release a vast amount of hidden psychological resources of the people which would prove a great asset in promoting economic development. He did not rule out the possibility of conflict and violence under the democratic method, nor did he accept violence as being an indispensable factor in communism. In this context, he sought to clear the misconception that development under communism was necessarily based on violence. Referring to the antithesis between capitalism and socialism, he supported the communist indictment that capitalist societies stand the logic of violence on its head and have in fact a larger spill of blood on their soil than communist societies. He said :

We see, a tremendous advance in material well being and scientific and technological progress in the Soviet Union, achieved in a relatively short period of time. To say that this has been brought about chiefly by violence is not correct. There has been enough violence in other systems also.¹⁰⁵

Communism charges the capitalist structure of society with being based on violence and class conflict. I think this is essentially correct, though the capitalist structure itself has under gone and is continually undergoing a change because of democratic and other struggles.¹⁰⁶

Nehru's conception of democracy was not just political in his view economic democracy of which socialism was an expression was more important. Addressing the Loke Sabha in 1952, he said " your objective must be to put an end to all differences between class and class, to bring about more equality and a more unitary society in other words, to strive for economic democracy."¹⁰⁷ Nehru was quick to point out that democracy did not mean the economic doctrine of laissezfaire"¹⁰⁸ He said : " that doctrine, although some people still talk of it, is almost as dead as century which produced it dead even in the countries where people talk about it most."¹⁰⁹ He also warned against mixing up democracy with capitalism. " Simply because democracy has grown up in some capitalistic countries, it does not mean that democracy is an essential part of capitalism. They imagine that any kind of socialism necessarily means authoritarianism. It does not, at least in theory; in practice, I think it depends on how a country will develop."¹¹⁰

Nehru was well aware of the limitations of democracy in raising the rate of growth. There was the difficulty of restraining consumption and stepping up the long term rate of saving. There was the difficulty of changing economic relationships and breaking up "the vested interests". He realised that "the establishment is always resistant to any change whether it is religious, economic or social" and "vested interest resist change till it is forced down upon them."¹¹¹ "Nobody likes to give up what he has at least no groups like it; individuals sometimes do."¹¹² Yet, Nehru's poise was resolute and confident. He observed : "It is sometimes said that rapid progress cannot take place by peaceful and democratic methods and that authoritarian and coercive methods have to be adopted. I do not accept this proposition. Indeed, in India today any attempt to discard democratic methods would lead to disruption and would thus put an end to any immediate prospect of progress."¹¹³

Adult suffrage and parliamentary government seemed to Nehru to provide the means "for the change of function and even form"¹¹⁴ Nehru thought that search for a continuously evolving "equilibrium among the various forces at work",¹¹⁵ is the test of a true democracy. He hoped that India which had won her Independence by peaceful democratic means would similarly make a success of democratic planning, a task and an opportunity coming the way of a nation for the first time in the history of the world.

Nehru's model of economic development has been followed for 23 years now. He adopted the framework of a mixed economy in the hope that his planners would evolve a concept of allocative efficiency which would steer production away from consideration of profit and base it firmly on the principle of social gain. But no such development has taken place; on the other hand, the private sector is setting the norms to be emulated by the public sector. Indeed, the Ministry of Finance is reported to be engaged in a fierce controversy with the Ministry of Steel over the criteria for assessing the profitability of a public sector enterprise.¹¹⁶ It is not possible to infer from their record what the public sector enterprises have been maximising output, or profit or some sort of a social welfare function. In fact, the working of the mixed economy in India has resulted in the deliberate under utilisation of resources on a scale that will not happen in a private enterprise economy and will be inexcusable in a socialist economy. Referring to this phenomenon, Jagdish Bhagwati has observed : " The degree of excess capacity that we have in our system is really quite dramatic by any international standards. It is something specific to our scene." And all this he adds, is " aside from power cuts and labour problems."¹¹⁷

There have been new probings in economic thought with regard to the optimum form of economic organisation even in sociealist countries. The year 1956 saw the begining of a debate on the role of the law of value in a socialist economy.¹¹⁸ The debate opened at an academic conference at the Economic Institute of Moscow in December 1956, and it was continued until January 1956 when the fifth and the last conference was held at the Moscow University. It centred around the proposition that adoption of a rational price rule is essential for a socialist economy to guide resource allocation in general and investment choices in particular. Wedding the socialist planning theory to the law of value may provide what Oskar Lange has described as " an essential leverage " in the management of a socialist economy, but it should not operate as an argument in favour of a mixed economy in which the allocation of resources will explicitly be guided to a large extent by the profit motive.

Nehru had hoped that the educational system would prove powerfull to the democratic institutions he was building. No where else has he been let down so badly. Science and technology to which he attached so much importance came in for a low priority. The products of the institutions he created as necessary for development scientists, technologists, agronomists had being kicked around, among others by the bureaucrat whom

Nehru described as " a nuisance " who does not know any specialised jobs (sic) . The leaders of education have proved come hopeless. The places of higher learning continued to be recreation grounds for children of the upper classes. Since actual achievement as against potential is the basis of selection, the weaker sections had only a limited opportunity to go in for specialised education heavily subsidised by the State. For a long time yet, the weaker sections would remain a non competing group and therefore need special care. Nehru wanted the educational system to aim at promoting values of a socialist society. The system had developed into a citadel of bourgeois culture. Nehru tried to meet the challenge of religion through the force of secularism and hoped that the educational system and the political system between themselves would endow secularism with substance and philosophy, and provide the framework of secular institutions.

To conclude, Nehru had an order of ideas on economic development but it would be an overstatement to say that he had a firm theory of transition from capitalism to socialism. He regarded Marxian economic as doctrinaire, and only partly relied on it. But his acceptance of Western economics was also not unqualified. Speaking of " books on economics produced in America and England" he observed, " there was little use for this knowledge".¹¹⁹ Nehru's approach, however, did not accord due

recognition to the compulsions of economic development and today after a period of almost a generation, its effectiveness is being vehemently questioned. There are some fundamental questions which he left over to "social engineering". To mention only a few : what is the spirit that moves a nation to high endeavour" in the absence of an ideology ? How do we evolve the socialist modes of production without a corresponding change in the character of the state ? What are the dynamics by which a class society is transformed into a classless society ? How do we turn over control of production from the capitalist class to the whole people ? Can a socialist sector develop from a public sector which has not cut off its moorings in a capitalist economy ? Can the socialist man emerge in a system in which the means of production are in large part in private hands ? Those who seek the regeneration of Indian economy and society in terms of Nehru's weltanschauung must face these questions.

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