

STRONG MEDICINE FOR INDIA

LELAND HAZARD



FORUM OF FREE ENTERPRISE
SOHRAB HOUSE, 235, Dr. D. N. ROAD, BOMBAY - I

**"People must come to accept private
enterprise not as a necessary evil,
but as an affirmative good."**

—Eugene Black

STRONG MEDICINE FOR INDIA

By LELAND HAZARD *

India's military performance in the Pakistani crisis has been somewhat better than was her performance in the Chinese invasion in the fall of 1962. Her Prime Minister Shastri emerged as a man of decision. As an immediate consequence, India became unreasonably cocky on a number of issues. But India suffers inherent diseases of her economy and government of which she will languish forever unless the Western world, in providing aid, will prescribe strong medicine.

When I went to India the first time, in 1963, a knowledgeable friend said to me, "You will come back loving them or despising them." After four more visits, the last in 1965—a total of over eight months of purposeful travels which bracketed the cities and countryside of India, east-west, north-south—I know why the world, or for that matter, India herself, can be divided between those who consider the great subcontinent "aimless, helpless, hopeless" and those who look on her as the East's great reservoir of timeless spirituality and its fairest promise of modern democracy. Whoever takes sides in this issue will find himself in endless disputation. It is better to adduce the conflicting evidence.

Let me begin with some head notes. The world watched India's Gandhi-led struggle for independence from Britain in the first half of the twentieth century. Today, the Indian governmental bureaucracy almost slavishly follows British practices, good and bad.

* The author is a Lawyer, industrialist, and a constant visitor to India in the past three years. He is professor emeritus in industrial administration and law at Carnegie Institute of Technology, and vice-chairman of the National Planning Association. This article originally appeared in December 1965 issue of "Atlantic Monthly".

India is said to be the world's largest democracy, 480 million people, increasing 10 million per year, one seventh of the world's population. But one party of the politically elite, the Congress Party, which Gandhi and Nehru dominated during their lives, rules India—despite some permitted minority parties—as completely as the Communist Party rules Russia. For five decades, Indian liberals, and some from Europe and America's have been shaming the Western world with its commercialism, making invidious comparisons with Indian spirituality. In the stack of clippings before me from the four principal Indian newspapers, in English, read every morning during eight months by my wife or me, Indian politicians charge each other with money corruption with such regularity that to be free of such charges, as many are, is a distinction not necessarily essential to political power in India. Among the nations scientifically competent to enter the nuclear club, India stands high, and the internal debate about whether she should make the bomb does not cease. But on the other hand, India acts as if Pasteur had never lived: Cabinet ministers consult astrologers; five millennia of history cast a dark shadow over a people who range sociologically from the primitive to the most sophisticated, whose rate of literacy is little over 20 percent, whose per capita income annually is a bare seventy-five dollars, and whose predominant Hinduism sanctions everything from atheism to demonism, casteism to abstractionism.

India weans herself from any past, recent or remote, with difficulty. Every January there are patriotic ceremonies of several days in the capital. A great parade is conducted in the vast mall which is part of the whole complex of former British government buildings of blended Buddhist and Muslim architecture. On the last day of the celebrations comes the climax, called Retreat. Massed bands, one led by a magnificently high-stepping Sikh, come majestically into the positions of the dramatically mounted array, acres in extent. Then settles a great hush. The uninitiated awaits in this scene of oriental splendour, over-

looked by motionless camels silhouetted on a high esplanade against the sunset—he awaits some esoteric Indian strains, redolent of the sacred Veda. But no! The baton is lifted in the silent air, and on the downbeat comes “Abide With Me” by Henry Francis Lyte, nineteenth-century English divine.

I have had occasion to read files in India which go back to Lord Curzon, British Viceroy in India (1899-1905), and in the same connection I have read current files on governmental subjects. The language, style, format, the absence of any sense of urgency, the Olympian detachment of the bureaucratic writers—separated by six decades—all are charmingly identical. Charming—if the Indian case were not so desperate.

India now knows that China is her mortal enemy and will be so for years to come. She now knows how fateful was the decision of her revered Nehru to let Pakistan separate from India when India acquired independence from Britain in 1947. Hindu India had the manpower and the resources to prevent the defection of the Islamic minority. Nehru could have been the Indian Lincoln who sought a secular Indian state—frustrated though he was by British playing of Muslim against Hindu. But he recoiled from the bloodshed and got it nevertheless—in the words of India's outstanding journalist, Frank Moraes, “an orgy of fratricidal killing unparalleled in human history.” It was simply that Nehru did not organize the killing to preserve the Indian unity which Gandhi had striven to attain by preaching an end to fear and hate, by practising non-violence.

Gandhi's nonviolence having failed to unify India; Nehru's delusion of Indian spirituality as a guarantee of privileged noninvolvement having been shattered—whither India? She is at the moment a land in which nothing succeeds and nothing fails. Is it that all the world is secretly contemptuous of India's lack of power, physical or moral, and that everyone respects only her land mass

and population numbers? Nehru himself had the awful doubt. He asked in *The Discovery of India*, "Have we had our day and are we...Just carrying on after the manner of the aged, quiescent, devitalized, uncreative, desiring peace and sleep above all else?" India has not yet given him the answer he would have wished.

America, China, and Russia have been doing things for and to a weak India, long confused by her two great leaders, Gandhi and Nehru. Both men, although deeply identifying themselves with the ancient culture of India's 500,000 villages, where 80 percent of Indians live, were in a sense foreign to India, being British-trained lawyers. Democratic India has no tradition of "log-cabin" top leaders. Mr. Shastri may be the first—if he continues to lead. One of the most illiterate population masses in the world has been guided for fifty years by bespectacled intellectuals, who understood little, if anything of empirical activism.

India needs strength: strength of Indian bodies (agricultural); strength of the national body (industrial and military); strength of the Indian national mind (by which I mean single-mindedness to gain the power which will command respect in the modern world); and strength of the Indian national spirit (by which I mean that India must abandon the ancient assumption that she is preciously different and quit the delusion that in some way she is a spiritual force despite her physical weakness).

I am aware of how delicate is the task of foreign governments and non-Indian institutions in giving aid. It is humiliating for India to be dependent upon the industrialized countries for better agriculture and more industry. But she is, utterly. It is time to take a good hard look at the conditions on which aid can be effectively extended to India.

First a word about the charitable foundations in India. For the past thirteen years the Ford Foundation, under the leadership of its representative, Douglas Ensminger,

has rendered much help in a generally acceptable manner. Dr. Ensminger, with his degrees in agriculture and sociology from the University of Missouri and from Cornell, and because of his unfaltering conviction that India can progress on her own, given occasional new techniques, has qualified for log-cabin philanthropy. The Rockefeller Foundation, under the effective direction of Dr. Ralph Cummings, following its great scientific traditions has come in with new strains of wheat, millets, rice, and hybrid maize. These foundations respond to Indian leadership when it emerges. They are aiding in the grubby work of change in the stagnant cultures in India: primitive agriculture, population unlimited, bureaucratic industrialism, urban decadence.

The strength of Indian bodies requires that there be enough food. But India has not yet completed the oldest of man's revolution, the agricultural revolution. Her agriculture does not feed even her cultivators enough; much less can it now support the greatly enlarged industrial and urban population upon which a modern Indian, or any other, state must rest. One Indian problem is, quite simply, weakness of body. Indian bureaucrats, who are of course well fed, have often apologized to me for quite miserable personnel practices in industry on the ground that "our people do not have strong bodies." Well, why not? Because the agricultural methods need modernization: fertilizers, insecticides, improved seeds, irrigation, better farm tools, plant protection, double cropping, cooperatives (both for cultivation and for marketing), credit, warehousing, national distribution techniques—not one, but a whole package of programmes.

India's Minister of Food and Agriculture stresses *better agriculture*, better agricultural administration, and more applied research in agriculture. The Ford-Foundation-assisted Package Programmes, carried on by Indian administrators since 1960 in fifteen agricultural districts and involving a million farmers, provide impressive demonstrations. But however spectacular, they cover only 2 percent

of India's farmers. Farmers in these demonstrations have increased their yields of wheat and rice by 20 to 50 per cent. The programmes are scheduled for expansion under Indian scientific and administrative leadership.

There is another aspect of enough food; obviously, the number of mouths to feed. While USAID, blocked by President Eisenhower's original equivocation on birth control, was, until recently, immobilized, and while the Catholic Church hesitates, the Ford Foundation in India has not hesitated to assist. Since 1959, grants of upwards of seven million dollars to established Indian institutions have opened doors to family planning in India. Dr. Ensminger said recently, in a commencement address, that despite new promises on the food front, India's case would be precarious were it not for "three, technical means for checking the alarming rise in yearly births... one, the intra-uterine contraceptive device for women; two, sterilization, especially for men; and three, the condom contraceptive device for men." He proceeded then with some technical details regarding the validity of these methods, all legal in India. But India's unemployed for the next twenty-five years—fifty million man-years in agriculture alone—are already born. Birth control is crucial, true; but unless immediate economic and administrative emergency measures are taken, birth control may come too late.

Strength of the Indian national body. Riven though India is with numbers of languages and sub-languages, blighted with castes, beset with bureaucracy hungry and sick, living, eating (the little food there is), washing, and defecating in the streets and in the side streets of Calcutta, Bombay, even in New Delhi, the squalor so ubiquitous that no concealment is possible, not even from a casual visitor—yet the Indian nation *can* become stronger. This is because modern technology and the results of the Industrial Revolution are available to India as they have been all over the world, adopted most notably in Japan.

It takes more fertilizers for better agriculture, better agriculture for more industry, and more industry for more

fertilizers. (Only chemical fertilizers will do the job where population has outrun land and animals, as it has all over the world, in India and China especially.) Name whatever industrial needs you can think of: steel, electricals, heavy engineering, machine tools, lighter metals, chemicals, cement, valves, pipes, fittings, everything from ships to sanitary facilities, India has unlimited demand. This is the reason Russia and America can compete with each other in giving aid to India.

Now for the conditions upon which continued large-scale Western world aid would be justified in India. I exclude Russia from these conditions because Russia is not really interested in a free democratic India. Russia will give aid for steel plants, heavy engineering, and such facilities. Russia's technique is to grant the aid without conditions and then move in her technicians in large numbers to erect the facilities, riding roughshod over the Indian bureaucracy. Such methods get the given job done, and a very important job for India, but exert no favourable influence upon Indian administrative lethargy.

Suppose the United States, the World Bank, and Western world aiding countries and organizations should say, "Aid only as India puts her administrative house in order." At once the Russians and the Chinese would cry to high heaven that the West has strings attached to aid. Very well, so do the Russians and so do the Chinese; they just don't say so. Timid Americans would say that under such firm conditions, the Russians would come in and take over. But India is truly anti-Communist (Nehru left that good legacy along with some bad one), and India is certainly anti-Chinese. Her leaders know that neither Russia nor China can help in the fundamental problem of agriculture. Those countries have not yet assured their own peoples relief from the perennial threat of famine. Indian leaders know also that when the Chinese struck in the fall of 1962, it was really America which acted promptly with the necessary assurance of military protection. Her leaders know that it would be so again. Finally, India knows that

the freedom she cherishes lies in the West. Mr. Shastri is an authentic democrat.

As things are now going in India, much Western world aid is running down bureaucratic ratholes. It is something of a disgrace that our own aid-giving bureaucrats should be abashed, as if they were the Greeks bearing gifts.

What would India do if she put her house in order? I will make my nominations instanter, but first a word to the critics who are waiting to pounce. They will say that the principal indoor sport of some Indians and most foreigners is "How to Save India in One Move." To them, I say it is better to make one move than none. They will say that India hangs by such a delicate thread that everything must go forward in equally delicate balance, measured and planned. To them I say that there is no virtue in balancing zeros—an exaggeration of course, but a country which has neither enough guns nor enough butter and two of whose Five-Year Plans failed by large margins (as will the third Plan, now in process of falling) must look for stronger medicine than measured balance.

It will be said that there is nothing wrong with India which cannot be cured by a 5 or 6 percent annual growth rate. That is like saying that there is nothing about war which cannot be cured by brotherly love, but how to get the growth rate or the brotherly love remains unanswered. It will be said that India would not understand shock treatment. Well, if that is true, we should find it out, because her case is desperate, and the resources of the West are not inexhaustible.

Actually, in terms of human opportunities India has been losing ground throughout her entire period of democratic economic planning. Visible unemployment is rising from 5 million at the end of the first Five-Year Plan to an estimated 17 million by the end of fourth Plan. But visible unemployment is not half the story. I can testify from disheartening observation. In hundreds of villages in every quadrant of India I have seen as many Indians

sitting (in the famous squat, buttocks on heels) as I have seen Indians, moving in purposeful work. The first reaction of an American is, why don't they do something? The Indian village answer is, why does not the government tell us what to do?

First, the Indian economy should be more fully decontrolled. It is now subject to a hodgepodge of price and other economic and bureaucratic controls which make fruitless jobs for acres of clerks, create innumerable bottlenecks—often ultimately broken by graft—and provide power-seeking bureaucrats with opportunities for maintaining their own private pen-and-pencil armies. Even Russia uses price and competition as methods for allocating goods and for getting efficiency in production and distribution more than does India.

The oldline bureaucrats are as confused about Nehru's "socialistic pattern" as middle-aged mothers watching their sons in a football game. Many of the civil servants have said to me, "Since in our government-owned enterprises we do not have the profit motive as a stimulus for efficiency, we must maintain tight supervision and control." What the criteria are for the supervision and control they do not say, for the good reason that valid criteria do not exist. Control means control from Delhi, in a country where it takes hours to get through a telephone call over but a few hundred miles, and some times days for mail to travel the same distance. (There are some teletypes, but they are too often out of commission. Sections of transmission wires in India are cut and stolen for sale in the black market—one of the aspects of the controls.)

Of course India's government-owned plants must be in business for profit. If not, then who but the taxpayers will pay the losses? John Kenneth Galbraith called this Indian delusion about non-profit "post office socialism." So, first let the majority of controls come off as a condition to further Western aid. Some controls will remain as in any economy, but enough must be eliminated so that

price, competition, and freedom can function as stimulants to growth in both the private and public sectors of industry; else aid could never end, as it has, happily, in Taiwan, likewise a mixed but free economy. There would be some high profits in both government-owned and private-owned enterprises, but what is the taxing power for if not to tax profits? Indeed, decontrol would force another long overdue reform in India: changes in the tax base and improved methods of tax collection.

The next condition, if India is to have aid from the West, would follow naturally from decontrol. Indian administration must be simplified and modernized and made more expert at all levels. This sounds easy enough but involves the rolling of some high heads. In the early years of the Russian industrialization, Five-Year Plans failed just as they have failed in India; and heads rolled, literally. If India were a multiparty democracy (instead of the civil rights democracy *only* which she is), the Congress Party would have been voted out of office long since for failure to make progress in agriculture and industrialization. But today in India's Cabinet and in her top civil service bureaucracy there is scarcely a name which has not been prominent in Indian politics and public administration, state or union (federal), for the past twenty years, and many of them for much longer. By the same token, new names are infrequent.

Worse than that, because in the Indian civil service advancement comes by seniority, the most colossal administrative failure may be followed by the advancement of a given civil servant to a higher and more important post. In other words, the rewards for excellence in the civil service are the same really as the rewards for failure. Change in methods of administration means changing people. The old guard will not change either its own ways or the system. Of course they will always cite the constitution, or the regulations, or the Veda, if pushed, but change they will not, for good reason, bad reason, or no reason.

A high official on one occasion professed intellectual agreement with me on a major point of procedure but said that he could not act because of the regulations. Then he told me that at one time Nehru had thought the hundred regulations in the field we were discussing were too many and appointed a commission. When the commission finished its work, the hundred regulations had become three hundred. He told me this tale as he sat smugly at the big curved desk, usual in Delhi government offices, flanked by mountainous files (I have never seen a clean desk in Delhi, except Mr. Shastri's), and in his eye was the joyous gleam of the impregnable bureaucrat, happy prisoner of the regulations.

There is a formula for changing people in the bureaucracy. It is straightforward and as fair as it is necessary. India has two primary goals: agriculture, to feed her people; industrialization, to raise their standard of living. Both goals call for technicians, not only as hired men but also as top administrators. When the job calls for technical training, understanding, and experience at the highest level, then the old-line bureaucrat, at whatever level, should be replaced with a technician, first at the top and then through the ranks. This is strong medicine for India, but the patient is sick, and if the West is to pay a high portion of the medical bills, the West should say what medicine is necessary.

Once India has made these basic changes in how she thinks and how she acts, then some changes can also be made in present restrictions on aid, which is now often tied to new projects. India needs foreign exchange (aid) for the maintenance of her existing steel plants, for example, as much as she needs new steel plants. Actually, at the present time there is the absurd condition that an existing steel plant may be losing production for lack of foreign-part replacement while a new plant, which could not produce steel for another five years, has a priority for construction. Better Indian administration could be trusted to allocate and schedule aid between two such needs. There

are many such cases. Again, India requires fertilizers immediately in quantities so great that it would be useless to cite the figures. A ton of fertilizer can have a more immediate multiplier effect upon the Indian economy than a ton of anything else. But aid tends to tie itself to new projects, despite the fact that India's foreign exchange reserves are approximately only one-fifth of her imports. If India would grow up administratively, then aid from new and old sources could be less restricted. In short, there must be more general conditions which force changes in the Indian culture and fewer specific conditions limiting the use of grants. Take off the strings yes, but attach two or three ropes.

If India persists in her present bureaucratic conventions, no amount of foreign aid will avail. If she breaks out of her "happy" bureaucratic prison, then she can be trusted to use more unrestricted aid wisely. There is young talent in India which knows what to do, but many older men must go; the way must be cleared for a modern generation of Indians. Aid must make India modern in the very process of aiding, else we shall waste the money, and the effort will come to naught.

Important as it is to emancipate India from economic controls and administrative shackles, this will not be enough. India needs a big boost in national morale, one which the illiterate villager will understand, one leader's inspirations, not influenced by political compromise and administrative constipation. Now that Gandhi and Nehru are dead, India is rid of the old delusive sources of pride. She will not regain enduring pride until she decides to cut the umbilical cord which binds her to the ancient past. India needs to do something out of balance, something big, awe-inspiring.

I have two nominations. The first is television on a national scale both governmental and private. How can so obvious a development have gone unattended for so long? (Recently, West Germany provided funds for a limi-

ted demonstration in New Delhi). India has fourteen or fifteen major languages and upwards of three hundred sub-languages. Yet 80 percent of the people are illiterate in any language. She could be the first society to skip the word and educate by pictures, thus substantially bridging the bitterly divisive language chasm.

Fifteen years ago I saw pictures of as many as 10,000 Japanese assembled to view one seventeen-inch television picture. Such is the power and glamour of this latest of man's scientific marvels. Today in Japan the coverage of commercial (private) and educational (governmental) television is over 90 percent. If some Indian leader, hopefully Mr. Shastri, would adopt a programme to unite India by television, he would become India's first modern leader. The technical problems are stupendous—that is the reason the programme should be undertaken. When Lenin first single-mindedly launched electrification for Russia the technical problems *were insuperable*. Greatness does not concern itself with the possible; it reaches for the impossible and often succeeds. (Actually, the capital costs of television are modest compared with the capital costs of heavy industry.)

The consequence of Indian television (one set to a village, several sets to the largest villages and cities at first—say 700,000 total) would be incalculably great. Take, for example, the case of Indian democracy. Even if the ruling Congress Party controlled the new medium, as it would during the growing-up period, nevertheless political leaders would be forced to run against themselves—to appear on television—and the villager would then have the opportunity to exercise those ancient skills by which for ages before the *word* men judged character and picked their leaders.

Take one economic consequence of television; what it will do to create aspirations. In an affluent society we would suppose that a half-starving, always sick people would have nothing so much as aspiration. Not so! Poverty

and misery have long since eroded from the Indian masses even the will to want. It is not that the Indian is happy with his lot. Rather he is like a man who feels constant pain but has never heard of pain-killers. Television, both commercial and educational, will raise the level of aspirations of the Indian masses. Then the power of desire and hope—the forward emulative thrust—will take hold. This is something which economists and planners do not always understand. The organic comes from imbalance, not necessarily from balance.

For the second nomination, I must prepare the reader. It is nuclear power which has made all men in all lands craven. But unwillingness to die has never been, and is not now, the right basis of thought for the better life. I do not believe that the nuclear powers are acting in their best scientific traditions when they seek to impose nuclear impotence upon non-nuclear nations.

There are two kinds of nuclear proliferation. First is the kind which could come from sale of packaged bombs and delivery systems by nuclear-competent nations to nuclear-incompetent nations. Such an international mail-order traffic should be prevented by whatever persuasion or power may be required. The second kind of proliferation is implicit in the indigenous scientific ability of a given nation to mount a nuclear program, including the bomb, upon its own research and development. I doubt whether it is feasible, or morally right, to impose a nuclear restraint upon such a nation. For any part of the world to assume that nuclear competence (including the bomb) is something which that part, and only that part, is morally competent to possess is an arrogance which can spread only fear and hate. I think it is axiomatic that a people which has indigenously developed the ability to bring off a nuclear explosion will deal with that power responsibly.

Therefore, if the significant minority of Indian opinion (now inside the Cabinet itself) in favour of exploding a "bomb" — within the limits of the treaty of July 25, 1963.

of course—should ultimately prevail, I think that the nuclear world could not rightly complain. **India does have, despite all the grim facts adduced in this article, areas of modern excellence. Her machine-tool industry is a triumph of managerial competence. Air India, although government-owned, is managed by a private-enterprise industrialist, and does well. Some segments of the government-owned railways are well managed. There are others, but these areas of excellence are exceptional. They exist not because of the system but in spite of it.**

India is far behind in general scientific achievement. She has had no Nobel Prize winner in physics since 1930, and none ever in chemistry or in medicine and psychology—a sad record. She can defend herself by eschewing science and relapsing into Indian spirituality. But her scientists know better. She is as dependent upon science for the good life as is all the rest of the world.

Incongruously, nonscientific India has developed nuclear competence to produce the bomb and explode it. She has no competence in delivery systems such as America and Russia possess. But India can explode a bomb, and, contrary to popular impression, the cost would not importantly impair her economic development—not a fraction of the amount by which her progress is impaired by archaic administration. India needs the solid and continuing assurance that she can succeed by some standard other than those of her own anachronisms. To explode a bomb might provide that assurance and give a boost to Indian science greater than four generations of the “technical” education which Indians love so much.

Nations outside India dare not despair. Despite the world's distempers, we move inexorably toward global order of some type as yet not fully perceived. World industrialization will compel increasing world integration. Just as no city can long live in safety with its slums, so the world cannot in safety turn its face from Indian misery. How to find the acceptable and right ways to help and upon

the right conditions? This is the fateful question for the more affluent countries.

The views expressed in this booklet are not necessarily the views of the Forum of Free Enterprise.

Reproduced with kind permission of the author and the Editor, from 'Atlantic Monthly', Copyright © 1965, the "Atlantic Monthly" Company, Boston, Massachusetts 02116. Reprinted with permission.

**“Free Enterprise was born with man and
shall survive as long as man survives.”**

—A. D. Shroff

HAVE YOU JOINED THE FORUM?

The Forum of Free Enterprise is a non-political organisation, started in 1956, to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets and leaflets, meetings, essays competitions, and other means as befit a democratic society.

Membership is open to all who agree with the Manifesto of the Forum. Annual membership fee is Rs. 10/- and Associate Membership fee is Rs. 5/- only. *Bona fide* students can get our booklets and leaflets by becoming Student Associates on payment of Rs. 2/- only.

Write for further particulars (state whether Membership or Student Associateship) to the Secretary, Forum of Free Enterprise, 235 Dr. Dadabhai Naoroji Road, Post Box No 48-A, Bombay-1. (BR).

Published by M. R. Pai for the Forum of Free Enterprise, 235, Dadabhai Naoroji Road, Bombay 1, and Printed by Michael Andrades at the Bombay Chronicle Press, Horniman Circle, Bombay-1.

11/July/1966.