Economic Ideology of Jawaharlal Nehru

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If a straight question were asked whether Pandit Nehru had a well-defined economic ideology which could be given one of the known labels, the answer would perhaps be in the negative,

While some would consider this as unfortunate, others like this writer would consider it a saving grace.

The strategy of accomplishing a rapid enough transition of the economy from the state of underdevelopment to self-sustaining growth is still in the stage of experimentation. Under the circumstances, any rigid doctrinaire approach on the part of the leader of the nation, far from being an asset, would have proved quite hazardous. This does not mean that the right strategy would be to let the economy take its free and wayward course, tossed by spasmodic national and international, economic and political currents.

India's economic policy, since Independence, has a fairly clear vision of the ultimate goal, its social and economic colour and content, and the broad path to be followed in reaching and economic colour and content, and the vision of the ultimate goal, its social line of action, which Nehru and his well-knit Cabinet ought to have followed? Assuming there was, can we name the team—retrospectively since 1947—which could have been selected— or rejected —for doing the job and see whether we succeed, where Nehru failed? In spite of his tolerance of doubtful socialists and transparent free-enterpiseers perhaps as a countervailing force to disguised fellow-travellers at the highest level of policy-making, on certain basic aspect of the policy he was quite firm.

Biggest Contribution — Planning

Nehru's biggest contribution to economic strategy was in committing the nation to a policy of planned economic development. This was by no means the easiest thing to do. Within the country, he had to contend with his Gandhian colleagues who saw in this imposition of Centralised Statism, while they were emotionally committed to village self-sufficiency. Planning was equally an anathema to Western Democrats whose financial aid was a critical factor in the task of development. (Soviet Russia was yet to adopt economic aid as an instrument of foreign policy). Whatever one's opinion may be on the functioning of the Planning Commission, there is no doubt that its very constitution, with the Prime Minister as its Chairman, was an important landmark in the economic policy and development of the country.

Another equally important, though somewhat controversial, element of our economic policy, which but for Nehru's support would not have passed muster, is the launching of the modern type of industrialization with its emphasis on heavy industries. This was interpreted by interested political groups as leading the country on the Soviet path, and by implication, towards totalitarianism. There was another section—well-meaning and sincere—in the country which felt that such a pattern of industrialization was wholly contrary to what Gandhiji would have wished. The emphasis on heavy industries has been variously presented as tantamount to neglect of agriculture, death-knell of Khadi and Village Industries and callousness towards the problem of unemployment. This is not the place to controvert this contention. Not only such interpretation is not true of Pandit Nehru's concept of economic development, support for it cannot be derived even from the Planning Commission's documents on Five-Year Plans. As is being increasingly realised, the antithesis sought to be drawn between the development of industries and that of agriculture is totally false.

Flexibility, the Saving Grace

It has been said that Nehru had a fascination—to which many political leaders are prone—for the big and the grandiose: the steel mills and the giant multi-purpose river-valley projects. Perhaps he had. It can also be said that he rarely went beyond the broad idea and did not bother to examine its manifold implications. How much of this blame should attach to him or to his advisers and administrators is perhaps a debatable issue. But then, there was always the saving grace of non-insistence and flexibility.

A classic example is the Nagpur Resolution on the future pattern of the agrarian structure. The Resolution had categorically stated that the future agrarian pattern should be that of cooperative joint farming, in which land will be pooled for joint farming. The reference was presumably to all land and not to the land only of the small uneconomic cultivator. At that moment, and for a considerable time thereafter, Nehru was convinced that this was the right stand. Later, partly because of the successful misrepresentation of this policy as confiscatory and anti-peasant and partly because of the practical difficulties in implementing it, the Nagpur Resolution was allowed to fade away.

There is another notable example in which he did not shirk the odium and embarrassment of reversing an accepted policy. This was in respect of
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<td>1,500 RPM</td>
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the policy on the character and composition of Primary Co-operative Societies. The Committee of Direction of the Reserve Bank’s Rural Credit Survey had recommended the formation of State-sponsored, large-sized, viable units of Primary Co-operative Credit Societies; and this was accepted by the Government of India. While, by and large, the recommendation was sound, in its implementation, several distortions took place. The idea of State-partnership led, in some places, to the dominance of Government officials; and in launching large-sized societies, the element of mutual cooperation was relegated to the background. The Prime Minister reacted rather sharply. While inaugurating the Third Indian Co-operative Congress he said: “The Government was quite wrong in accepting some of the decisions of the Rural Credit Survey Committee—not all. There was a tendency on the part of that Committee to think that they (the people) are not competent enough, they cannot do a job by themselves; therefore, Government officials must come in and help. Government money should push them up. If Government money comes, that money is followed by Government officials”.

Later, when the National Development Council considered this question, the indiscriminate establishment of large-sized societies was stopped and renewed emphasis was placed on the co-operative element in the formation of Primary Societies. Apart from whether such a sharp reaction was justified or not, the episode illustrates how averse Pandit Nehru was to unnecessary extension of State interference in economic activities.

Basic Economic Policies Sound

The one significant test of the soundness of the basic economic policies adopted by the country under Nehru’s leadership is their almost universal acceptance within the country as well as outside by all those who have taken an intelligent interest in the question. To quote a fairly recent and competent testimony, Professor John Lewis in his “Quiet Crisis in India”, states: “As a piece of macro-economic calculus, the strategy that is incorporated in the Second and the Third Five-Year Plans (and presumably will be also in their successors) is basically sound and fairly well spelled out in its details.”

He has also observed that among all the Indian groups concerned with national policy issues, there are only two that are fundamentally opposed to the kind of developmental effort the Government is trying to lead: the neo-Gandhians and the ultra-laissez faireists. I shall not mention his characterisation of these two groups. But unless some sort of Goldwaterian retrogression takes place, the economic philosophy of neither group is likely to enlist any significant following.

Whether this country is thrust to the brink of the Most Dangerous Decade and the Quiet Crisis or gathers speed on the runaway for a graceful ‘take-off’ will depend not on the adoption of any brand new economic strategy, but on the success or failure in the implementation of the strategy to which Pandit Nehru got the country committed, and which has come to stay. Marginal adjustments will no doubt be necessary, but the very fact that these would have to be only marginal, speaks a great deal of Nehru’s economic statesmanship.
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