

developing world and complementary resources which, if joined, would make Korea a major foci of industrial development for the entire region.

Ironically both Koreas also suffer from severe foreign debt burdens which if provided with a debt moratorium combined with large-scale infusion of industrial-related credits and investment would experience massive leaps in their economic growth.

A Korea development plan could be and should be

posed as part of an integrated industrial and resource development plan for all of northeast Asia, including north China and Manchuria, the Soviet Far East, and with Japan acting as the principal source of industrial and technological input into the area's development. With such a program, a secure and stable basis for permanent peace, in which all the powers concerned would have a strong stake, would be assured.

— Daniel Sneider

EXCLUSIVE

'The Indian Political System Is A Shambles'

INDIA

The government of Indian Prime Minister Morarji Desai has been completely paralyzed by the decision it made several weeks ago to call state elections in eleven northeastern states. Focus within the country has moved significantly away from overall economic and political issues to a desperate fight inside the ruling Janata Party to resolve internal differences and produce a 'united' public appearance to gain majorities at the June 11-15 elections. This would enable it to take control of several state governments. Ten thousand candidates have filed for the electoral contest for a total 2,000 available seats from the Janata Party alone, producing a situation where candidates from the same party are contesting each other in key constituencies. So far the central Janata leadership has failed in its efforts to dissuade the "surplus" candidates, mainly because many leaders feel that such candidates may decide to run as independents with sponsorship of faction leaders inside the Janata Party. This would make a mockery of the new "unity" the Janata front displayed when all its constituent parties merged on May 1.

The breakdown of unity in the Janata is largely a product of the actions of pro-zero-growth Home Minister Charan Singh. The calling of state elections itself was an unconstitutional product of Singh's naked bid for power. Singh has attacked every basic pro-growth development policy pursued by India in the post-independence period, alienating most of the pro-socialist members of the government. These forces, led by the Congress for Democracy (CFD), have become the targets of Singh's attacks. In every state candidate selection committee, Singh's forces have closed in on the CFD by giving it the minimal possible number of seats, insulting its leaders, and running terror operations against the party's mass workers.

This assault on the CFD, which only a few weeks ago merged with the Janata only to find all its merger agreements violated, has resulted in an overwhelming belief, by government and political circles in India that the only alternative to the current 'political shambles' is the formation of a broad-based multi-partisan coalition to fight for India's growth and development. New Wave, a weekly that speaks on behalf of these forces, in a May

15 editorial titled, "Let Us Turn Back with Courage," produced the reasons for this view, tracing the subservience of Indian political leaders to the World Bank-International Monetary Fund dictated policies and attacking this as the basis for the failure so far to launch a viable political fight for India's economic development. The editorial is reprinted in full below.

Let Us Turn Back With Courage

If the Himalayas were to crack up the whole of Asia would be reduced to rubble, unprecedented tidal waves will wash away large parts of the world, and no corner of the earth will escape the tremor.

If a 90-year old national organisation, which challenged the almighty British imperial rule, won national independence and chalked out a wide-ranging programme of national reconstruction, betrays the principles on which the national polity was founded, and in the process, crashes, not only does the whole nation suffer; the way is also cleared for a change in the balance of world forces with disastrous consequences.

Maoist China has been whispering since 1962 that India is the sick man of Asia. This prophesy is likely to come true if the drift towards disaster is not quickly checked by initiating a vigorous struggle against the World Bank-IMF policy package and by restoring the policy of economic development, evolved in the second half of the fifties.

The Indian political system is in a shambles. There is no basic difference between the socio-economic outlook of the Indira caucus and Janata conglomerate. The policies for which the erstwhile Swatantra Party, Syndicate and the Jana Sangh fought for during and since the debate on the second five year Plan, were adopted by Lal Bahadur Shastri-L.K. Jha clique soon after Jawaharlal Nehru's death.*

Indira Gandhi pretended to be opposed to the reversal of the basic policies so long as Lal Bahadur Shastri was alive. Once in power, two well known spokesmen of the World Bank IMF line, C. Subramaniam and Asoka Mehta, digged in around Indira Gandhi and the reversal of Nehru's policy of independent development was fur-

* L. K. Jha, C. Subramaniam, Ashok Mehta are three finance ministry-linked figures most closely associated with the World Bank-IMF policies in India.

ther accelerated. The devaluation of the rupee and the initiation of an export oriented development, based on an open invitation to multi-national corporations by Asoka Mehta to open India's womb, marked the end of the first phase of the conversion of India into an appendage of international bankers and their financial institutions.

Reversal begins

Though not an expert, his sixth sense compelled Kamaraj to question the wisdom of Indira Gandhi's kitchen cabinet. She brusquely rejected Kamaraj's advice and haughtily told him that she would go to the people, if necessary, and secure sanction for the destruction of national economy. Indira Gandhi did go to the people in 1967, got her nose broken at Bhubaneswar and got the Congress routed in nine major states. The Congress strength in parliament was reduced to 282, a small majority in the Lower House. Instead of admitting her own stupidity and that of her advisers, Indira Gandhi managed, with the help of party radicals, to pass the blame for her own sins of commission and omissions on the party bosses and came out with flying colours when a split was forced on the Congress in 1969.

Electoral compulsions persuaded her to make minor adjustments in policies but essentially, she won the 1971 elections hands down by appealing to the populist sentiments of the impoverished masses with the hastily contrived slogan of 'garibi hatao'.

That she was not convinced of the policy of a self-reliant economy became evident the day the decision was taken to take over wholesale wheat trade. This was a major decision in the direction of distributive justice without which capital accumulation for industrial development would be well nigh impossible. Within minutes of adopting the decision Indira Gandhi declared to her close confidants that she would change every policy adopted during the post-split period. And change she certainly did with her characteristic ruthlessness. The immediate result was a sharp fall of nearly ten per cent in Congress votes in the 1974 UP Assembly elections compared to the 1971 poll.

The failure of her economic policies, which led to economic stagnation, a sharp rise in prices, mounting pressure of unemployment and unheard of corruption at the political and administrative levels triggered the so-called JP movement which sought to challenge the system, and her own power.

Having lost the moral and political authority to run the country, Indira Gandhi had no courage to meet the opposition challenge except by taking recourse to unabashed authoritarianism with the proclamation of the internal emergency. The World Bank-IMF line was pursued with unusual vigour during the emergency and L.K. Jha and the Birlas were again elevated as her main advisers. Instead of acting as the authentic voice of the Indian industrialists, the Birlas became the salesmen of the World Bank-IMF recipe and turned Indira Gandhi's family members into commission agents of the multinational corporations.

Treacherous line

Cheryl Payer has summed up the World Bank-IMF policy package for developing nations thus:

1. "Domestic anti-inflationary policies, including the

reduction of government spending and contraction of bank credit. This implies the curtailment of public expenditures for welfare and of government investment in development projects; economic recession; the failure of many domestic businesses and their forced sale to foreign speculators; and a large unemployment problem resulting from both curtailed government expenditures and business recession.

2. "Devaluation of the currency in terms of the US dollar and the elimination of as many direct controls on foreign exchange expenditure as possible.

3. "Encouragement of foreign investment through policies which range from anti-strike legislation (and action), through tax benefits, to guarantees of profit remittance. This part of the programme contains a self-fulfilling prophesy, since the IMF first prescribes the policies necessary to attract foreign capital and then gives the country the credit rating required by foreign capital suppliers.

4. "The IMF claims that the aim of this stabilization package is long-term balance-of-payment stability, but its actual effect in practice has been reinforcement of the dependence on traditional exports, which was the real cause of instability in the first place. If the government implements these policies on IMF advice, it is rewarded, not with a healthy and diversified economy, but with temporary relief for immediate exchange difficulties. This relief typically takes the form of new loans to the government, rescheduling of old loans when repayments become burdensome, and credit for the import of consumer goods."

There is a striking similarity between the IMF policy package and the policies pursued by Indira Gandhi during the emergency. The way the Industrial Policy Resolution was scrapped shows how the objective of self-reliance was given up under foreign influence. It is not accidental that World Bank Chairman McNamara came all the way to New Delhi to shower praise on Indira Gandhi's emergency economic policies, and a section of the influential western press started seeing in Sanjay Gandhi India's man of destiny.

The foreign agencies whom Indira Gandhi in her AICC speech held responsible for her defeat, first tried to destabilise her government through outside pressure, and later worked from within her house.* Indira Gandhi's attention was repeatedly drawn to Sanjay Gandhi's direct links with the CIA chief in India through an Indian businessman with intellectual pretensions. But she was too busy with her plans to destroy the Left inside the Congress and outside to pay any attention to the activities of her son the like of whom no Indian-mother had the honour to give birth to.

The Congress rout in the election and its continuing disintegration and destruction are the price Congressmen in general, and the Left in particular, have to pay for their failure to fight against the reversal of policies initiated under Nehru's guidance. The spectacle of political fragmentation that we are seeing for the past 14 years is directly linked with the nation's failure to prevent a sell-out of national interests.

When we speak of national interests all that we mean is the defence of our right to build the national economy in a

* AICC — All India Congress Committee

manner as to make it possible to satisfy the basic needs of our people. This cannot be achieved unless tangible goods and services are produced to meet the demands of our people. This objective cannot be achieved without making a clean break with the thrust of policies pursued by the ruling class since Jawaharlal Nehru's death.

After three successive referendums of 1967, 1971 and 1977, those who still measure their strength in terms of the number of seats won or lost, are only making a fool of themselves, apart from bluffing the people at large.

Indira Gandhi has created the Janata conglomerate. The Janata will certainly restore the caucus, because neither of the parties is prepared to break away from the World Bank-IMF policy framework. The rot will continue and so will the process of political fragmentation until the people in sheer desperation, opt for either a US sponsored two-party system or take recourse to extra-constitutional means to settle accounts with the betrayers of national interests.

Stakes Are High

At the moment the Congress is disintegrating and Indira's caucus is holding on to the party label in the hope of cashing in on the inevitable popular backlash in due course. The CFD which could have acted as a catalyst for the unity of all the left and democratic forces has decided to liquidate itself. The Janata party itself will crack up under the weight of its own internal contradictions once the present anti-Congress wave dies. A viable regional party like the DMK is now divided into three distinct groups. The Communist movement in India is split into two major parties, CPI and CPM, while there are half a

dozen Naxalite groups each trying to prove its own Marxist authenticity. One section of the Communist movement is clinging on to the Congress apron strings and the other to the Janata kurta tails. It is opportunism of the worst type. One type of dictatorship has collapsed while its another variant is waiting in the wings.

The intelligentsia, youth and the professional classes are caught in a blind alley. Shall we allow this to continue or catch the bull by the horns?

There are hundreds of thousands of people all over the country who are frustrated at this cruel joke on the nation. Among them there are Marxists, Socialists, Nehruites and plain Congressmen who are deeply distressed at this phenomenon.

What is at stake, they ought to know, is not the fate of one party or the other but the future of India itself. It is their duty to first articulate themselves and then the people at large. What is needed is neither a new party nor an organised platform but a self-propelled mechanism to strike at the enemy's most sensitive point and throw a spanner in its scheme to perpetuate poverty and backwardness.

Again, the issue is neither socialism nor capitalism but the reconstruction of the country by creating conditions in which goods and services required by the people are produced and consumed. Barring a handful of agents of foreign capital, all sections of the people, including capitalists, have a major role to play. It presupposes a drastic curb on the power of the house of Birlas who have become sales agents of the foreign aid giving agencies like the IMF and World Bank.

Let us turn back with courage and determination.