

The Struggle For Indian Freedom: A New Program

Part 2

This program was submitted as a contribution to the programmatic discussions of the Committee for Democratic Action (CDA), a non-partisan forum recently organized in India by leaders of major parties and concerned independents. New Wave, a weekly in India, reprinted the program in full to fuel discussion and debate now occurring in all major parties and organizations in India.

This month, the Janata government of India will complete its first six months of rule. Many political forces, from industrialists to pro-growth leftist spokesmen, who viewed the defeat of the Gandhi state of emergency government last March as a victory for economic and political progress, have been deeply disappointed by the glaring failures of the Janata mandate. Economically, the country is spiralling toward deep trouble—prices in all essential consumer goods are skyrocketing as landlords and hoarders have taken control of state governments. In what is perhaps the greatest failure of the government, the pledge by the Janata government to revoke the Maintenance of Internal Security Act (MISA), the ruling used to implement the repression and arrests of the emergency period, has been “forgotten”. It is the greatest irony that Indira Gandhi’s recent statement to Time Magazine in fact carries the most accurate assessment of the Janata rule: “I would not use the word dictatorship because it has been bandied too much. But if my rule was a dictatorship, than this is a dictatorship.”

This is the political setting in which the U.S. Labor Party’s Indian development program, Part II of which is reprinted below, has been put forward. The program, which appeared in its first publication as “The Struggle for Indian Freedom—A Program” develops the issues a committed pro-growth government must answer directly. It portrays Indian history from the standpoint of the real contribution to progress made by India’s first Prime Minister Jawaharlal Nehru and presents the appropriate economic and political direction for his followers today, if they are to deal with the Janata misrule. The USLP program has been circulated through various political parties, to intellectuals to business groups which are willing and ready to pursue the battle for Indian development—This battle involves immediately reversing the government’s capitulation to World Bank demands that India’s state sector be opened up randomly to foreign companies, and that agriculture, the Achilles’ heel of the economy, be the central focus for labor-intensive low-growth programs.

PART II of the program follows. Part I appeared in EIR, No. 38, Sept. 20, 1977.

“The crisis in industry spread to the land and became a permanent crisis in agriculture. Holdings became smaller and smaller and fragmentation proceeded to an absurd and fantastic degree. The burden of agricultural debt grew and ownership of land often passed to moneylenders. The number of landless laborers increased by the million.”

JAWAHARLAL NEHRU

III. The Modernization of Agriculture

Within 10-15 years India can produce over half a billion tons of grain. Within five years or less, agricultural production can be doubled. In a slightly longer period with further expansion of irrigation and fertilizer use, we can sow the entire 70 million hectares of the Indo-Gangetic region's fertile soil with two or three crops a year — at 3 tons a hectare this itself would yield over 400 million tons of grain, four times our current levels of national production!

The key to our present and future agricultural abundance lies in the Ganges Plain, with its fertile soil, plentiful water, and huge labor force — all untapped resources that give us the immediate potential to leap out of our semi-stagnant condition into the 20th century.

The master project for this region around which we will mobilize our population consists of infrastructural and construction works and agro-industrial complexes centered around super-power plants for water-pumping, industry and consumer use. The agricultural aspects of our project consist of large scale water control, storage and irrigation projects, scientifically distributed water systems, large increases in fertilizer use, and the application of high-yield varieties of grain.

We propose the following concrete measures to give every sector of our agricultural population, from the impoverished peasant to our most advanced agronomists and scientists, a productive job in our national development effort:

1) Construct dams on the headwaters of all the tributaries of the Ganges. This will trap in reservoirs the

maximum amount of the monsoon flood waters that our geography permits, relieving flooding, providing power, and vastly increasing river flows in the dry season.

2) Utilize the natural aquifers to store 60 billion cubic meters or more for dry season use. For the flat regions of the plain where dams are impractical, this will tap the extensive network of underground aquifers as natural reservoirs. The method, as outlined by American hydrologist Robert Reville, is to pump river water into the aquifers during the monsoon, and pump it back into the river or irrigation canals in the dry season. This can irrigate 20 million hectares in the dry season and greatly relieve flooding in the monsoon.

3) Irrigate the Chambal River Basin by a diversion canal originating at Allahabad. Water will be pumped several hundred meters uphill into the Deccan, and then channeled to run downhill in an arc around the Chambal watershed. 60 billion cubic meters will irrigate a large area.

4) Build a second diversion canal at Patna to irrigate 20 million hectares in Rajasthan. About 60 billion cubic meters can be pumped from Patna into the Chambal canal and extended to Rajasthan.

5) Build a third diversion canal along the lines of the existing plans for a link canal from the Ganges basin south connecting all the southern rivers into one system. This will permit double cropping and more reliable water in the totally rain-dependent southern states.

6) Use a minimum of 70 kg. of nitrogen fertilizer per hectare for wheat and rice, building up to 85-100, and the corresponding amounts of potassium and phosphates. This will entail 10 mt of nitrogen, 5 mt of phosphate and 3 mt of potassium within five years and 14 mt, 7 mt and 4 mt respectively within ten years, for the Ganges, plus

more for the south.

7) Reorganize and rationalize the irrigation grid and water delivery system. The existing anachronistic system of water distribution helps nobody and must be replaced by a computer-run region-wide system based on schedules for maximizing benefits of the high-yield varieties employed.

8) Extend irrigation canals to the entirety of the 70 million hectares of the region.

9) Implement a crash research and development program on new varieties and crops. This has the potential to permit three and more crops a year, vary diet greatly, fight pests, and phase seasonal work loads. A revolutionized agricultural technology can revolutionize production in this field.

10) Establish regional cooperation and development with neighboring states. Regulating Bangladesh's flood-drought vise by reducing Ganges monsoon flow, damming the Brahmaputra in southern Tibet, and releasing more water in the dry season, through trilateral India-China-Bangladesh cooperation is the model for such programs. Agreements with Nepal for headwaters dams will provide Nepal with electricity, India with water control and access. Mutual development of the Indus watershed with Pakistan is the basis for a lasting peace with that country. A major channel-deepening of the Hooghly River in India, already under construction, is also required to take off the Ganges flood crest to prevent Bangladesh flooding. Diversion canals to reroute Brahmaputra water into the Ganges and then into diversion canals to the south or for storage for dry season use in Bangladesh, will provide further water.

Carrying out this program, especially during the early years, will require a total mobilization of domestic industrial resources and foreign assistance. We cannot accumulate the total resources domestically without a level of austerity that would grind out people down and vitiate the purpose of the program. Our immediate need is to give our people a breathing space to get their feet on the ground and develop as human beings. For this reason, the foreign assistance component for this program will be substantial. Even after gearing up our hardly used construction equipment industry, we will need to import thousands of pieces of earth-moving equipment. Our truck-building capacity is pitifully below needs and substantial imports will be needed for years. The same applies to the hundreds of thousands of tractors we will need. There is nothing wrong in this — it is the very means to ensure real self-sufficiency at the earliest moment.

A New Social Structure

Even before our Ganges project yields its first fruits, we can greatly increase productivity of our agriculture, increasing outputs 40-50 percent in 2-3 years, by merely harnessing the inputs already available — 45 hectares of irrigated land, 4 million tons of fertilizer, extensive use of high-yield varieties and a large extension program.

Here our constraints to date are not physical, but social and political. The World Bank and various newly discovered advocates of native economics all claim in unison that our country must continue to export its industrial goods because "there is not internal demand."

We say our demand is in our countryside, stifled and suffocated by the inheritors of the zamindari system, the money-lenders, and the new intermediaries. India can end this vicious cycle of scarcity by the stroke of decisive political actions in our march toward progress. We repudiate those who with quavering voices tell us to find fulfillment in bee-farming, khadi weaving, and cotton spinning. We repudiate the "basic needs" approach to our country as a direct conspiracy to enforce backwardness on our people.

We propose below the measures that will in one stroke uproot the social structure that today governs, the structure that utilizes casteism and manipulation of superstition to enforce backwardness on our people.

The feudal reactionary landlords, the monetarist quick money businessmen and the International Monetary Fund-World Bank have worked hand-in-hand to enforce upon our people the *politics of scarcity* for 30 years. One asks why so many land reform proposals, so many land-ceiling acts, so many big business investigations, have been shelved before the ink has dried on the paper? For 30 years of independence, the pro-growth followers of Nehru have fought without a political base for their programs. Lip-service to rural and industrial reform has barely disguised the black money rackets, the speculative hoarding operations that are today the institutional cancer eating into most of India's political parties. The Congress backbone and the Janata structure in this sense share the same puppet status. If the Congress governments abolished the zamindari system, the Maharajas, that is, the top layer of the British East India company's intermediaries, the second layer of these forces, the jotedars and others were let scotfree. Today in the countryside, they reign supreme, resisting and evading taxation, fixing prices, and hoarding what precious little grain there is. In periods of harvest abundance, our people face drastic artificially defined scarcities.

Similarly, our industrial policies are the mockery of Indian planning, turning our planners into the impotent chaprassis for the big ministers. The consumption levels of our people, the need for an ever more developed labor force, has motivated little in the Birlas and their allies. Goods and services are specifically produced for a small luxury market, or better still for export, to turn India into a quick money "Brazilian miracle." The anti-growth monetarist perspective of the Birla money, spreading into the money-lending and rural financial structure is the foundation of the unity of interest between business and the feudal lords in India.

We propose the ruthless dismantling of this oppressive structure that binds us to foreign enslavement. The policies of abundance, above all to make us self-sufficient in food production, necessitate the following immediate measures:

1) Land to the tiller. Abolition of landlordism and ruthless enforcement of the land redistribution policies by both the central and state governments. All land-holdings over 10 hectares (more in arid regions) not currently worked by the cultivator, to be distributed to the landless and poor. Scrupulous review of land laws and establishment of land ceilings at a minimum of 5 hectares and a maximum of 15 hectares.

2) Cooperative farming and state farming to form the core of both economic and educational efforts in agricultural regions. Both forms of organization, as has been experienced in the Kerala case, attack directly the problems of atomized, casteized, persecuted peasantry and immediately replace his small plot conception with a larger understanding of the meaning of his activities in terms of national development. At the farm level, cooperative farming in particular, provides the small farmer with critical inputs to increase his production and is the germ of the worker-peasant committees that at the base level deliberate the planning process.

3) Full-scale mechanization at rates made possible by overall development effort. Optimal utilization of fertilizers and high-yield varieties of seeds, with government subsidies to small farmers.

4) Rural debt moratoria effective immediately. The state will take over full responsibility for providing adequate credit to rural areas, for both production and consumption needs as a key function of a new banking structure, with the purpose of freeing the rural masses, no matter what their land or collateral status be, of going to the money-lender. The economic evils of money-lending will be eradicated immediately, and the social relationships defined by the money-lending will soon atrophy and disappear. The state will absorb the minimal losses and defaults in the short-term for this longer-term gain.

5) State take-over of the grain trade, purchasing and selling of essential commodities, and determining the price level of all goods and services for rural and urban areas. Rigorous implementation of these measures will break the back of the rural black market and speculative hoarding activities. In areas such as the Punjab, where viable medium-sized private holdings exist, the state will be the major business partner in sales, credit, and improvement of regional development.

These are the measures that ensure that the Planning Commission, for the first time, operates with a mass base. These are also the measures that show up in the most stark fashion the incompetence and limitations of our planners and five-year plans. Political strategy and planning are inseparable.

"Ever since the demand for the development of modern industry arose in India we have been told that India is pre-eminently an agricultural country and it is in her interest to stick to agriculture. Industrial development may upset the balance and prove harmful to her main business — agriculture. The solicitude which British industrialists and economists have shown for the Indian peasant has been truly gratifying. In view of this, as well as the tender care lavished upon him by the British government...in India, one can only conclude that some all powerful and malign fate, some supernatural agency, has countered their intentions and measures and made the peasant one of the poorest and miserable beings on earth." JAWAHARLAL NEHRU

IV. Steel and Heavy Industry

Our steel-heavy industry sector has three tasks: to provide the inputs to modernize agriculture; to create the consumer industries to provide the means to rapidly

elevate the material condition of our labor power to a high level; and to turn out the material for a monumental construction boom which will see built hundreds of new cities, tens of millions of housing units, and thousands of miles of roads and railroads. To accomplish these tasks it will need as well to supply its own machine tools, capital goods, etc. on an expanding basis, along with an increasing component of its power machinery needs.

To achieve these goals, our steel industry must be producing 50 million tons a year by 1985, and 100 million by 1990. We can turn out 15 million tons by 1979 if we will utilize to the full our existing and soon-to-be-onstream capacities, a large portion of which is still not commissioned due to incompetence, bottlenecks, and statistical deception. Annual rates of growth of 20-25 percent until 1985, and 15 percent thereafter in steel production are the sine qua non of our program. These goals are fully realizable with a total mobilization of resources and the assistance of the International Development Bank. That same total effort can move our production of heavy machinery ahead at the necessary annual growth rate of 15-20 percent to meet the needs of machinery, new factories, power equipment, fertilizer, transportation and machine tools.

Our first task entails: a program of tractor and agricultural machinery production to totally mechanize Indian agriculture by the year 2000, and to tractorize the countryside by 1985; the production of 20-25 million tons of nitrogen, phosphate and potassium fertilizers by 1985; the rapid expansion of tube well equipment production for complete tube well installation in all feasible areas by 1982; and running our ridiculously underutilized earth-moving equipment plants at 100 percent capacity while tripling that capacity to encompass the rural infrastructure development we need.

Our second task is the answer to the murderous babblings of India's new-found proponents of regression to the backward villages to "meet the basic needs" of our population by cottage industries, khadi production, and nauseum. The mass production of agriculture-tied light industries — textiles, food processing, flour milling, vanaspati, sugar reining, lumber, jute, leather, etc. plants—to be located in the rural areas, will be the first stage in mass-producing the consumer goods needed to raise the productivity of our rural labor power, while providing needed rural employment, and will be an essential step in bringing our backward village inhabitants into the industrial sector. The emplacement of light industry consumer goods factories for production of household fixtures, labor-saving appliances and other items in the rural areas is the second stage in this program, and offers the prospect of a standard of living to our 400 million-strong rural population at a level they have never dreamed of.

Our third task is the refutation of the press-gang "food-for-work" rural construction slavery of the World Bank. We will refute it with the notion of mobilizing our people for the total transformation of both the countryside and our abysmal urban culture. Tens of millions of tons of steel, and stepped-up cement production to reach 50 million tons by 1982, will go for dams, irrigation canals, roads, railroads, diversion canals and flood levies in the countryside, and for schools, houses, and urban infrastructure (sewage, water, utilities) in the

cities. Initial concessions to labor-intensivity will be made where appropriate *within* the context of the huge capital development projects defined, so that such work serves as the introduction of unskilled rural labor to technology and industrial skills. The improvement of transport is an urgent priority, demanding the accelerated production of rails, rolling stock, locomotives, trucks and coastal ships, the complete standardization of rialraod gauges, and massive road repair and building.

The much-argued question of the role of small industry is answered by this program: *small industries as adjuncts of the modernized sectors, are not only excellent sources of employment, but essential for the proper functioning of a modernizing economy.* When fostered in industries better performed by mass production or as the glorification of ruralism, they are entirely regressive and have no place in our program.

Our mimimum program is for an overall growth rate of industry of 15 — 100 percent growth every five years. The faster this program consumes the full energies of our population, the sooner even this target can be exceeded. New industrial cities will sprout throughout the country, our existing slum-cities will be rebuilt, and an accelerating transfer of population from the contryside to the city will transform our peasantry into the largest working class in the world.

V. The Production of Power

India's power and energy sector must be wrenched from its "poor relation" status as the inadequate provider of power to a small industrial base, to the showpiece and driving engine of our entire development program. Energy production is the central task of global development from now into the 21st century, for which the deployment of fusion reactors around the world beginning in the late 1980's will provide the basis for a new industrial revolution in all spheres of industry. The development of India's energy sector is the connection of our country to the world development program. At the same time, it is the means to pull the mass of population from the 18th century into the 21st century during the next decade. Energy production *per capita* for the entire world must be 5-10 times what it presently is for the *American* population by the year 2000. We must chart now a course for India consistent with attaining the goal on schedule.

Our power program must be geared to two goals: crash maximization of existing and near-term power capacity and emergency creation of new capacity for the 1980-85 period, and the broad swing to nuclear fission, plutonium breeder, and fission-fusion plants especially from 1982, as the preparation for the transition to the fusion mode which will accelerate after 1990. Default of the first spells disaster for every aspect of our agricultural and industrial program. Default of the second will limit our ability to make the transition and preclude the rates of energy increase our economy will demand in the coming two decades.

Energy production is not just another industrial sec- it defines the basis for our new cities, and establishes the focus for our entire science policy. Every major new city

to be constructed will be built around a super-power plant complex, and every such city will be a scientific nexus with universities, technical schools and compatible industrial and research facilities. Such centers will then serve as foci for the most advanced levels of scientific accomplishment of our scientists, technicians and workers, from which higher technological competence will radiate into the population as a whole.

Because of the long lead time to build a power plant, we need the following emergency policies:

1) Emergency measures to increase utilization rate of existing installed capacity: schedule more off-peak power use, round-the-clock race to ease bottlenecks, especially in our nuclear plants, complete the nationwide grid, etc.; and a crash construction program to bring on-line construction work in progress to completion way ahead of schedules.

2) Immediate planning of dozens of new power stations in the 1200-2000 MW range. Our full capacity to manufacture coal-fired thermal plants should be used, but beyond that capacity, we should emphasize nuclear fission plants. Our indigenous nuclear capacity should be used to the full, but International Development Bank-financed import of fission and fission-fusion plants must be a centerpiece of our program. We cannot afford to wait ten to twenty years to generate "self-reliantly" the power we need in five to ten years, at the expense of our necessary rate of development and elevation of our people. Our uranium will be shortly supplemented with plutonium from reprocessing plants and fast breeder reactors.

The conception of the new, increasingly nuclear, power complexes should be modeled in part on the regrettably shelved 1969 prospectus produced by the Department of Atomic Energy, Bombay for two 1200 MW nuclear generating stations in Rajasthan and western Uttar Pradesh to function as agro-industrial complexes. In Uttar Pradesh, the plant was to fully irrigate 1.5 million hectares of land year-round, permitting over 13 million tons of grain production, an eight-fold increase over the present, and 11 million tons of sugar cane. It was also to power the fertilizer plant required for the region, and an aluminum plant. In Rajasthan, it was to power a desalination plant and a fertilizer plant. Such a project, combined with our proposed diversion canal to Rajasthan, could irrigate 15-20 million hectares. At modest yields and total double cropping, this area *alone* could produce 90-120 million tons of grain per year, equivalent to our entire crop now.

3) Future hydroelectric generation, which will be substantial from the new dams, will be an important addition to our power grid, but location and variability of power levels restricts this power source's ability to serve as a focus for development centers. New thermal plants must be designed with a view to the almost perfected MHD (magnetohydrodynamics) technology developed by the Soviet Union for almost pollution-free burning of coal at much higher temperatures and doubled thermal

efficiencies. Such centers will function as will nuclear centers for high technology diffusion. If begun immediately, this program will be able to supply 50,000 MW by 1982 and 100,000 MW by 1985, capacities which will be barely enough for our needs. We can tolerate no less.

VI. CREDIT AND TAXATION POLICIES

Much nonsense has been written about the budget, deficit financing, inflation and credit. No program which limits itself to mobilizing productive resources that actually exist, and which includes provision for rapid expansion of food and consumer goods production and of employment, can be inflationary. The cause of our inflation has not been and is not now over-rapid increase of the so-called money supply, "deficit financing," of other such bogeymen. The cause of inflation is the "politics of scarcity" program that has distorted and limited our resource mobilization and utilization for two decades.

The inflation is caused by too-low rates of growth in most industries, bad agricultural production years, stagnant rural consumer demand, protected, hot-house private sector concerns with vast underutilization and high profit rake-offs, cast unemployment and under-employment, land speculation, commodity and food grains speculation, usury, exorbitant rents, and all other regressive features of our society that limit production and accumulation. In short, inflation is caused not by too much money, but by too little production. Austerity measures to restrict money to "cure" inflation only bring us recession and depression. The return of inflation in the last year correlates with the end of the recession, as un"cured" as ever.

Our budget, banking, credit and price policies are an abomination transplanted from the London School of Economics and World Bank geniuses who now have the world in the grip of chronic "stagflation;" this condition must be remedied immediately. The Government budget revenue account is absurd, with a patchwork of mainly regressive excise and sales taxes allocated higgledy-piggledy in current and development budget slots. The revenue budget must be consolidated and tax structure revamped. The excise tax structure must be abolished as a drag on production and a regressive tax hitting poor and lower income worst: it is passed along as part of costs; it must be replaced by a tax on corporate income. Income taxes for all incomes above a certain level, including rural incomes, must be instituted, with tax write-offs for farmers who re-invest profits in improving their farms. Public sector profits should rise by raising prices to a truer price, based on costs plus proper profit. These should be the bulk of Government income.

Expenditures must go to four categories: the direct

costs of Government (administration, defense, etc.), social services (health, education, science, etc.), maintenance of economic infrastructure (roads, etc.) and net capital formation of development. This last category is to be determined by the Planning Commission, based on estimates of total available capacity of the economy at each point in time. There is no requirement for the budget to "balance." Credit used by the Government strictly for real production is not inflationary.

The Planning Commission will calculate savings resources to be drawn on, savings and investment in the private sector, and remaining capacity in the rural and urban sectors to be mobilized. Credit extended to bring into production otherwise wasted resources becomes merely the means of payment needed to circulate the output of the ensuing production; far from being inflationary, it tends to be deflationary as increased production lowers prices, and as technological advances are brought into play. Finance is a tool of economic development, not a zero-sum game that must "balance" at the end of each frame, and only "causes" inflation when it is issued for non-productive purposes in a sluggish economy.

To operate the nation's credit operations, the 1969 Bank Nationalization must be completed, along with the founding of the National Bank of India. This bank will take over the operations of the RBI, SBI, and the rest of the nationalized banking and credit structure, including ICICI, etc. Its purpose is to unify planning and finance, and will be responsible to and closely monitored by the Planning Commission. It will be credit from the Bank that will finance the development of public and private sector expansion, and control how it is used. Its credits for industrial or agricultural production will be at 2 percent interest for administrative expenses, and spread over a long term. The creation of credit in excess of the economic surplus calculated for the present will be done by the Bank, in proportion to estimated increase thereof the following year. The Bank will also finance short-term accounts.

The Bank will facilitate policy against money-lending, by making available consumer credits at under 10 percent, payable over several years. Most will finance consumption by households of rising prosperity to increase circulation of consumer goods, but also encompassed are the poor who would otherwise turn to a money-lender and may be a bad risk; the risk to the Bank is more than outweighed by the gains of abolishing usury.

These reforms are integral to the required resource mobilization, rates of economic growth, and indeed to the entire prospect for self-sufficiency. They merely mirror the economic policies and bringing the accounting side into line to the ongoing economic activity being accounted.