

INDIA'S PLIGHT AND INDIA'S NEED

By E. P. Middleton



IN A DEBATE in the Indian Parliament at the beginning of September, 1963, the Socialist leader, Dr. R. M. Lohia, said that most of India's 462 million people were poverty-stricken and starving.

"After sixteen years of Independence," said another speaker, Mr. G. Raga, of the (Conservative) Swatantra Party, "there is more starvation, more poverty and more frustration than ever."

"Sixty per cent of the rural income," Mr. Lohia claimed, "was appropriated by twenty per cent of the population."

This was the measure of the indictment, from both the extreme Left and the extreme Right, of the five-year plans, the third of which is now half-way on its course, which were to solve India's economic problems.

What actually are these plans designed to do? And why should they be necessary? For answers to these and similar questions, one could not do better than turn to a little book by Maurice Zinkin, entitled *Why Help India?** Mr. Zinkin sets out clearly and simply the aims of the plans, their costs and estimated effects, together with a lot of other valuable statistical information against which to view the enormity of India's predicament.

Included in Mr. Zinkin's figures are the amounts of foreign aid given to India by members of what Barbara Ward, well-known economist and journalist, in an introduction to the book, refers to as the "Aid India Club" — "a consortium of leading Atlantic nations under the chairmanship of the World Bank." The grand total of this international contribution to India's national debt may be roughly set at \$6 billion by the time the third five-year plan is completed.

Mr. Zinkin sets out to answer all the likely questions in chapters headed "What are the Indian plans trying to do?" "Why cannot Indians save enough themselves?" "Is planning really necessary?" "Why is India's taxation so high?" "Is land reform increasing productivity?" "Why does India need foreign aid?" and many others. As Barbara Ward puts it, "Mr. Zinkin has used his incomparable knowledge of India — as civil servant and businessman — to examine, in explicit question-and-answer form, the governing clichés of the plans' critics."

* *Why Help India?* by Maurice Zinkin and Barbara Ward. Published in the Commonwealth and International Library of Science, Technology, Engineering, and Liberal Studies, by Pergamon Press. 3s. 6d.

It might be imagined by some that the first question to be asked by anyone concerned with the enormous and terrifying situation of India's poverty would be "Why are so many of India's millions on the edge of starvation?" Neither Mr. Zinkin nor Miss Ward asks this one, however. "The people of India," says Miss Ward, "are among the poorest in the world." She thinks the plans have a reasonable chance of saving India from disaster, given a continuance of the monumental foreign aid. She sees nothing incongruous in a plan to cure India's alleged poverty that does not first try to discover its cause. Neither does Mr. Zinkin.

The nearest Mr. Zinkin gets to asking such a question is to ask "Why cannot Indians save enough themselves?" The answer, of course, is "because they are too poor." But not all Indians are poor. Some are plainly rich. Others, to produce the average income of ten shillings a week, quoted by Mr. Zinkin, must undoubtedly be starving.

Logically, then, the first line of investigation ought to be to examine the distribution of income that produces such extremes. But logic is not Mr. Zinkin's strongest point; he can calmly divest himself of this sort of sophistry:

"India's taxation is so high for two quite separate reasons. First, the Indian Government needs the money for all the purposes for which governments need money everywhere, from education to defence, from health to development. Secondly, taxation is used in India deliberately to redistribute wealth and increase equality." It would seem that Mr. Zinkin has become fascinated by that word "equality." That could account for the insouciance with which he talks about "an average income of ten shillings a week."

"Naturally," he says, "this (high taxation) discourages private enterprise. High company taxation limits the ploughing back of profits; high individual taxation limits savings. The wealth tax makes it possible for a rich man to keep his riches intact only if he has constant capital gains, which is perhaps a back-handed way of encouraging entrepreneurs. The general disapproval of wealth and money-making renders the taking of large risks less worthwhile, and drives many young men of ability from business."

"The demands of modern government," says Mr. Zinkin, "are high, and, in a poor country, very difficult to meet . . . In order to raise the money for what they are doing, the

governments have to tax heavily the necessities of the poor."

So the answer is not to find out the cause of the admitted appalling contrast in income between the very rich and the very poor. It lies in a three billion dollar third plan to raise the "national income" by five per cent per annum. No indication is given as to whom the beneficiaries are to be.

It might be thought that in examining the subject of "Land Reform" Mr. Zinkin would have seen a small light in all this darkness. Unfortunately, this is not so. "Land Reform" means something applied to agricultural holdings, and it is a very complicated subject. Each Indian State, Mr. Zinkin tells us, applies it in a different way, or at a different pace. In some States they have "got rid of absentee landlords almost entirely, and have had some success in reducing the rents of those tenants who remain." The process by which the absentee landlords were "got rid of" is not elucidated, any more than are the obscurities of the rest of the sentence. The important thing, for Mr. Zinkin, is what is the effect on production? In many cases, he finds, land reform has had the effect of "reducing the amount of money put into the improvement of agriculture quite considerably." "Generalisations," he says, "are thus impossible. One may guess . . . but this is only a guess. Nobody knows." He turns, with obvious relief, to easier problems — like "Are co-operatives an effective way of increasing agricultural productivity?" or "Can India keep its food prices reasonable in the towns?" It might be asked what is meant by "reasonable?" But that is scarcely the kind of question to which we might expect an explicit answer.

In Chapter 14, Mr. Zinkin poses the question "If India is short of foreign exchange, why does it not increase its exports?" and answers it by pointing out how difficult it is to unload exportable surpluses (unconsumable, apparently, by its starving population) on a market that doesn't need them. But India, he says, "is doing a great deal for its exports. Some of them are, in effect, subsidised. The State Trading Corporation has made a drive in the Communist countries, and a small tax advantage has just been given for all of them." They could, he suggests, "tax tea less heavily."

So it all comes back to the same thing in the end; India must be helped with billions of foreign aid. The third five-year plan calls for such aid to the tune of £2,400 million. And what will this do for the Indian people? Well, apart from making India "self-supporting" in food-grains, and the expansion of the steel, fuel, power and machine-making capacity so as to be independent of foreign aid by 1971, the target is an increase in the income per head of from £25 to £29 — modest enough, in all conscience. How much of that extra £4 a head will actually find its way into the pocket of the Indian on the bread-line Mr. Zinkin does not offer to estimate. After inflation and the extra taxation needed to service the vastly increased national debt have taken their toll, it is unlikely to be worth picking up, even by a starving man.

If one were to ask Mr. Zinkin what effect the plans and the inflow of billions of foreign aid will have on the land values of India, he would probably be too shocked to give a coherent answer. After all, as he says on page four of his little book: "The exact rate of progress needed to ensure stability is a political question, not an economic one."

THEY SAY

The Minimum Is None!

THIS COUNTRY above all stands to gain from a world trading system which is rational and sensible, that involves the minimum of barriers to trade, and also precludes so far as possible devices that distort the normal channels of trade.

—Reginald Maudling MP. Chancellor of the Exchequer.

But Who Asks Why?

IT'S ALL VERY WELL for the Tories to talk about a "property-owning democracy" — the fact is that three Britons out of every 200 own as much as the other 197 put together.

—Mr. Ian Mikardo.

Solved!

THE ANSWER to unemployment is in all cases an increase in demand.

—Lord Hailsham.

INFLATION MADE EASY

AFTER years of experiments, the Bank of England has, at last, perfected a machine that can print banknotes from a continuous roll of paper instead of on flatbeds. The machine, known as "the Web," has already printed millions of £1 notes which will shortly be in circulation.

It will revolutionise the production of notes. Mr. Humphrey Mynors, Deputy Governor of the Bank, said "I think this is the first time it has been achieved anywhere. The new notes will be as forgery-proof, if not more so, than those produced until now. The machine can achieve in one operation what several machines have had to do in the past."

—Daily Telegraph, October 14.