

A QUARTERLY OF LIBERAL IDEAS

Freedom First

July-September 1992
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40TH YEAR OF PUBLICATION

Liberalising the Indian Economy

D.N. Patodia
D.R. Pendse

Prof. R.D. Karve
Modern India's Birth Control
Movement Pioneer
J.V. Naik

Lest We Forget Tibet
Shanti Sadiq Ali

Scared of Competition,
Uncle Sam?
Raj Kumar Kothari



Beneficiaries of the Permit Licence Raj

PETITION

We reprint a copy of the petition from Amnesty International and hope that our readers will collect signatures and send them to the following two addresses as well as sending a copy to us.

General Saw Maung
Chairman,
State Law and Order,
Restoration Council,
C/o Ministry of Defence,
Signal Pagoda Road,
Yangon,
Union of Myanmar

The Ambassador,
Embassy of Myanmar,
3/50 F Nyaya Marg,
Chankyapuri,
New Delhi 110 021



We, the undersigned, call on the authorities in Myanmar to immediately take all measures to ensure that arbitrary arrests, detention without trial, torture, the death penalty and extrajudicial executions will no longer be inflicted upon the people of Myanmar.

We make this call to express our deep concern at reports that:

- more than 300 political prisoners, many of them prisoners of conscience, have been identified by Amnesty International
- torture is widespread, and anyone suspected of criticizing the government is at risk
- hundreds, possibly thousands of political prisoners have been detained for prolonged periods, some since September 1988
- many have been sentenced to death after summary and unfair trials by military tribunals; some are prisoners of conscience
- thousands of people have been killed in pro-democracy demonstrations, in the context of internal strife in areas with ethnic minorities, or for alleged political opposition to the government.

We urge the authorities in Myanmar at all levels to start impartial and thorough investigations into all reports of torture and extrajudicial executions, to make the findings public and to bring those responsible to justice. Prisoners of conscience, detained solely for the non-violent expression of their opinions, should either be released or brought promptly to a fair trial. All death sentences should be commuted, and legal steps should be taken to restrict the use of the death penalty, with the aim of abolishing it completely.

We call on the authorities in Myanmar to ensure the right to peaceful assembly and freedom of expression to everyone, as proclaimed in the United Nations Universal Declaration of Human Rights.

Name

Address

Occupation

Signature

Freedom First

A Quarterly of Liberal Ideas

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BETWEEN OURSELVES...

The Narsimha Rao Government has completed a year in office. His government's economic reforms have also completed a year. Too short a period to undo the damage inflicted by 40 years of mismanagement of the economy by his own party's predecessor governments. However, all said and done, though not as dramatic as what is happening in Communist China or Vietnam (both you will remember are dictatorships) we have reason to believe that we are doing better than what most would have dared to expect.

While industrialist D.N. Patodia takes a look at what has been done so far and what remains to be done. Economist D.R. Pendse answers questions posed to him by the editor of a U.S. business magazine.

We offer a wide variety of articles in this issue — all of them very topical, including of course, the topic of the day, the Bank scam explained by an economist in as simple a manner as possible. The Dunkel Draft, the U.S. ban on the supply of cyrogenic rockets to ISRO are dealt with for readers to understand the real issues involved.

We are happy to publish an article on Prof. R.D. Karve, pioneer of India's birth control programme, on the occasion of his birth centenary.

Readers have taken note of our gripe in the last issue and have written to us with their comments some of which form the subject matter for this issue's 'Debate'.

We are also grateful to readers Utpal Chandhuri and Dr. Leo Rebello for collecting signatures and forwarding the Appeal to the Myanmar government. Though, according to press reports, a number of detainees have been released, there are still many behind bars including Aung San Suu Kyi. We, therefore, decided to repeat the 'Appeal' in this issue and once again request our readers to collect signatures and mail the appeal to Myanmar.

S.V. Raju, R. Srinivasan

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WITH MANY VOICES

"The deep moans round with many voices. Come, my friends
Tis not too late to seek a newer world" – Tennyson

The difference between a communist and a scientist it is said, is that scientists try it on mice first. Socialism was tried on human beings.

George Watson, *The Quadrant*, March 1992

It is stupid to quote unemployment figures in one breath and speak of boycotting Bata and Pepsi in the next. Let the consumer decide. That is what democracy is all about – free choice.

TVR Shenoy, *The Week*, March 15

Forget temples; they (the BJP) can't even build roads.

Arjun Singh, Union Minister, *Time*, May 18

Their (South African Indians) money is in Switzerland, children in England and hearts in India. So, why are they in South Africa?

Radio journalist Supramoney, *India Today*, June 15

Some characters are immortal – Robin Hood, The Three Musketeers, Sherlock Holmes... and now James Bond.

Scriptwriter Richard Maibum, *The Week*, June 7

Whenever one meets a group of intellectuals in cities such as Delhi and Bombay, especially in seminars, one comes away with a feeling of guilt for having been born an Indian.

M.N. Buch, *The Independent*, April 2

A cultural revolution is a necessary pre-condition of a worthwhile political and economic transformation.

Justice V.M. Tarkunde, *The Radical Humanist*, June 1992

India is no longer a weak state in South Asia and China no more the dreaded giant it once was. Tibet need not be sacrificed any longer.

An editorial in *Business India*, June 8

It is an irony that at time when Mrs. Thatcher is rejected at home in the United Kingdom, her economic doctrines are all the mode in Teheran.

Swiss Press Review, April 27

EMS is not infallible; EMS has committed mistakes; Marxist party has erred and we are ready to correct it.

EMS Namboodiripad, *The Sunday Observer*, June 14

Secularism has become a conspiracy against the minorities and a means of collaboration with the blood-thirstiness of the Indian statists.

Ashis Nandy, *Seminar*, June 1992

Most economic recoveries in the past 20 years have been of the bus-stop sort; you spend what seems like ages waiting for them, then five buses turn up all at once.

The Economist, April 18

Since Britain has not had a revolution for three centuries and not been invaded for nine, it is hardly surprising that it has a monarchy.

The Economist, June 13

Somebody has to get rich first. Otherwise we'll all remain poor together.

Deng Xiaoping, *Fortune*, March 9

Reform is a long, slow process. The important thing is to try to keep society stable and the people happy as you shake up their world.

Mr. Viktor Davydkin, one of President Yeltsin's representatives overseeing economic reforms, *The Asian Wall Street Journal*, June 17

Europe has lately been showing symptoms of manic depression.

Strobe Talbott, *Time*, June 22

The political market unlike economic markets, suffers from total absence of consumer protection.

Alan Reynolds, *National Review*, April 13

OF CABBAGES AND KINGS

"the time has come," the
walrus said,
"to talk of many things:
of shoes-and ships-
and sealing wax-
of cabbages -
and kings -"

- Lewis Carroll



The Member from Finsbury

On 9th August 1892, fifty years before the Quit India Resolution, Dadabhai Naoroji made his maiden speech in the British House of Commons. We in the country have belatedly woken up to remember his yeoman service to the country in the Mother of Parliaments. His election to the House of Commons (1892) in the teeth of die-hard conservative opposition was symbolic in proclaiming that a subject people would not accept their wretched status contentedly.

It is to our lasting shame as a people, that we have allowed the memory of this great son of India to be in the shade for so long a time. At a time when the country has sunk into its lowest depths, it is to be hoped that remembering liberals like him, fired with a sense of calling, would inspire the country once again to great heights.

As our tribute to this great son of India, *Freedom First* will carry a feature on Dadabhai in the October 1992 issue.

Max Lerner

Ayodhya and Harshad Mehta so much monopolised the attention of the press that the passing away of the American 'sage', Max Lerner on June 5 went unnoticed in the Indian press. Yet he was in Delhi in the 1960s for a few months, teaching and leaving an indelible influence on a whole generation of students of the social sciences, and a wholesome influence it was. Many of us interested in the U.S. have dipped through his massive book, *America as a Civilization*. One never got to reading it from cover to cover though its pages have remained most irresistible. Since many of us do not read American newspapers, we of course are not familiar with his syndicated columns which

have been compared to those of Walter Lippmann. He introduced many of us to the writings of Justice Holmes and Machiavelli.

He passionately believed in the importance of ideas in social and political matters and was a tireless experimenter in editing journals and newspapers. Also, he taught in a number of universities but believed that the academic intellectual ought not to be cloistered in his ivory tower but should come out to the market place of ideas and play a part in the influencing and moulding of public policies. This breed of activist intellectuals is fast disappearing even in the U.S. and we in our country will do well to have more of his kind.

His passion for politics was derived from the Greek belief of politics involving open dialectical involvement, airing of differences and ultimate conviction that ideas mattered and mattered deeply. He believed that the world would be a better place to habit if statesmen were influenced by ideas and concepts and he fearlessly laboured to clarify them. Once on the hate-list of Nixon, the former U.S. President, after his term, realized his value. Though Reagan claimed that he always read him it is doubtful whether he ever understood him at all.

Born in Russia he emigrated to the U.S. with his parents and like Justice Brandeis he was to involve himself deeply with public questions. He straddled across several fields of human and social interest and believed that America had a great future. Though broadly 'left' in his orientation he had no great love for doctrinaire leftism.

In 1980 he was diagnosed as having advanced lymphoma and was not expected to live for six months. But he

was to live actively for another ten years! He developed prostate cancer in 1982 and in 1984 suffered a heart attack. Along with the other great editor Norman Cousins, he was to prove medical diagnosis as greatly flawed — the will to live was what ultimately mattered.

"I have believed in love and work, and their linkage. I have believed that we are neither angels nor devils, but humans, with clusters of potentials in both directions. I am neither an optimist nor pessimist, but a possibilist."

RS

The 'Inconvenience' of Democracy

Reader's Digest (June 1992) carries an article entitled "Guangdong: Model for Change" (condensed from the US Magazine *Forbes*). Makes interesting reading. What bothered me, was the 'add-on' by the *Reader's Digest*: "Can India imitate the capitalist revolution that's starting to spread throughout China?"

India is a democracy and China is not. And change in a democracy takes longer than in a dictatorship. In fact quite a few friends of mine have looked enviously at the pace of growth in Singapore, Indonesia, Vietnam and China and wondered aloud whether it would not be a good idea to give up some civic liberties in exchange for freedom of choice in economic development. We could then, say these friends, deal effectively with *bandhs* and bureaucrats not to speak of dumping loss-making PSUs and going ahead with an exit policy, all of which are major constraints in a democratic polity.

What, dear reader, do you think?

SVR

A Worthwhile Effort Thwarted

S.V. Raju

The following appeared in the *Bhavan's Journal* (Vol. 38 No. 22).

"The Bharatiya Vidya Bhavan and the Anjuman-I-Islam have been coming closer since the *Sarva Dharma Maitri Yatra* of December 15, 1991, in Bombay. The Anjuman-I-Islam, founded on April 18, 1876, has generously offered part of its spacious premises for the functioning of Bhavan's Rajendra Prasad Institute of Communication and Management and its constituent unit, Pranlal Devkar Nanjee College of Communication and Management. The Anjuman-I-Islam building complex is so located that it is easily accessible to office goers and others who wish to attend the part-time diploma courses conducted by the PDN College. The next academic year begins in July, 1992.

"The Bhavan's apex Institute of Management bears the illustrious name of Bharat Ratna Rajendra Prasad, founder-member of the Bhavan and the first President of the Indian Republic. The Anjuman-I-Islam had on its first Managing Committee Hon'ble Badruddin Tyabji who became its President in 1888. It was he who secured the site for the present Anjuman-I-Islam building complex, through the good offices of the then Governor, Lord Reay.

"The two institutions jointly organised a function on June 23 to mark the *Grihapravesha* of the Institute in the new premises."

All quite innocuous. In fact when I received the invitation, I did not quite realise that I was holding an invitation card that was to result in demonstrations, a protest 'Bandh', a public apology from a Maulvi and finally the Bhavan's withdrawal from the premises of Anjuman-I-Islam.

Covering the June 23rd meeting, *The Times of India* reported:

"Protesting against the teaming up of Anjuman-I-Islam with Bharatiya Vidya Bhavan, about 300 members of various Muslim organisations staged a demonstration at the venue. The protest was organised largely by the Muslim League and the Janata Dal."

One can understand the Muslim League getting worked up but what was an ostensibly secular party like the

Janata Dal doing there and that too in the Muslim League's company?

Undeterred, both the Bhavan and the Anjuman went ahead with their programme of conducting the Institute from the Anjuman complex, possibly under the impression that the demonstrations were nothing more than a mild flutter.

They were to be proved wrong. On June 26, shopkeepers on Mohamedali Road and other predominantly Muslim areas of the city downed shutters as a mark of protest "against the Anjuman-I-Islam authorities handing over two rooms at the Institute premises opposite V.T. to the Bharatiya Vidya Bhavan" (*The Times of India*, June 27).

The matter did not rest there. In a phrase reminiscent of Salman Rushdie, Maulvi Quari Zubari Ahmed Usmani told a reporter of *Mid-Day* (June 28) "I have erred. May Allah forgive me..." And, in atonement, the Maulana resigned as Imam of Bombay's Mehndi Masjid. His 'error' was in his lighting the lamp at the ceremony on June 23. The Maulana's resignation, observed *Mid-Day's* reporter Darlene Fernandez, "appears to be in tune with feelings amongst a section of the city's Muslim community, roused by what is perceived as an 'unholy and objectionable partnership' between the two organisations". Muslim Leaguer Banatwala demanded that "the Anjuman-I-Islam reverse its decision to offer its premises to the Bhavan because, the Bhavan, he said is an organisation dedicated to promoting the culture of a different denomination and the proposed project is likely to create communal friction".

To add colour to the controversy, a Muslim League Corporator, Yusuf Abrahani, asked: "Why has the BVB sought a footing in a Muslim Institution? Why not invite the Muslims to set up a class in one of its 23 institutions in the state?" In fact the Muslim League threatened to take up the matter with the Prime Minister and the President and even move the Courts if need be.

Quite understandably, all this was too much for the Bhavan and for the Anjuman neither of whom (thank god) are political parties and therefore, their joint educational venture had no political axe to grind. In view of the protests

however the Bhavan shifted the Rajendra Prasad Institute to another (non-muslim) school nearby.

In a press statement on June 28, the Bhavan reiterated that the main reason behind the selection of Anjuman-I-Islam for housing the Institute was that the location of the Anjuman would have made it easier for working students, to attend evening classes. The other factor was that the complex would have helped in cementing and promoting inter-religious harmony. Besides freeships for five students, the Anjuman was also given the right of recommendation for admitting students upto 30- of the total strength, in each group every year. Moreover, class rooms of the Anjuman which were vacant during afternoons would have provided greater opportunities for professional education (*Indian Express*, June 29).

But such constructive objectives are not what most of our politicians want or appreciate. They need communities to be in a constant state of confrontation; they need to keep mutual suspicions alive; they need to ensure that no person or persons are foolish enough to entertain ideas of harmony and goodwill and when such terrible ideas seem dangerously close to realisation, they have to be squashed forthwith.

The matter is now closed, insofar as the Bhavan and the Anjuman are concerned. But not for us — the people. Are we going to allow the politicians to continue to manipulate us for their own nefarious purposes? The Bhavan-Anjuman affair was a laudable attempt to get the two communities to co-operate in a matter concerning education. This was all the more commendable in the context of the Ayodhya problem.

We decided to feature this in *Freedom First* because our readers outside Bombay ought to know that just as politicians will not want the Ayodhya dispute settled amicably, they will, by the same logic do their worst to prevent constructive co-operation between the two communities.

Can we ever hope for peace and prosperity in these circumstances? Or, to put it differently. What do we do with our politicians?

Liberalising the Indian Economy

The Reforms So Far What Remains to be Done

D.N. Patodia

After forty years of a state controlled economy the initiative has now been thrown for the business community to seize. The days of protection and shortages and of making easy money are gone. Indian business will now have to grow under the difficult conditions of competition where only the best can survive.

For the last 40 years after independence the Indian economy has been dominated by a regime of multiple controls, restrictive regulations and wide ranging state intervention. A large proportion of the nation's savings was appropriated by the State to finance government expenses and subsidise the losses incurred by public sector undertakings. Instead of enforcing fiscal discipline the government took the soft options of printing additional currency notes and borrowing heavily from within the country and abroad. The industrial economy of the country protected by the state and insulated against external competition was prevented from growing. Not surprisingly in a world of rapidly advancing technology, India lagged a long way behind.

By 1989 the situation in the balance of payments front and in the area of foreign exchange assets became so precarious that the country was driven almost to the brink of default. Our credibility reached an all time low and no country was willing to advance or lend monies to India at any cost. Indeed when Dr. Manmohan Singh took over he must have spent many a sleepless night.

The Reforms

The crisis situation that built up in the Indian economy left government with no other choice than to act fast and bring about major economic reforms which could help revive the economy and restore India's credibility. Political and economic developments elsewhere in the world including the collapse of the state-dominated communist regime in the USSR strengthened the need for change and reform. The signals were clear but it needed the determina-

tion and the boldness of the political leadership to act. The government headed by Mr. Narasimha Rao with Dr. Manmohan Singh as Finance Minister gathered the political will and decided to act quickly. Major economic reforms, which, until recently, were considered nearly impossible, were introduced.

Nearly eighty percent of the industries were delicensed.

MRTPL restrictions relating to assets were removed.

Foreign trade was liberalised; the procedures simplified and the Indian rupee devalued to bring it nearer to acceptable parity.

The rupee was also made partially convertible alongwith an inbuilt mechanism to link a portion of the imports with actual export earnings.

Foreign investment was liberalised permitting upto fifty percent equity holding by investors abroad with a provision for higher percentage in high-tech areas.

The private sector was allocated a major role in the economic growth of the country.

The two budgets presented by the Narasimha Rao government within eight months of taking over reflected a genuine effort to rationalise the fiscal system by trying to reduce subsidies, curtail government expenses, rationalise taxes and review incentives.

All these measures, marked by their boldness, did make a positive impact on the Indian economy. Within the short period of eight months the deficit has been reduced, foreign exchange reserves have improved, the trade balance has been brought under control and government expenses have

been restrained. India's credibility has been restored and the world looks once again towards India with promise and hope.

The Indian economy is now guided more by market forces and less by administrative dictates. We now have less government, more enterprise; there is less protection and more competition.

At the macro level the extent of economic transformation brought about in the last eight months has been much more than the sum total of what has been done in the last 25 years. The economy has adopted the right course for development.

Supporting Measures Needed

However economic reforms are a continuous and a long drawn process and the policy package introduced by the government is by no means complete. The task of reviving the economy which was kept suppressed for the last forty years is by no means easy. Many more policy initiatives on every front — fiscal, monetary and administrative — are needed.

Even the success of the measures so far introduced will depend largely on the many supporting measures and steps that still need to be taken at the micro level. For the time being, without going into more intricate policy issues, I propose to offer some suggestions for improving the grass root operations of the economy.

If we look at the map of India we do not find the central government having any territory of its own (independent of the state governments) excepting a few small pockets of Union Territories. For

nearly all developmental activities the implementing authority is the local administration controlled largely by the state governments, local agencies and other bodies including State Electricity Boards and State Transport Corporations. Policy pronouncements made by the Centre cannot have the desired impact unless they are adopted and implemented by the state governments and other agencies which are yet to be sufficiently motivated.

Constraints

Scarcity of resources will be a major constraint in the course of the next ten years, solutions to which will depend largely on the extent to which central and state governments are able to reduce wasteful expenditure. There can be no justification for imposing new taxes and raising additional resources if the Revenue Account of the governments at the centre and the states continue to show negative balances. The following facts are illustrative: The total wage bill of the central and state governments put together constitutes as much as 40 percent of their aggregate receipts. This is too high by any norm and has to be significantly reduced. The Finance Minister is on record as having stated that effective steps have been taken to reduce expenses. In practice this does not appear to be the case. Information revealed in the '92-'93 budget papers indicate that between 1st March '92 and 15 March '93 the number of central government employees is expected to rise from 41.89 million to 42.34 million and their total remuneration will go up from Rs. 11,897 crores to Rs. 12,991 crores. Strangely these figures indicate that instead of cutting down, expenses will actually increase by as much as Rs. 1,094 crores.

It has been estimated that every year there is a natural reduction of about 3 percent in the number of central government employees by way of retirement, resignation, death etc. Even if 0.5 percent is kept in reserve to meet some emergent requirements for fresh recruitment it is possible to enforce a decision that vacancies will not be filled for the remaining 2.5 percent. This one single measure alone, within a period of three years, will bring an economy of Rs. 2,000 crores to the government and reduce staff by 7.5 percent.

Another fruitful area for reducing wasteful expenditure is the large num-

ber of public sector undertakings under the central and state governments. Those under the central government, (if the oil sector is excluded) have given a net profit of Rs. 69 crores in 1990-91 — less than 1 percent of the capital employed. State Electricity Boards (under state governments) with a low Power Load Factor (PLF) of 54.3 percent lost Rs. 4,858 crores in 1991-92. State Transport Corporations (also under state governments) lost Rs. 362 crores in 1991-92. The expenses of the central government's Food Corporation of India are more than the total cost of the grain handled by them. Unlike in the private sector where loss making units would either improve or close down, many public sector units have become perpetual losers eating into the economic veins of the country. These units must improve and those which cannot revive have to be either sold or closed. There is no reason why the PLF of state Electricity Boards, given proper management, should not on an average improve to 60 percent. Every 1 percent increase in PLF produces additional

energy worth Rs. 100 crores, reduces coal consumption by Rs. 30 crores and conserves additional investment by Rs. 500 crores. Similarly the expenses incurred by the Food Corporation of India can be reduced by 50 percent if all the operations handled by them are given out on contract.

The administered prices of various essential inputs are a major contributor to setting off inflationary trends. Prices cannot be fixed to cover losses resulting from inefficiency. They have to be determined by several economic factors based on optimum efficiency.

Curbs on Borrowings

The internal and external borrowings of the country have already far exceeded acceptable norms. The total internal debt alone in 1990-91 (including RBI debts) exceeded Rs. 2,60,000 crores. A significant portion of these borrowings do not bring any returns as they are used to finance revenue deficits. The burden of servicing these debts has become too heavy for the country to bear. A statutory discipline invoking arti-

Vietnam's Free Market Reforms

Nowhere in Asia was the collapse of communism potentially more devastating than for the Socialist Republic of Vietnam. Gone was the \$ 1.5 billion in annual military aid from the Soviet Union, which through the 1980s provided Hanoi with over 90 percent of its defense hardware. Gone were the days of \$ 1 billion in annual economic assistance from Moscow. Gone were hundreds of thousands of unskilled jobs for Vietnamese workers in Eastern Europe and the Soviet Union, a vital source of foreign currency for Hanoi's bare coffers. Gone were thousands of scholarships for Vietnamese students to Soviet universities and technical schools. And, most important, scrapped to the historical dustbin was Marxist-Leninism, in whose name Hanoi had demanded nearly half a century of sacrifice from the Vietnamese people.

Faced with these setbacks, Hanoi had little alternative but to change, and to do so quickly. In fact, even before glasnost and perestroika had become catchphrases in the Soviet Union, Hanoi had been flirting with the notion of reform. The Vietnamese Communist Party's Sixth Party Congress, held in December 1986, planted the seeds of privatization and

a more open foreign investment code. Only after Hanoi lost its aid pipeline to the Soviet Union with the end of the Cold War, however, did progress on economic reform take on its current sense of urgency and begin to gather steam.

Today, Vietnam's fledgling free market reforms have seen substantial success. Applying a "shock therapy" similar to that used to jump start the Polish economy, prices have been freed, subsidies for government employees nearly eliminated, and the number of state industries slashed. The private sector, as a result, accounted for 40 percent of the nation's economic output in 1991, which is comparable to the growth levels of Eastern Europe's leading reformers, Hungary and Poland; this year, the percentage of private sector output in these countries is estimated to reach 60 percent. Accordingly, foreign trade and investment dramatically have increased. Foreign banks, too, are looking to take advantage of Vietnam's new-found openness; this January, Hanoi for the first time granted six foreign banks approval to open branches in Vietnam.

Courtesy: Asian Studies Center, BACKGROUND No. 123

cle 292 of the Constitution, should be imposed, by which every time the government wants to borrow beyond specific limits it will have to obtain parliament's approval.

Rationalising Tax Structure

The paradox of our economy is that while the cost of our product is high the income of the people is low. If we have to grow in a big way this has to be reversed. Among the components of our high cost economy the three most important factors are: high cost of investment, high levels of inventory and high rates of interest. On account of the high rates of taxes and other charges the cost of investment for setting up a plant in India is twice that of what it would cost to set up an industrial plant in Thailand or Malaysia. With high rates of interest, servicing these investments becomes still higher. Inadequate transport facilities and shortage of essential inputs compels Indian industry to keep high levels of inventory. Under such conditions it will not be possible for Indian industry to compete with the rest of the world. The structure of taxation has to be rationalised. The level of taxation on capital goods needs to be brought down to zero. The cost of money has to come down. Transport and distribution networks have to improve.

Development of Infrastructure

Our balance of payments (BoP) position is not encouraging. In the last three months the BoP has improved, not because of an increase in export earnings but through a drastic reduction in imports, which in turn has affected our domestic output adversely. Product development and market research are the two necessary ingredients for increasing our exports. Other important preconditions for increasing exports are the improvement of infrastructure, particularly port facilities, surface transport and communications. The existing facilities are so inadequate and inefficient that unless the task of improvement is taken up immediately these facilities will be totally inadequate the moment our exports start rising fast.

Liberalising Gold & Silver Imports

On the administrative front more effective steps need to be taken to reduce smuggling operations and ensure better compliance with tax laws. Permitting the import of gold is a step in

the right direction but the imposition of a 15 percent import duty still leaves considerable incentive for smugglers to make a profit. It should be brought down to 10 percent or lower. The rate of import duty on gold in Pakistan is a low three percent.

In recent years compared to gold, silver has become more attractive for smugglers. According to one estimate as much as 1200 tonnes are smuggled into India. As in the case of gold, import of silver should also be legalised with the imposition of import duty.

Promoting Employment Opportunities

The problem of unemployment continues to haunt us. No economic development will be worth its while if a solution is not found to tackle this growing problem. The Eighth Plan document proposes to provide full employment in 10 years but it has failed to spell out any specific plan or manner in which it plans to achieve this laudable target. At the present pace the number of the unemployed will be more after ten years than they are today. Effective control of population growth is the first important necessity for which much more intensive and widespread education is essential. It also needs to be clearly understood that industry by itself (as in other countries of the world so in India) can never become a major provider of employment. Employment has to come from the services and ancillary sectors for which industry is only the nucleus creating opportunities all around. In the context of India, the construction of houses and building of roads are the two most important avenues to provide employment on a large scale. The central and state governments will have to provide much larger allocations in these areas.

Another paradox of our employment situation is that while on the one hand hundreds of thousands of educated young persons are unemployed, it is almost impossible on the other hand to get skilled plumbers, fitters, electricians and others. Our education system is obviously defective and is most unsuited for preparing the young men for employment. It needs total reform.

Role of the Business Community

The recent economic reforms and the many major economic initiatives taken by the government have placed a much greater responsibility on the busi-

ness community. After forty years of a state controlled economy the initiative has now been thrown for the business community to seize. The days of protection and shortages and of making easy money are gone. Indian business will now have to grow under the difficult conditions of competition where only the best can survive. They will have to pay much greater attention to research and development, to the widening of markets for Indian goods, the improvement of quality and to bringing down production costs. Industry and trade cannot grow in isolation but will have to operate jointly with agriculture and rural development. Rural prosperity alone can offer the size and the volume of market. The role of the state will be limited in the future. Industry and business have to grow fast. There is no time to lose.

This article is based on Mr. Patodia's summing up remarks at a seminar on 'Obstacles to Liberalisation and steps to over such obstacles' organised by the project for Economic Education.

MR. D.N. PATODIA is a leading businessman, a liberal and a former member of the Lok Sabha.

AN APPEAL

When putting together old issues of *Freedom First* we discovered to our dismay that the following 26 issues are missing.

Should you, as a long time reader have preserved any are all of these issues do lend them to us. We promise to return them after making copies for our records.

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"Awakening the Sleeping Giant"

Leading Indian economist Mr. D.R. Pendse was interviewed by Mr. John Zemko editor of the prestigious U.S. quarterly *Economic Reforms Today*. The six-page interview on India's new economic policy was published in the quarterly's Winter 1992 issue. *Freedom First* has pleasure in reproducing some extracts from the interview which would interest our readers.

Making the Reforms Permanent

ERT: *On the current political situation, what do you think should be done to make sure that this wave of reforms solidifies and becomes permanent?*

PENDSE: There are two issues involved here. One is that people feel their jobs will be threatened as a result of the reform process — and it is not the bureaucrats because they are assured their jobs. In India, if you join the government, except in the case of exceptional incompetency, you will always remain a permanent government employee. So nothing can happen to you. But this is not true of private industry. If public sector industries are privatized, the new private sector owners will find that there are many jobs they would like to eliminate. So there is a fear that there will be retrenchment, and that peoples' jobs will be threatened as a result of the process. So there is resistance in their minds about it.

For the bureaucrats, though, it is not a question of their jobs being taken away because they will be given a job in some other department if their own department is closed. But they do not understand the significance of this liberalization process. They do not understand why the process is necessary, why it is good for the country, how it will accelerate the growth process, how it will tackle the problems of inflation, unemployment, exports, government revenue and all that. They have not been told about it. They have been brought up year after year in a particular mold of policies.

Need for a Think-Tank

So a new mold has been made, and it is necessary to not only educate, but intelligently convince the public about the merits of this. I have been talking to CIPE (Center for International Private Enterprise) in the past year or so about a strong need in India to set up an independent, non-official public policy think

tank, which will educate public opinion around Lincoln's famous judgment — which I am extremely impressed by: A man who molds public sentiment goes deeper than the man who makes statues. Molding public opinion is important. Without public sentiment, nothing can succeed and with public sentiment nothing can fail.

At the moment, this public sentiment is not there. People do not know the advantages of this change and why it is necessary — good for the country in the long run. People are concerned because they fear that their jobs are threatened. So I really wish that for eventual long-term success, think tanks are set up to educate the public in simple language as it is done by so many institutions in Washington, D.C. Their role in economic policymaking is appreciated. In India there is no such thing. Most of the decisions are taken by the government, and the public is informed, "we are doing this." The public never understands why. But at least the public now asks the government, "why are we doing this?" It is not enough that a person like me or a few people like me keep on writing and speaking. Public opinion needs to be created and for that a think tank is absolutely a must for India.

ERT: *Would you characterize these latest reforms as crisis management? Or are these strong, thorough, irreversible reforms?*

PENDSE: They are both. I suspect that if we did not have the sort of crisis we have on hand, perhaps the urgency to introduce these sorts of radical reforms would not have been felt by many people. So crisis management is perhaps a motivating factor. There is a crisis and it has got to be managed. But secondly, there is also increasingly wider intellectual opinion coming around to the view that the course we have been following has not given the best results, and we have to change the direction of eco-

nomic policy. So there are both factors: managing the crisis and fostering economic growth, which we must do.

Reducing Public Expenditure

ERT: *When you talk about reducing public expenditure, how, in the next five year plan, will that be accomplished? Is that through privatization of part of the government's activities?*

PENDSE: Partly yes and partly no. In India, we do not look to privatization in the limited definition of government divesting its share in a particular public sector unit. In Britain, when Mrs. Thatcher started privatization she sold away the shares which were held by the government, the treasury got the money from the sales, and the budget problem became a little easier.

In India, that of course will be done, but more importantly, we have a practice of reserving some industries for the public sector. For example, steel, power generation and similar road construction are among these. These were activities in which the private sector was not allowed to go. That was the legal framework in India. That meant that if we wanted more roads, the government had to pay for the roads and construct them. If more steel is wanted, the government must set up steel plants because the private sector is not allowed to operate in the steel industry.

What Privatization Means in India

In India, privatization means the government will allow more and more areas in which the private sector will be allowed to start companies. That itself reduces the strain on the treasury. For example, with power generation, we had what we called electricity boards formed by the government. They alone could start power generation plants. But if the government said: "We are not going to put any more money into the electricity boards to start power generation, let the private sector companies come and start power generation and

sell electricity at whatever rate they would like," the strain on the treasury is reduced and that also is privatization.

Now that sense of privatization was not valid for Mrs. Thatcher because there were no activities which were reserved for the public sector in Britain. But in India, there are very large number of activities that have been reserved in this way. Now under the new industrial policy only seven activities are reserved. All the rest of them can be undertaken by the private sector. In that sense, privatization will be carried out.

But there is also a sense in which privatization will not be carried out immediately — by the government selling away the majority of its shares so that somebody else takes the control and management of the company. That has not been announced.

There is a lot of discussion going on, but the government has announced that 20 percent of the equity in selected public sector enterprises will be sold by the government to financial institutions, meaning banks, to workers and to the public. That is going to provide the government with 25 billion rupees in the latest budget. The government calls it disinvestment but you could call it privatization.

Promoting the Private Sector

ERT: *Do you think that the government's reform plan goes far enough in terms of privatization? In your opinion, what else might the government need to do to promote private industry?*

PENDSE: Well, promoting private industry and privatization are not necessarily identical. Privatization, in my opinion, is to be considered as a medicine. I do not consider privatization as an objective in itself. Each country should examine its economy to see whether it is suffering from certain ills — economic ills — which can be cured by the privatization medicine.

In my opinion, India needs a large dose of privatization to take care of some of the economic activity where the private sector has shown its capacity to go in and do well. Even when the private sector is not doing too well, the government should still keep itself out. That was the message given by Lord Keynes. In the year 1926, he gave a speech called *End of Laissez-Faire* where he discussed the role of the gov-

ernment. This is what he emphasized in that speech. Many others have emphasized that also. And now the government of India's thinking seems to be more on these lines.

So the first thing to do is to keep the government from entering into those areas that the private sector is already functioning in and can hope to do well. Secondly, the government has about 278 industrial units which are called commercial enterprises of the government of India. Out of them many are perennial loss makers. My prescription would be to make a selection of these enterprises — not all of them — and according to some set of priorities get rid of them lock, stock and barrel. Give them away to the best bidder. They may restructure these enterprises. They may produce something else. They may close them down and start something else. Let them do whatever they want. Thirdly, there are a lot of government-owned industries which are profitable. With these enterprises, public opinion makes it difficult to sell them away. So I think it would be a good beginning for the government to sell up to 49 percent of its shares of several profit-making public sector enterprises at a good price that the market can bear. That way the government gets the revenue which can be used to alleviate the budget crisis to some extent, and also keeps the management and control of the enterprise because it makes a profit.

ERT: *Do you think that if the government does privatize some industry, it will send a strong signal to the business community that overall the Indian government supports freer markets and private enterprise?*

PENDSE: Yes, but even now the signals have been given. Even without this plan for privatization and no significant steps for privatization in the sense that I mentioned, the signals are very strong to the Indian businessman and to the foreign businessman that India is opting for a more market-oriented economy, and a larger scope for the private sector — considerably greater than any time in the past since independence. That is a clear message which I get from the signals been given so far.

But actually the question is how far. I hope that the private sector will be able to live up to the challenge, and I mention that because there are one or two

areas where the government has opened — at least officially opened — some areas to the private sector, but the response from the private sector has not been very good. Power generation and construction of roads are two cases. From the public's point of view, the private sector keeps on asking for more and more, but when it is given to them they cannot make use of it.

ERT: *What, in your opinion, is the reason the private sector fails?*

PENDSE: From the private sector's point of view, there are difficulties. Now take the case of power generation. Electricity has been thrown open to the private sector. But transmission has not. You can generate electricity at one point, but it has to be consumed at some other point. The transmission sector is still retained by the government and you have to use their transmission lines. The government insists that you sell the electricity to the final consumer at the same price at which these electricity boards are selling it because they use the same transmission network.

Now the private sector feels that if it must sell at the same price, it will not make a profit. Therefore, if the private sector has to pay high charges for using the transmission network, it should be allowed to sell electricity at a reasonable price that consumers will pay. So that is one of the subjects of discussion. Another subject of discussion is that financing is all concentrated in the public sector in India. If industries want long-term money — 10 years, 15 years — they have to go to one of the public sector institutions. So the financial sector is basically nationalized. The government has been angry that these lending institutions do not have enough money to lend for power generation plants in the private sector because they have so many other demands. So usually they find their own funds. Now finding all the funds for a capital intensive project like power generation is not so easy.

So there are reasons why things are held up, but the public does not understand all these things. They have no time to go into all the details, but what they know is that the government has thrown open some areas and the private sector is not responding. I feel a little concerned about it because it affects the base of the private sector in India for

no fault of its own.

Organisational Change Needed

ERT: *Do you feel there needs to be some organizational change in the way trade policy is administered?*

PENDSE: We need organizational reform, as you said. But the reform we need is to do away with some of the organizations. We have far too many organizations regulating far too many things. Recently, to import anything, I had to get a permit to get foreign exchange released. So I would go to the government department to get a permit to go to the bank. I would then have to explain to the bank what I am going to spend, how I will spend it, and finally they would give me some foreign exchange. Similarly, you now have to go to the Office of the Controller of Imports and Exports.

The office with the exim scrips is no longer needed for all practical purposes because all that you have to do is buy an exim scrip and go to the bank and get the dollars. Exim scrips are available in the market. It may cost 1,000 rupees for an exim scrip, or 1,500 rupees, depending on the market, just as shares or stock prices go up and down. But the whole Office of Imports and Exports is unnecessary now.

The task for India is to disband many of the huge regulatory control structures such as this that we built over the

years. And that task is not going to be easy.

The Future Outlook

ERT: *What is your outlook for the Indian economy in the short, medium and long term in the light of all of these changes?*

PENDSE: In the long term, of course, as Keynes said, everyone is dead, and I certainly will be because I am already old enough. But in the medium term, if the process now being initiated continues — and I think there is a good chance of it continuing — the next year will be very trying. But Indians have gone through trying circumstances in the past, and it is our nature that in trying circumstances we come out best.

But at any rate, the next year or so is going to be difficult. I think that 15 years from now, by the year 2005, or 2010, India will be seen as a major economic factor on the world economic scene, particularly in Asia, if not other parts of the world. I am quite clear on that.

There are two reasons why I have great confidence in Indian entrepreneurship. Every person who has left India has done well in other countries — in totally foreign circumstances. But people who want to live in India and invest here have not been able to because of controls and unfavorable policies.

India has tremendous potential. The missing link is policies. The policies

have been such that we could not get the best out of the potential. Entrepreneurship is there, and the natural resources — the technical manpower, water, and the like, are almost unequalled, comparatively speaking. I mention these as secondary factors and not primary factors because there is now a lot of economic literature coming out which shows, or implies, that the abundance of natural resources is not such a critical factor for the prosperity of a country. There are many countries that are very prosperous and have practically no natural resources. So obviously that has not come in the way of prosperous countries. Therefore, I think it is a secondary factor. But surely nobody has said that natural resources hinder progress. Entrepreneurship is number one, good policies and natural resources number two. I personally feel very hopeful about it.

But the government must try to define its role in favor of lean, efficient, strong and small government. I want a strong government. I want a lean government. I want an efficient government. But so far our present government has been the opposite. It was a fat government. It was a weak government. It was an inefficient government. So I think once that is overcome, things will improve significantly. It is our hope that the international community will take part in the growth process that is about to begin.

Courtesy: *ECONOMIC REFORM TODAY*.

Is India "Ungovernable"?

One of the things that foreigners love saying about India is that it is "ungovernable". Too many problems, too many people, too many castes, too many religions. They tend, therefore, to be slightly sympathetic to the government of the day on the grounds that it has little choice but to struggle along in the face of so many complicated problems. The truth is that India is very governable but not from Delhi. Just as Europe would be ungovernable if every decision had to be made in London.

In India, no matter what anyone says about state lists and central lists, we have had a totally centralised system of government ever since 1947.

When the dynasty flowered after his death we attributed it to the Gandhi family's ability to get more votes nationwide than anyone else. Whatever the reasons, India has learned over the years to be governed from Delhi. Opposition governments who have attempted to go against the grain have ended up paying a heavy price. Let us never forget that Farooq Abdullah's days were numbered from the day that he joined hands with the opposition parties to take on Delhi (Mrs. Gandhi). When he suffered two years in the political wilderness, he was told,

that an alliance with the Congress would benefit him.

That is how it works, that is how it has always worked and Mr. Rao has done nothing to alter things. Opposition-ruled states are treated as step-children and Congress-ruled states as flunkies. When harijans are massacred in Rajasthan, Congress leaders descend like vultures to make political capital in a way they would never do if the massacre had taken place in Tsundur instead of Kumher.

These are only the superficial, political symptoms of a serious economic illness which only decentralization can cure. We can liberalize the economy till the cows come home, it will make no difference unless our states are allowed to rule themselves. When Uttar Pradesh realizes that it will have to control its population or learn to pay for it things will change. When Punjab and Kashmir can no longer blame Delhi for their corrupt politicians and their lack of development some of our political problems could begin to disappear. And, when our states learn to compete with each other we might see real progress. Otherwise, liberalization will remain just another good idea.

Tavleen Singh

An excerpt from her column 'Capital Notes' in the *Indian Express*, June 28

Pakistan's Disgusting Behaviour

As is well known, I was a colleague of Jayaprakash Narayan in the Indo-Pakistan conciliatory organisation. I have also been averse to the Indian habit of making Pakistan a whipping boy for all kinds of offences.

In spite of this, however, I am so outraged by the primitive and brutal torture by the Pakistan police of the Indian diplomat, Mr. Rajesh Mittal, a Counsellor of the Indian High Commission in Islamabad, that I would have thought it was enough to break off or at least suspend diplomatic relations with Pakistan. The unconvincing action actually taken will not convince the Pakistan government that we have taken the matter seriously.

Ill-treatment of a diplomat who is entrusted to your kind care, is so disgusting that I think it is time to teach Pakistan that this is outside the discourse of civilised nations. We talk a lot about Pakistan but when an opportunity comes to show our teeth, we seem to be strangely hesitant.

Incidentally Amnesty International has called upon the Pakistan government to have a proper inquiry into the brutal torture inflicted upon the Indian diplomat and to punish the culprits. Good.

I hope some people in Delhi will think again about Amnesty International which they have treated so far, in a churlish manner. What is sauce for the Pakistan goose is sauce for the Indian gander.

Let us learn to appreciate honest critics abroad like these.

Some Basic Constitutional Issues

An unfortunate remark made by the Prime Minister at Tirupati was that political parties which are not secular, have no right to contest elections in a secular society.

This is not correct.

Amending the Indian Constitution is a right – it cannot thus be bartered away. Even the frontiers of India can

be changed by a constitutional amendment and to argue that Kashmir should not belong to India would be a perfectly legitimate and constitutional stand for a political party.

Otherwise, how did Sikkim, which was annexed by a policy of force and fraud, which Mr. Sunanda Datta-Ray has so well described in his book, *Smash And Grab*, take place?

In other words, whatever the Constitution may say, the right of people to change the Constitution and the frontiers of India must be maintained. The same mistake has been made by the Election Commission. It requires political parties today to certify that they believe in supporting socialism and secularism because one of the amendments made to the Constitution by Prime Minister Indira Gandhi, says so.

Absolute nonsense.

It is a pity that somebody has not gone to the Supreme Court and got this struck down. As I am sure it would be as it is patently illegal. As it happens, however, even the BJP which is neither secular nor socialist, has chosen to conform to this unreasonable demand. It is good, therefore, that it has been more recently announced that the prime minister has no intention of trying to ban the BJP even if the Courts allowed him to, which they should not.

The Supreme Judiciary is Supreme

I am glad that Mr. A.G. Noorani has, in his article in *The Statesman* of May 20, sounded a warning against mischievous moves being made through an amendment of the Constitution to truncate the rights of the supreme judiciary in favour of the Speaker of parliament and state assemblies.

He has quite rightly pointed out that the Indian Speaker, unlike his British counterpart, is not independent of the parties in parliament but is a nominee of the majority party.

With a wealth of reference to the Constitution, which is normal with

him, Mr. Noorani has amply demonstrated that in that event, to maintain the Constitution on this point, is a fundamental aspect of our Constitution.

He points out that the Supreme Court has emphatically held judicial review to be an inseparable part of the unamendable "basic structure" of the Constitution. Mr. Noorani quite rightly observes: "Implicit in the cry is the false assumption that the judiciary is trespassing whereas the trespasses have been invariably on the part of the legislatures and the governments – central and state. If anything, the Courts have erred on the side of restraint".

Pay More to Talk More

I am glad the Union Government has announced that local calls will be monitored on the telephone and a further charge made for every call that exceeds five minutes at a time.

The corresponding time in England is three minutes but I suppose this is a fair compromise to allow for the talkative Indian.

Two diametrically opposite views have been expressed on this subject. One is by the Consumer Guidance Society which consists of wives of officers in government and public sector undertakings and business executives, who obviously do not understand that using a telephone line is not like using a free good like air. One person using a telephone line prevents another person from using it, so if you must indulge in long conversations, you pay for it. The other view has been expressed by Mr. M.R. Pai, a very good consumer man, who supports a rationing of time on the telephone. On this as on many other occasions, I find Mr. Pai's views acceptable.

Why the Truckers Struck Work

Some time in 1960 when Mr. S.K. Patil was Transport Minister in Pandit Jawaharlal Nehru's Cabinet and I was a Member of Parliament, he appointed me Chairman of the Road Transport Reorganisation Committee (which came to be known as the

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Masani Committee).

We had a very good Committee representing various interests and spent a year touring India preparing our report which was applauded and accepted by Mr. Patil on the floor of Parliament.

One of the recommendations made in our report was the abolition of octroi which was highly wasteful of petrol because vehicles were kept idling at octroi check-posts and also the massive corruption of employees in the octroi departments at the states' level.

The point of this story is that even thirty years later the octroi duty has not been abolished. The Prime Minister seems to be aware of the absurdity of the situation because he has abolished the octroi duty in so far as the union territories are concerned.

This is one of the main items to which attention is requested by the truckers and their organisation.

The sad thing is that they have not adequately publicised their legitimate demand and people who were subjected to hardship do not know why the truckers went on strike.

Mr. Rajesh Pilot deserves congratulations for persuading the truckers to call off the strike. It is high time the state and municipal authorities are deprived of their power to levy this iniquitous impost. I was therefore delighted to read an editorial telling the truth in blunt terms as follows:

"The Centre has made peace with the truckers, but the state governments appear to have indulged merely in an exercise to postpone disaster. Chief Ministers attending the meeting in Delhi with the Union Home Minister are reported to have said that the conference was hurriedly called and hence they were not able to take a decision. This is nothing but a lame excuse. "The state governments would do well to note that the AIMTC has only 'suspended' its agitation for three months. They have to take a firm decision to abolish the octroi within this period. If they do not do so, they will expose the people to ordeal once again.

"As has been pointed by the Union Home Minister, states which have abolished the octroi have not incurred any loss of revenue. They have replaced the octroi with another tax and thus have been able to avoid any resource crunch.

"There can be no two opinions that the octroi is a pernicious and most undesirable levy which affects trade badly and increases the cost of consumer articles.

"The only persons who have benefited from the octroi are those who have powers to hold up trucks at check-posts. It has been proved beyond a shadow of doubt that these men extract bribes from the truckers and siphon off huge chunks of revenue accruing from the octroi levy.

"It cannot be said that the truckers have not been patient. They have waited for a long while and given the state governments a chance to redress their grievances."

An Opportunity lost in Britain

I am disappointed with the result of the British parliamentary elections. Not that I am against the continuance of Conservative rule – my disappointment is in regard to a more fundamental aspect and that is the way in which the majority of seats as in this case, does not reflect the will of the people and, therefore, is a violation of the democratic principle of one man, one vote and involves a waste of millions of votes cast. The percentage of votes cast for various parties in this election is as follows:

Conservative : 42%
Labour : 35%
Liberal Democrats : 18%
Others : 5%

From this it is clear that logically, there should have been a hung Parliament resulting in a coalition of any two parties against the third.

The Liberal Democrats had quite rightly insisted that they would join a coalition with whichever party agreed to bring in a measure of proportional representation in place of the present archaic British electoral system which we have adopted and from

which we have suffered ever since Independence.

This was a good opportunity to get rid of this out-dated feature. Unfortunately, this opportunity has been missed and the chance to amend the electoral system has been lost.

As one who had worked, unsuccessfully, in the relevant committee of the Constituent Assembly of India, for some form of proportional representation, this is a set-back.

Most parliaments in progressive countries with twentieth century Constitutions like those of Scandinavia, Germany, Italy and Israel, have done quite well with stable coalition governments. It is not true that coalition governments mean instability as the example of these countries testifies. This is a prejudice we share with the Anglo-Saxon and if the British had shed this anachronism, we in turn, might have moved forward to a more rational electoral system.

Heading for Disaster

The latest census returns show that India's population keeps soaring. It has now touched 844 million and it has gone up by 23% in the last 10 years.

Some Newspapers have sought to find consolation in the fact that the rate of growth of the population during the last 10 years is a little less than the previous 10 years.

What is necessary is that India's population should stop growing altogether. The present position shows clearly the utter failure of our Government's half-hearted attempt to control population. One does not have to resort to physical force to do this. But why are financial incentives and disincentives not being put into action? Why should not a man pay higher Income Tax for every child he has after the first two? Why should the increments and promotion of government officials not be suspended where an official has a third child? These are perfectly democratic measures and their absence suggests that the Government of India for the last 50 years has been playing the fool with this subject and has no real conviction about it.

We must get votes, it is true,
but it is disastrous to get them
exploiting ignorance. The
stakes are too serious for any
lover of the Motherland to
take that course.

Rajaji



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The Mother of All Indian Scams?

A.G. Nadkarni

The problem is not a 'Mehta' or a 'Dalal'. It is clearly a systemic failure. Basic inefficiency and corruption have been the twin accomplishments of the nationalisation of banks. The only medicine for this is denationalisation of the banking industry and free and fair competition.

Not since the Mundhra Scandal in the 'fifties involving the misuse of Life Insurance Corporation assets in a stock market manipulation has there been a financial fraud on the scale of what has come to be known as the Harshad Mehta security scam. The accused in the current scam involve Mr. Harshad Mehta, his partners and firms with which he is connected. The involvement of senior officials of several banks has indeed virtually driven the banking sector to the precipice of disaster and the stock market into a tailspin.

Public Image:

Mr. Harshad Mehta the controversial 39-year old chief of the Growmore Research and Asset Management Ltd. is now portrayed as the villain of the piece who has made a mockery of the country's leading financial institutions. A few months ago his public image was that of a money messiah who stalked the stock-market with literally hundreds of crores of rupees buying stocks at ridiculously high prices. His personal wealth according to Income tax authorities was believed to be in the region of Rs 4000 crores (Rs 40 billion) and he liked flaunting it. Thus the media was soon reporting on his high living with his Toyota Lexus, his own golf course and even his private zoo among others.

The Moot Question:

The moot question is where did this wealth come from? Revelations so far have provided only partial answers. Mr. Harshad Mehta, it is alleged was skimming the cream from the government bond markets to invest in stocks. Government bonds (or securities) are similar to corporate debentures except that they have longer maturity periods (15 to 30 years) and carry lower interest rates (currently 12.5% for a 15 year bond) than do corporate debentures.

Banks are required by government rules to invest over a third of their deposits in government bonds to maintain their Statutory Liquidity Ratio (SLR). Banks thus trade heavily in them. The daily transactions exceed Rs 1000 crores. Though banks can buy or sell securities directly with one another many opt to deal through brokers to maintain secrecy. In other words the deals are put through without the identity of the banks being disclosed. These security transactions are therefore based on a good deal on mutual trust. What Mr. Harshad Mehta and others are now accused of is that they exploited the inadequacies of the Reserve Bank of India's policing system and operated the transactions to make the banks' money 'growmore' for Mr Mehta & friends.

When banks trade securities among themselves, the bonds or securities do not *physically* change hands. What does change hands are Banker's receipts (BRs) which are accepted as adequate proof for buyers to prove that they have the securities in their possession when in reality they are still with the sellers! For example in the State Bank of India (SBI) case Harshad Mehta is believed to have swapped high-interest securities from the bank for lower rated ones but with an agreement to reverse the swap after a specified period. The bank gained as the return swap was offered at a better price and Harshad Mehta also made a speculative profit for himself. When new government bonds with higher interest rates are issued the prices of older bonds with lower interest rates tumble. When this happens the Harshad Mehtas of this world buy up the older bonds. This in turn raises the prices of the bonds. So people who gamble on interest rate hikes make money. This is how at it is likely to have

worked.

Modus Operandi

The *modus operandi* of the scam was apparently as follows:



COURTESY: India Today

One: Mr. Mehta offers to swap low yielding government bonds for high yielding ones with say the State Bank of India (SBI). Simultaneously, he agrees to sell back the high-yielding ones to the SBI at a lower price at a later date.

Two: Then Mehta shortsells the high-yield ones in the market knowing that when the government issues new bonds at high rates the older bonds which Mehta had sold can be bought back at even lower prices.

Three: When the government raises interest rates on its new series of bonds, Mr. Mehta squares up on his short-selling deal by buying from the market at even lower rates. So he takes his cut and the SBI bonds can now be returned.

Four: Upto this point the trading operations are above board. But Mr.

Mehta apparently did not return the high yield bonds taken from the SBI and this was not discovered because the bonds were not *physically* traded.

Five: Mr. Mehta uses the borrowed securities as collateral to borrow money from banks to plough into his stock market operations. He has in his possession BRs saying he has SBI bonds with him hence bankers agree to lend to him.

Six: The game did not work because at some point in time the RBI informs banks the value of securities held by them. This is done through the Securities General Ledger (SGL) and this led to the discovery of the discrepancy in the SBI account to the tune of over Rs 600 crores.

Glaring Deficiencies

At the time of writing the total amount involved in the scam has been placed at Rs. 3542.78 crores. The 2nd interim report of the Janakiraman Committee of the Reserve Bank of India reveals glaring deficiencies in the internal control mechanism of the banking system. The committee's conclusions, *inter alia*, are as follows:

(a) The National Housing Bank, the State Bank of Saurashtra, SBI-Capital Markets and the Standard Chartered Bank made payments but did not have with them the Securities General Ledger (SGL) notes or Bank Receipts (BRs) valued at a total of Rs 1795.66 crores.

(b) The Standard Chartered Bank, Canbank Financial Services and Canbank Mutual hold BRs or SGL notes issued by the Bank of Karad and by the Metropolitan Bank. But these two banks issued BRs without the backing of securities to the extent of Rs. 1282.97 crores.

The second report of the Janakiraman Committee is far more damaging to the image of the banking industry than the first one. The transactions are so convoluted that even bankers have found it difficult to trace the course of the transactions. The report makes it clear that bankers were running amuck in the money market and the law of the jungle prevailed.

The scam brought the money market to a grinding halt; many firms virtually closed shop for a long duration. A number of senior bank executives were asked to go on leave.

Legal Action

A special judicial court presided over

by Justice S.N. Variava has been constituted to expedite the processing of the cases and initiate legal action. The Central Bureau of Investigation (CBI) has filed First Information Reports (FIRs) against several persons and firms involved in the scam.

Inter alia, the charges under which the prosecution will be carried out cover criminal breach of trust by a public servant; cheating and dishonesty; forgery with intent to cheat; the misuse of genuine or forged documents.

Who blew the whistle and exposed the scam? The Reserve Bank of India has been obliquely claiming credit for unearthing the scam at the State Bank of India. According to another report it is stated that it was the Unit Trust of India (UTI) which warned the RBI regarding irregularities in securities trading at the SBI. The RBI's circular of July 28, 1991 to some banks reveals that the RBI was aware as early as July '91 of certain banks being "engaged in the types of transactions in securities which they should not be undertaking". Although the matter was serious enough, RBI apparently did not consider it necessary at that stage to take any drastic steps which would have stopped to a great extent the securities scam.

It is perhaps not widely recognised that Mr. Harshad Mehta is not the only main actor. There are others too who are accused of taking banks for a ride.

According to the Janakiraman report the sphere of influence of the two sets of operators are clear. Harshad Mehta was the most active broker for the group of banks that included the State Bank of India, the SBI-capital markets Ltd., the State Bank of Saurashtra and the National Housing Bank (a fully-owned subsidiary of the RBI). His dealings with the SBI between July 1991 and April 1992 were a whopping Rs 17,000 crores.

Negative Impact

As the government moved swiftly to crack down on the financial scandal it was clear that there would be a significant negative impact on the stock market.

The Union Commerce Minister Mr. P. Chidambaram resigned owning responsibility for having invested in shares of Fairgrowth Financial Services, currently under investigation for its alleged involvement in the scam.

RBI Directive

The RBI has issued directives to banks to prevent such scams in the future. The directive asks banks to tone up their internal systems by segregating the deal-making, settling and accounting functions of their treasury departments. An explicit ban has been placed on the issue of BRs against other banks' BRs and the settling of transactions by a "mere exchange" of BRs.

While these directives are aimed at preventing and penalising the type of transactions that were used in the securities scam, their real efficacy in the long run will depend on how quickly reforms of financial institutions are introduced. A number of structural and monetary irrationalities are implicit in the present functioning of these institutions. For example in nationalised banks loan *melas* are organised and amounts owed by farmers written off without any questions being raised about depositors' interests. Services to the clients are disgustingly poor and inefficient. The entire banking system needs to be computerised. Though long overdue the employees unions have resisted all such efforts for fear of losing their sinecures.

The problem is not a 'Mehta' or a 'Dalal'. It is clearly a systemic failure. Basic inefficiency and corruption have been the twin accomplishments of the nationalisation of banks. The only medicine for this is denationalisation of the banking industry and free and fair competition among them.

This also underlines the need for quickening the various economic and financial reforms so that there is greater transparency and competition in order to avoid such failures and achieve financial probity. Meanwhile does not the magnitude of the sums involved justify the title of this article? Indeed is this not the 'Mother' of all Scams. Indeed - or in a lighter vein, does it not justify an entry into the Guinness Book of World Records?

MR. A.G. NADKARNI is a professional economist

Politics isn't too bad a profession. If you succeed, there are many rewards. If you disgrace yourself, you can always write a book.

- Los Angeles Times Syndicate

Cutting Politicians Down to Size

M.S. Srinivasan

The powerful structures established by politicians cannot be dismantled by an enfeebled and exploited people. The 'vote' as a mechanism suffers from many limitations, as it is subordinated to the formula: "every man has his price" — and all men do sell themselves in the political market.

Our politicians are over-worked. They have to supervise and control the unwieldy government machinery, and work the ministries, which means, they have to take a large number of decisions, to grow food, to buy medicines, to educate the people, to build schools, colleges and hospitals, to lay the roads, to buy the aircrafts, to build the railways, to find the money or to print the money, to borrow from within and to beg and borrow from abroad, to deal with law and order, to call the military to shoot our own people, to interact with neighbours, to sermonize to the world, to attend ceremonies, receive garlands and preach to our people, and so on. And the pity is that they are not equipped to handle the job. The matter is not as simple as in the good old days, when people did the job and simply paid the money to the king, who had some commonsense and maintained decorum. Our politicians have to depend on bureaucrats, the political parties, the brokers, the dealers, the tantriks, the magicians, the god-men, and, in fact, on anybody who will give them agreeable or acceptable advice.

No wonder many of the decisions proved to be wrong (as predicted or in retrospect) — the Kashmir debacle, the Punjab problem, the Sri Lanka muddle, defence equipment deals, buying aircraft, choosing the telephone system, banishing the computer giants, and so on. Many of the decisions have generated problems, scandals, muddles, accidents, failures, and losses. And the politicians seize opportunities to engage in verbal duels and fist fighting (as most of them have not been supplied the kirpan and the British had disarmed Indian society). Nothing comes out of all these fights, excepting the *tamasha* as in a wrestling club. All the enquiry commissions, investigations

etc. come under the control of the politicians — sheer wasteful mechanisms producing zero results. All the exercises are self-defeating, as the clan of politicians does not allow for such divisions as honest and dishonest, efficient and inefficient, devoted and deceitful; they all belong to one casteless, classless society with specific goals viz. for more power and more wealth, and yet more power and yet more wealth. Nothing else matters to them.

Ill-equipped Politicians

Our people are a very patient lot; in competition, they would defeat the asses in patience, may be in other qualities as well. Yet there is a limit to the slashes they can receive, the burdens they can bear, and the rot they can tolerate. They have to wake up, and agitate and bray for a change, if at all the nation is to be saved from the rapid decline it is suffering in all arenas. The symptoms are clear: there is failing law and order, the judiciary is in paralysis, a non-functioning executive, demoralised educated sections, and the collapse of all institutions. Only the edifices that support, protect and permit the growth of politicalisation of society seem to survive. There is an imperative need for radical change. There is the need to protect the people from the ravages of politics.

When an individual suffers from illness, for every disease he goes to an appropriate expert — one for the heart, another for the eyes, a third for the ears, a fourth for the limbs and so on. For all its sickness, the nation has been entrusted to the politicians, who cannot claim any expertise in treating the sick nation. Indeed, when it comes to their own illness, the political leaders (not satisfied with the doctors and specialists

created by their system) rush overseas to consult and be treated by renowned specialists of the world. But when it comes to the maladies afflicting the nation our breed of politicians — often barely literate, and quite ill-equipped for the complicated tasks they have been elected to perform — assume decision-making powers, and do not have the compunctions of conscience to admit that they do not have the endowments for such decision-making; it seems that "conscience" died with Mahatma Gandhi. Politicians cannot voluntarily change, and therefore, the people will have to call for a change of the system.

Limiting Politicians Role

One should not venture into the arena of parliamentary *versus* the presidential system debate, as the alternatives simply mean group dominance *versus* individual dominance; it does not solve the problem. The role of the politicians should be changed — compressed and cut to size proportionate to their political duties — and be confined to the political aspects of national life. Economic, social, educational and technical aspects and the problems requiring attention have to be dealt with by appropriate specialists. For example, a National Economic Commission should be established to deal with all economic problems — economic growth, mobilisation of resources, borrowing from within the country and borrowing from abroad, controlling inflation, foreign exchange earning and utilisation, imports and exports, development projects, economic uplift of the nation and so on. The Commission should be an independent and continuing authority for formulating and implementing economic policies. Such a Commission should be manned mostly by professionals. If for example, the

Politicians Won't Solve Our Problems for Us

David McCullough

We Indians delight in imported ideas, imported things — particularly from America. Here is an extract from what has been published in many journals in the context of the 500th anniversary of the USA. "Rediscover America — 1492-1992. How to Make the Nation Better" by David McCullough and others. I was delighted to read the article. It is clearly expounded how America was built through hard work and not through charity or deceit. People should stop depending on the politicians and work for a change. If this is the thought in America, where politicians are educated and work for the progress of the nation (and not for themselves as in India), should we not throw out our failing system lock stock and barrel? — M.S. Srinivasan.

If we want to make it a better country, if we were serious, we could do well with a few lessons from the past. The first is that nothing of lasting value or importance in our life, none of our proudest attainments, have come without effort. America is an effort. We are a nation born of risk and adversity — of fearful seas to cross just to get here in the first place, of land to clear, floods, disease, of slave chains and city slums and terrible winters on the high plains.

Everything we have took work — our institutions, our wealth, our freedoms. "Look at all the farms", a child says to her grandmother in the seat behind me on a summer flight to Minneapolis. "Yes" she replies "And what work it took!"

Work got us where we are. Easy does it has never done for us, and never will. We are the beneficiaries of men and women who toiled ten, twelve hours a day on farms, on railroads, in mines, mills, at kitchen sinks and drafting tables. We like to work, we judge one another by how well we work, because at heart we are an extremely industrious, creative people. And it is from our accomplishments, from our best work that we've found our greatest satisfaction and sense of satisfaction as a people — not from ease or comfort or from owning things, though we do go through spells when we forget that. The rolling up of sleeves to tackle the new and difficult in America is not just poster art; it's been our story in fact.

So we should take heart — "Spit on our hands and take a fresh holt," as our plain-spoken forbears might have said. Nor should we expect our politicians to

solve our problems for us. Which is another lesson from the past.

History shows that Congress acts when the country wants action. Leadership takes charge in Washington when it is clear the country will accept nothing less. The sweeping reforms enacted at the start of the century — limits on child labor, women's suffrage, protection of natural resources — all came about because the country demanded such a change. And the same was true during the next great upswelling of progressive action in the Congress, in the 1930s, when social security, rural electrification, and minimum wage were established.

If the politicians of our time fail to meet the challenges of our time, we have only ourselves to blame. If we don't vote, if we are unwilling to pay taxes, or even to take part in the census, then what good are we as citizens? What will history say of us?

As the greatest of our politicians said in his famous first inaugural address in the dark hour before the storm of the Civil War: "This country, with its institutions, belongs to the people who inhabit it."

Another lesson from the past, most surely, is that we are better at some things than others and we're better off doing things that we do best. What we've excelled at for a very long time is making things, building, solving problems. And educating our children.

Our creative vitality has been an example for the world. We make movies, music, medicines, trucks, toys, airplanes, paint, plate glass and computers as does

no one; we publish books, design and manufacture clothes as does no one. Our creative energy and output, it should also be noted, has seldom had much to do with our politics, the so-called "climate" in Washington. It was in the 1920s, for example, the time of the Teapot Dome scandal, the era when one President of the United States, Calvin Coolidge, spent a good part of every afternoon asleep, that Gershwin composed an American in Paris, when Faulkner, Hemingsway and Fitzgerald burst upon the scene, when Lindberg built his plane and flew the Atlantic, and Michelson measured the speed of light.

We are the people who built the Panama Canal and the Golden Gate Bridge, the Mount Wilson Observatory, the Library of Congress, Lincoln Center. We invented the jazz and the general hospital. We grew strong making the steel and automobiles. Our productive power turned the tide of world history in this century, in the Second World War. We are the people who devised Voyager 2, the unmanned spacecraft that succeeded in photographing the planet Uranus, in the dark, while travelling at a speed of up to 65,000 miles an hour.

Our public schools and great universities have long been considered the best in the world. And if our past can teach us anything it is that education — education second to none and open to all — has been our salvation, our making. That too has been part of the work of America, the good work of America.

We are what we do. The rest will be in what we value, what we want.

Commission should have forty members, at least thirty should be eminent professionals — economists, engineers, technologists, and so on. The remaining ten may be filled by nominations from Parliament, from among qualified representatives; who do not have any business or vested interests. These representatives may voice the opinion of the people; indeed it would be prefer-

able for the people to voice their opinions directly to the Commission, as this would help them regain their choked and silenced voices. It is necessary to prohibit politicians from assuming any office, including that of Chairman of the Commission. All decisions should be taken by the professional body, strictly according to the rationale of the issues and no decisions be permitted to be

taken by politicians, nor should they have any role or say in the implementation of the commission's decisions. Their role should be abridged to the expression of the views of the people, if they really know them. There should be similar Commissions eg. National Social Commission, National Education Commission, National Technology Commission, National Judicial Com-

mission, and so on, as needed.

Courage Comes from Knowledge

The powerful structures established by politicians cannot be dismantled by an enfeebled and exploited people. The "vote" as a mechanism suffers from many limitations, as it is subordinated to the formula: "every man has his price" — and all men do sell themselves in the political market. The people have been so enfeebled that they have been reduced to slavery and beggary. There are two means to pull down the mammoth edifices and to rebuild an egalitarian society: A benevolent leader (a Gorbachev), a dictator or a military man who rises, takes power for a short-term and pulls down these structures that serve as anti-people, antagonistic barriers dividing and enslaving the people and reducing them to penury, rebuilds society and quits the scene. This is wishful thinking where India is concerned. Such a thing cannot happen, as we are a pacific, rather docile self-defeating and self-decimating society. The alternative is for people to gain courage, regain their voice, and demand radical change. For courage,

there is the need for knowledge and the conviction that knowledge is power. To infuse knowledge to people, public education is the answer. The task is a huge one, the toil heavy, and a long-drawn route, but it will ultimately yield results. No doubt there are risks of retrograde tendencies and countermanding misguidance; these challenges have to be met as they are complications in the educational and treatment processes; and the malady has to be cured with determination.

Knowledge Comes from Educations

India boasts of a large population of educated people (though they may still be a small fraction of the total population). Education is of no use unless it is applied for the development of the individual and society. The educated owe a duty to their brothers to impart knowledge, and thereby infuse courage in them to fight the inequities, injustices, and the atrocities perpetrated by forty years of political (mis) rule. There is the need for public service and for public education voluntary organisations to mobilise contributory forces and channel the process of public education.

First Public Education Trust

A beginning has been made by establishing a First Public Protection Trust, devoted to public education and public service, by professionals who do not nurture political ambitions. Our long term goal is to work for the reduction in the role of the politicians. We will activate the educated and the professionals to attempt independent solutions to problems, publishing the remedies, and educating society so that they seek the remedies. We do not claim any monopoly in pursuing this route to public service; if there are other bodies who wish to pursue any of the goals, we would be glad to co-ordinate and assist them as best as we can.

The task is a huge one and demands large and variety of resources to pursue the goals. We need financial resources and support, we need materials for use in public education, we need resource persons to carry out the studies, we need publicity, printing and paper support. Institutions can help us with co-operative support. The concerned citizens, whose heart throbs for the welfare of our nation may get in touch with FPPT, P.B.No. 5094, Madras 600028.

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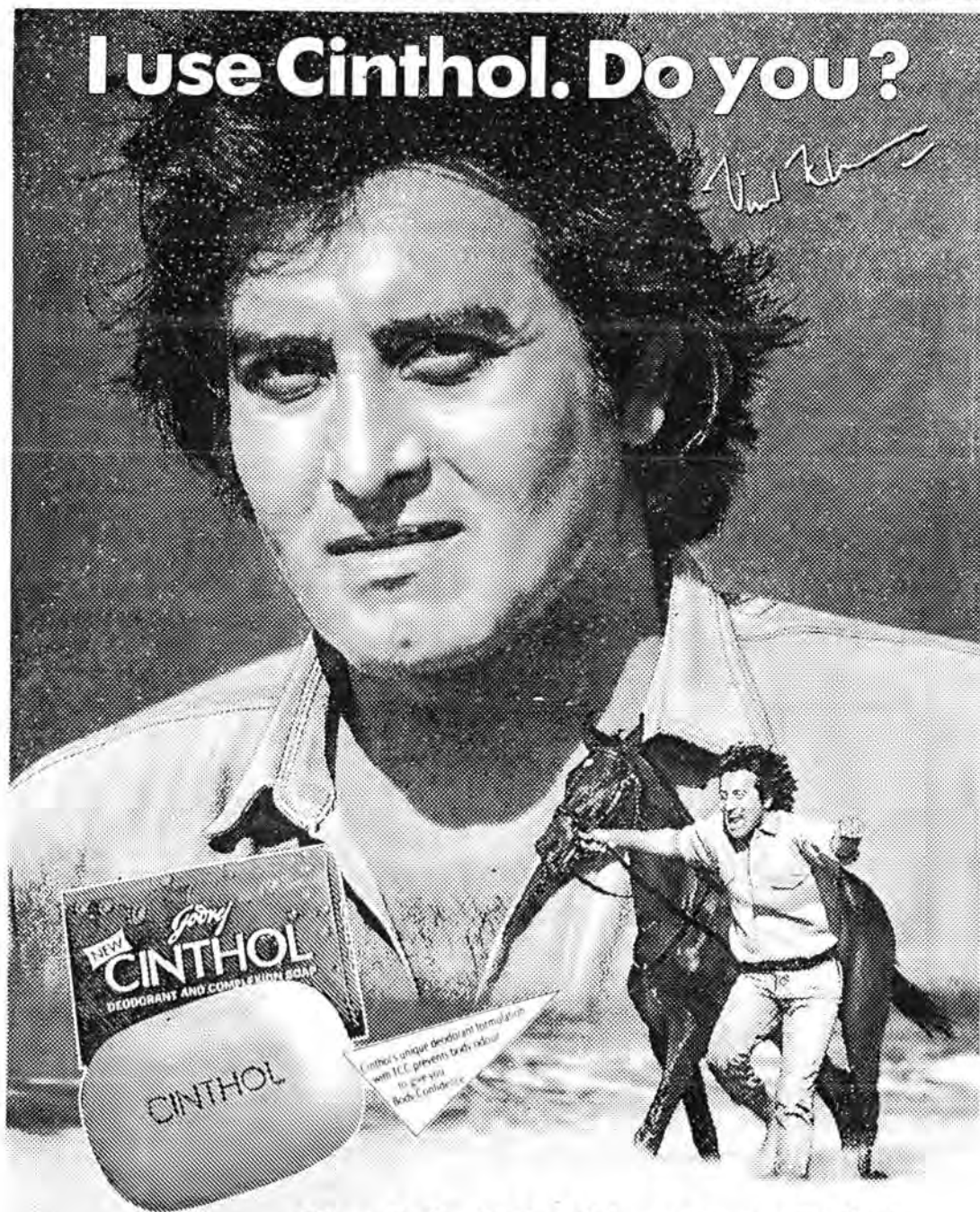
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Tamilnadu's Politics of Spectacle

R. Srinivasan

The tragedy of the politics of Tamilnadu is that for the first time in decades we have a chief minister who is capable of understanding problems in perspective, who could have injected a sense of dynamism in the administration. But she has chosen to capitulate to populism and lead the state to another spell of stagnation and darkness.

For over two *millenia*, Madurai has remained an important city for the Tamils, even as Rome has been for the Catholics. Tamil antiquarians like to recall that this city was known to the Greek geographers – and, unlike Rome, Madurai has had both secular and non-secular connotations. Other ancient cities of Tamilnadu have had their importance mainly as centres of religion. The ancient poetry of the Tamils refers to the dominating pagodas that overlook the plains around Madurai which form unmistakable landmarks.

In a sense, it has always remained a Tamil cultural centre unlike Kanchipuram or Srirangam which have remained Brahmanical, Sanskritized centres; and without the religious dimension, these cities have no importance at all. Not so Madurai which has remained the city of the Tamil literary and cultural imprimatur on things of the mind. The great names hallowed in Tamil poetry had to make their debut here in this city. The famous names commemorated in the epic by Ilango were partly about this city where Kannagi the unique Tamil figure reduced Madurai to ashes in her fiery quest for justice and burnt her name imperishably in the minds of the Tamils.

Like the ancients, modern Tamil cultural consciousness too struck a note by establishing a modern Tamil Sangam in this city where the spirit of Tamil revivalism began. It is natural that politicians too should use this as a platform for inaugurating their campaigns. A few years ago Karunanidhi held a congress of his party in this city and commentators were struck by its reverberation and the electoral ripples that this was to generate. The late MGR too had earlier used the city to begin a campaign. And the present chief minister of Tamilnadu

has responded true to type when she decided to celebrate a year in office by holding a victory rally in Madurai – at a time when the prime minister who also finished a year in office preferred to play it down and observe the occasion in a low key as did the chief minister of Maharashtra.

Jayalalitha struck a chord in the minds of the Tamils when she made the splash for, like the Romans the Tamils always seem to relish circuses particularly if they are political or cinematic. Both these have merged totally in the mind of the average Tamil to whom politics is more theatre than a matter of ideology or hard political choices, decisions or costs. They love to dwell on the details, on the postures of the political dramatic personae, their set speeches and phrases, the quick somersaults or the sudden attempts at one-upmanship. It has to be anything but predictable. It makes for conversation, for exchange of gossip about the latest move of their favourite political leader. They wait with bated breath for sudden developments for they have gone to political school only on shrill banner headlines in popular dailies which are as bold in type as they are inane in substance.

Politics as spectacle has been a development in Tamilnadu which took place from the 1930s when the demos hitherto kept away from politics, began to be interested in this. The new constituents were mainly a semi-urban or near rural people who were turning away from traditional pastimes to novel leisure-time preoccupations. The talkie was yet to become the centre, and in their absence political speeches and siren sounds had an attraction all their own. It was also a call to action and the message was chiliastic. The vague



Paying obeisance to the 'goodness who walks'

social injustices which were experienced were now being attempted to be laid to rest.

These meetings of the self-respect movement had their own attraction. It fostered a sense of "communal identity of the oppressed"; it was able to identify the villains responsible for the social oppression; there was a vague programme of change. Tamil politics was never to be the same after the heady days of these mass-meetings. They were to prove much more satisfying than the older communal get-together rooted in temples, religious festivals and the street theatres. They had the immediacy of populist appeal and instant solution.

If one had to make a mark in the politics of Tamilnadu he had to learn the alphabet of these and most of them have indeed graduated well. Narasimhalu Naidu, EVR Annadurai, Nedunchezian and Karunanidhi were masters of the art. Among the Congress Party leaders who could compete with them there was but Satyamurti. Many of these leaders had both verbal skills and some an added appeal which for want of a better word can be called charisma.

With the coming of the movies, the platform became an adjunct to the movie house and it had advantages all its own contrasted with the platform. The former could be manipulated, the message simplified and the appeal made more immediate and irresistible. It contributed to a heightening of all political decisions and for theatricality. Theatricality alone mattered in politics, along with conscious image building. In these the chief ministers of Tamilnadu in recent decades have been past masters, in contrast to the older chief ministers, Kamaraj and Bhaktavatsalam, who were brought up in an older solid tradition of bargaining, horse trading and compromise. Politics became acclamatory in contrast to the politics of accommodation, winning supporters and building up future constituents.

In the politics of acclamation, the appeal had always to be to the populace and the wider the audience the more legitimate it became. Other questions such as the soundness of the policy, its economic costs and consequences were given the go by. If it had to be to the populace and had to be acclamatory, politics had to be reduced to the lowest common denominator – hence playing with slogans and instant policies were resorted to. One such was to resort to renovating old ancient capitals, build unaesthetic public monuments. Again prohibition (of liquor) has been a popular game resorted to. Proclaim the policy, half heartedly enforce it and gradually withdraw it to reward the faithful has been the ploy of all of them. Similar has been programmes like the mid-day meal programme, a scandal of Himalayan dimensions (despite of perhaps its great potentialities of improving the health of a whole generation); the much touted Telugu Ganga project; pension for the old; the supply of water to metropolitan Madras; slum rehabilitation etc. Each chief minister sought new populist measures and that there was a cynicism in all these was evident if one examined their implementation. The discriminating public in turn has become cynical and to the lower orders these are amusements to what otherwise is a drab life anyway.

In this context politics has remained a holding operation and even as Topsy just grewed, politics is all drift, with no initiative or leadership from the leader, unless it be to inaugurate a film festival or some equal triviality. While a metrop-

olis bursts at the seams and cries out for radical steps all a chief minister can do is to ban the gumming of posters at public places!

The Madurai bash is all of a piece and no one was taken in by this large *tamasha*. For this non-event, quite a few ministers abandoned their posts, key bureaucrats their responsibilities and the guardians of law and order deployed to Madurai, left unguarded vast areas and quite a fortune spent. This was the Tamil equivalent of that huge circus that Ms Gandhi presided over called the Asiad.

The dimensions of this itself are appalling and those of us who were not in Madurai on those days should count ourselves lucky. The AIADMK procession fifty km in length took a full 15 hours to be completed and for a full fourteen hours the iron lady waved to them, a unique record of endurance recalling the feat of the Fuehrer. The number of floats and the dance items turned it into a full carnival. The entire proceedings along with this *tamasha* have been filmed and will be shown to these who were not fortunate to be present at the site. And in the process the party will earn a tidy sum exhibiting the film. The entire extravaganza went off without a hitch thanks to the Trojan efforts of three trusted ministers who meticulously oversaw the arrangements.

It was drummed in the conference that she alone should be regarded the sole heir of the Dravidian movement and not Karunanidhi. Not only was she to be regarded as the true heir but she also made it clear that her magnificent electoral performance owed nothing to the assassination of Rajiv Gandhi and the consequent sympathetic factors – but to her dedication, determination and courage. There is a perceptible shift – the AIADMK which was the alter ego of MGR, is now totally identified with Jayalalitha. There were just 6 cut-outs of MGR out of 60. The rest of course were those of the lady.

An exhibition of the Dravidian movement once again put people like Karunanidhi in the shade and highlighted the position of Jayalalitha, giving her an importance quite out of proportion to historical realities. A throne made of silver was only one of the many silver artefacts gifted to her. She was made to sit on the throne.

She inaugurated the function by fatuously conducting the wedding of four couples as though this was the most burning issue in the state. Finally she announced the restarting of a world Tamil conference in Madurai – another risible policy decision.

The messages that have been conveyed by the conference are indeed confusing. Eyewitness reports say one thing and newspaper analysts another. There was a perceptible lack of enthusiasm for the lady and the cheers were clearly reported to be a put up show. There was reported resentment at the calculated downgrading of the glorious MGR. Those who were accustomed to running similar shows in the past were put in the shade and the responsibility given to new entrants and recent faithfuls. The usual enthusiasm that used to surge during the earlier meetings were now not evident. This obviously indicates that the party faithfuls who had served loyally and for long decades are now a discontented lot. Can they vote with their feet, and leave *en masse* into the willing arms of the DMK? Can the Czarina continue to control the simmering discontent and keep the party intact?

There are also reverberating rumblings on the size of corruption, non-action and the virtual unquestioned control of the clique and the sharp downgrading and putting in the doghouse of well-established colleagues.

On the other hand others point out that with this conference she has made it clear that she is in full control of the party and that in spite of rumblings, she will not allow dissensions against her to develop. Her popularity is as high as it ever was and there is no apprehension of it diminishing.

The tragedy of the politics of Tamilnadu is that for the first time in decades we have a chief minister who is capable of understanding problems in perspective, who has a following that is almost unparalleled, who can take tough decisions and can stand up to the centre. She was able to persuade the centre to act on the LTTE when the earlier chief ministers had been dilatory. She could have injected a sense of dynamism in the administration but she has capitulated to populist forces and has taken the easy way which will lead the state to another spell of stagnation, obscurantism and darkness.

R.D.Karve:

Modern India's Birth Control Movement Pioneer

J.V.Naik

To Professor Raghunath Dhondo Karve (1882-1953) belongs the credit of being the first zealous crusader in the cause of birth control and sex education in modern India. He was among the first to be deeply conscious of, and comprehensively understand, the relation between India's fast growing population and her poverty. A neo-Malthusian and a thoroughgoing rationalist, he had no patience with those who objected to birth control on religious or sentimental considerations, and also with those who preached abstinence as the method for birth control. He strongly advocated contraception, wrote extensively on birth control and established the very first centre for sex consultancy and sale of contraceptives in the country in 1921. To educate people he edited and published, against overwhelming odds and, with a missionary zeal, a monthly magazine called *Samaj Swasthya* (Social Welfare) from July 1927 until his death in October 1953.¹

Born on January 14, 1882 at Murud in Konkan, he was the eldest son of the famous social reformer Dhondo Keshav Karve from his first wife². When barely ten years old, he lost his mother. He had a hard and unpleasant childhood. In his boyhood he witnessed the censure and ostracisms which his illustrious father stoically endured for marrying a widow. He could never get on well with his well-meaning but stern stepmother. Nor could he find an emotional safety valve in his *karmayogi* father who was "a man of few words, puritanical habits, undemonstrative, shy and reserved to a fault". He had no friends. Starved of human affection, his only companions were books. "Voracious reading and cold rational thinking came to be a part of his make up at an early age."³

From Mathematics to Birth Control

After a brilliant, though chequered, academic career, he entered the Bom-



Prof. R.D. Karve

bay Educational Service and taught mathematics, a subject in which he excelled, in various government institutions, including the Elphinstone College, from 1906 to 1921⁴. In between he went on furlough to France and obtained a "Diploma de Etude Supérieur" in mathematics from the French Academy in Paris. Despite his superior qualifications, the authorities ignored his claims to professorship in mathematics in favour of his less qualified junior colleague in the Karnatak College, Dharwad. In protest, he resigned his post in 1921.⁴ His leaving government service proved to be a blessing in disguise. He became free, though at considerable personal sacrifice, to work on a subject which he had long been studying and which was eventually to become a mission of his life, namely, birth control and sex education.

In 1921, he wrote two books in English, one on *Birth Control* and the other on *Prevention of Venereal Diseases*. His idea in writing the books in English was that they would have an all-India sale, the proceeds of which would enable him to bring out similar books in Marathi for the benefit of the common people. He firmly held the view that the Indian regional languages, not English, should be the media for educating the common masses living in ignorance. The idea did not materialise, for, in those days, such literature was regard-

ed as obscene and, therefore, taboo. In the same year, he opened a centre, "Right Agency", for sex consultancy and sale of contraceptives.⁵ His wife, Malti, whom he trained, and who of her own volition underwent sterilisation, fully co-operated with him in the venture.

This was a revolutionary step, for until then there was no such centre anywhere in the country. Nor was there any general awareness of the population problem. In the West, however, the movement for birth control had been going on for long. It gained momentum after the formation of the Malthusian (later Neo-Malthusian) League in 1861. The famous Bradlaugh-Besant case in the late 1870's paved the way for the advocacy of contraception and of eugenics. Its echoes were felt, though faintly, in rationalist circles in India. G.G. Agarkar (1856-1895), the foremost rationalist reformer of Maharashtra, much influenced by the English utilitarians, was a great admirer of Charles Bradlaugh. He wrote a perceptive article "*Stree Dasya Vimochan*" (Women's Emancipation) in the *Kesari* of 1882 in which he made a strong plea for family planning, and said that a woman should

Karve objected to the performance of Hindu religious rites at official functions in free, secular India. He ridiculed those who advocated ban on cow-slaughter on religious and sentimental considerations. He could never reconcile himself to the idea that in free, secular India, there should exist separate marriage codes for different religious communities.

not be treated as a *tankshala* "child producing mint" and that, for the sake of a woman's health as also for the social good, her maternity should be confined to two or three healthy children. Medical science, he wrote, is engaged in finding scientific means for birth control without sacrificing normal sexual intercourse.⁶ It was left to Karve, who regarded himself as the only true disciple of Agarkar, to give a practical shape to the cause espoused by the master, four decades earlier.

Controlling Population Growth

The problem of the unhealthy growth of India's population, highly detrimental to the national interest, was highlighted by the Census Report of 1921. In 1891 India's population was 28,73,14,629. In 1921 it rose to 31,89,42,480. In other words in thirty years the population had increased by over 3 crores and 10 lakhs (by 30.1 million). The rate of increase worked out to about 10 lakhs (1 million) per annum which, relatively was small compared to that of many other countries.⁷

This deceptively low rate of increase in the overall population was primarily due to the high rate of mortality, particularly, infant mortality. For instance the rate of infant mortality in Bombay city, as stated in the Census Report of 1921 was 556 per thousand. This meant that in Bombay every other child died before reaching its first birthday. The same was more or less true of other metropolitan cities in the country. As for the whole of India, the Report stated that "one-fifth of the total mortality is of infants and one-fifth of these infants died before completing their first year". The average life-expectancy in India then was just 23 years which was frightfully short compared to life-expectancy in other countries.⁷ The high rate of mortality was basically due to lack of proper nourishment and health-care. While the population was steadily growing, the country was becoming poorer and poor. While nationalists like Dada-bhai Naoroji and Justice Ranade rightly attributed the growing impoverishment in colonial India to its economic drain by the British rulers, they did not pay serious attention to the problem of population. Age-old religious beliefs and the then prevailing social obscurantism would not countenance contraception or eugenics.

Santati Niyaman

It is in this perspective that Karve's pioneering work assumes national importance. In 1923, he wrote his famous Marathi book *Santati Niyaman: Vichar Ani Achar* "Birth Control: Theory and Practice". The first part of the book dealt with the theoretical aspects of, and the need for, birth control. The second part provided detailed information on various kinds of contraceptives and their correct use by males and females. The book went through several editions, the last of which, the twelfth, was brought out by Shakuntala Paranjpe, Karve's close collaborator, after Karve's death in 1953.⁸

In this book Karve praised Malthus' thesis on population but rejected his "preventive" checks in the form of providential and moral restraint as irrational and impractical.⁹ For the same reason he joined issue with Mahatma Gandhi who preached abstinence for birth control.¹⁰ In the first issue of *Samaj Swasthya*, Karve wrote: "It needs to be told to the traditionalists that despite Mahatma Gandhi's opposition to artificial birth control, Kavivarya Ravindranath Tagore made his favourable views known to the whole world through the American *Birth Control Review*."¹¹

Margaret Sanger, a well known figure in the history of family planning, who actually coined the term "birth control" had set up a birth control centre in United States in 1916 against stiff opposition from the government. She was a fearless activist in the cause of birth control. She made educative trips to different countries. Her Book *The Pivot of Civilization* was well received in intellectual circles. Karve had met her when she was in India in 1935. Earlier she had written a foreword to Prof. N.S. Phadke's book *Sex Problems in India* published in 1929.¹² Margaret Sanger was under the impression that it was her trips to China and Japan in 1922 that marked the beginning of the birth control movement in Asia. Karve refuted this claim on the ground that when he started his centre in 1921, the same year in which Dr. Marie Stopes started one in England, he had no knowledge of Sanger's centre. The fact is that it was Karve who first coined the Marathi term *Santati Niyaman* for birth control and made it current through his numerous writings.¹³

Karve's commitment to the cause of

birth control and sex education was total and in that he would brook no interference from any quarter. After leaving government service he joined, in 1922, Wilson College as Professor of Mathematics on the clear understanding that he would have full freedom to do what he liked, outside college hours. However, when the college authorities, at the instigation of Mr. Jacob Bapuji, the Diwan of the Princely state of Aundh, took exception to his article on birth control in *Kirloskar Khabar*, he resigned his position. He had learnt the noble example of suffering for a good cause from his illustrious father. Even for his work of birth control, the initial inspiration may have come from the example set by his father. It is revealing to know that the senior Karve practised birth control by using the traditional method of *tel-chindi* (strip of oiled cloth) and freely talked about it to his children.¹⁴

Karve practised what he preached. While in Kenya at his brother Dr. Shankarrao's place, in search of employment, he underwent vasectomy. Otherwise not very communicative, he would gladly accept invitations to speak on birth control. In 1923, he delivered a lecture on his favourite theme during the celebrated *Vasant Vyakhyan Mala* (Spring Lectures Series), started by Justice Ranade in Pune. So effective was his espousal of birth control that even the disciples of Lokmanya Tilak congratulated him.¹⁵ The point is that the movement initiated by him was gaining recognition and an Association for Birth Control was founded in Pune in 1930 with G.K. Gadgil as its President.¹⁶

"Awaiting Official Instructions"

Four bureaucrats and a lady secretary were stranded in the mountains after an air crash. Help took some time in coming. What did they do to spend their time? Well, it depended on the nationality of the bureaucrats. In true Hollywood style, the American pulled out a gun to shoot his colleagues, so that he could have the lady secretary all to himself. The British, engaged in the exercise of allocating time on a seniority basis. The Russian, still suffering from the communist hangover, allocated equal hours for each, irrespective of seniority. But the Indian bureaucrat did nothing!!

Can you guess why?
He was awaiting official instructions!!

Karve was among those who strongly advocated legislative measures for birth control. In 1938, at the instance of rationalists like Karve, an unofficial bill "On Measures of Birth Control" was introduced in the Bombay Legislative Assembly. It was supported by Dr. B.R. Ambedkar.¹⁷ When Dr. M.D.D. Gilder, Health Minister in B.G. Kher's Congress Ministry opposed the Bill, Karve severely criticised Gilder and Congressmen like Morarji Desai who, under the influence of Mahatma Gandhi, objected to artificial birth control methods and wanted to effect family planning through self-restraint and abstinence.¹⁸

It was not only birth control that engaged his attention. He wrote on several subjects – sexology, sexual freedom, nudity, prostitution, venereal disease and dietetics. On these and other vital matters affecting the lives of the people, he expressed his views frankly and fearlessly. For sometime, he was the secretary of the Rationalist Association of India whose organ *Reason* he edited from 1937 to 1940. The principal object in all his literary and social activities, as stated by him, was to spread the gospel of rationalism preached by Agarkar, the first pure rationalist of Maharashtra.¹⁹

Samaj Swasthya

He had also started his own monthly magazine *Samaj Swasthya* in July 1927.²⁰ The liberal spirit and the extraordinary courage and steadfastness with which he conducted the magazine make him one of the foremost crusaders for sex education and birth control in India. His radical views were unpalatable to the orthodox and to social obscurantists. For this he had to face social calumny, public obloquy and even prosecutions.²¹ But he stood by his convictions and continued his work to the end of his life. He died on October 14, 1953.

Karve severely criticised those who wanted social reform to wait till political independence. After independence, in secular India, he objected to the performance of Hindu religious rites at official functions. He ridiculed those who advocated ban on cow-slaughter on religious and sentimental considerations. He could never reconcile himself to the idea that in free, secular India, there should exist separate marriage codes for different religious communities.

On marriage and morals, he shared the views of Bertrand Russell whose writings he often excerpted in his *Samaj Swasthya*. He pleaded for sex education for adults as well as children and fully agreed with Russell that children should not be forbidden from reading literature on sex, or for that matter, any kind of literature. He critically examined and propagated the views of Margaret Sanger, Marie Stopes, W.J. Robinson and the other leading proponents of birth control of the day. His writings on sex and sex problems were mostly able accommodations of, and discussions on, the books of the leading Western sexologists and psychologists – Havelock Ellis, Sigmund Freud, Judge Ben Lindsay and others. One of his objects in starting *Samaj Swasthya* was to make scientific use of the term "sexology" and to dispel false and forbidding notions about it among the people.²² Besides writing several articles, he also wrote a book in Marathi on the subject of sexology called *Adhunik Kamashastra* (Modern Sexology) in which he made a critical inquiry into various aspects of sex and described the art of love-making.²³

Breaking Taboos

He was fanatically against any restriction on the free indulgence of sex by both men and women on grounds of conventional morality, so long as it did not lead to undesirable procreation nor harmed the health of the consenting parties. He discussed this socially sensitive issue at great length in his explosive article *Vyabhicharacha Prashna* (The question of Adultery) specially addressed to the traditionalists of Pune,²⁴ for which he had to face a court trial and pay a fine of Rs. 100/-. He did not regard marriage as a sacrament but a contract; contracting parties should have full freedom to break the contract if the marriage becomes incompatible. He said that women should have as much sexual freedom and right to sexual enjoyment as men, and he appreciated Vatsyana's *Kamasutra* in this regard. If a woman does not love her husband but submits to his sexual desire as a matter of duty, she is no better than a prostitute.²⁵ He did not see anything wrong with a married woman having sexual intercourse with any man with mutual consent. The whole concept of woman's chastity, according to him, is the outcome of

man's domination over her, and of treating her as his personal property. He said that "the idea of a woman's chastity (*charitra*) lies in her womb is based on false spiritual imagination."²⁶

"Truth is Naked"

Besides birth control, the two other subjects relating to sex that engaged a good deal of Karve's attention were nudity and prostitution. He published a number of articles tracing the history, and explaining the philosophy and uses, of nudity. He began printing pictures of semi-nude or fully nude females on the cover page of his *Samaj Swasthya*. In this respect his philosophy was that "truth is naked" and that his was an intellectual search for truth.²⁷ For him, prostitution, though not ideal, is not a mean institution. He defended it as a social need. He defined a "prostitute" as "one who submits herself to sexual intercourse for monetary consideration."²⁸ While defending the institution of prostitution, it did not occur to him that many a poor, helpless woman is forced to take to the profession, not voluntarily, but due to her social circumstance and dire economic need. Otherwise a man of progressive thought, his views on the discipline of history and also on the equality of sexes, were very narrow to the extent of being reactionary. He thought that the noted historian V.K. Rajwade wasted his time on a useless activity. Though he theoretically accepted the principle of equality of rights of man and woman, he had a low opinion about a woman's calibre and even trustworthiness, and therefore, he thought she should not compete with man in everything.²⁹

He firmly held the view that all talk about women's emancipation is meaningless unless women asserted their right to decide when and how many children they should bear.³⁰ He wrote: "The time has come when a law will have to be passed to impose heavy fines on any woman who has more than two children. But if people are sensible, there should be no need for such a law. Of course idiots and semi-idiots will have to be operated on to prevent their breeding, but that can come later. The imminent need is for greater facilities being given to people who want birth-control, by free operations and other means. And this is the bounden duty of

any government if it cares at all for the good of the public".³¹

He totally disagreed with those who argued that much will have to be done first for improvement of housing, food and education before people are educated in birth control. He said: "It is a common mistake to suppose that uneducated people are fools. Intelligence does not depend on education, and even illiterate people can successfully be taught how to use birth-control appliances." He urged the Indian government to emulate the example of Japan which was tackling the problem of birth control seriously "by means of lectures, films, and clinics run by Government." He hoped that at least after Pandit Jawaharlal Nehru's pronouncement on the need for birth control, the Government of India will be active in the matter.³²

Recognition

Raghunath Dhondo Karve's fearless espousal of the cause of birth control and family planning slowly won him due recognition. In July 1953, four months before his death on 14th October, his friends and admirers presented him with a purse at a function over which Mr. S.K.Patil, President of the Bombay Pradesh Congress Committee, presided. And earlier, on his 70th birthday, he was felicitated at a public meeting, presided over by Mr. M.C. Chagla, Chief Justice of the Bombay High Court. In his presidential speech Mr. Justice Chagla said *inter-alia*.

"If he (Karve) had anything to do with the government, he would see that a birth-control clinic was established in every village in the country... Birth-control clinics in the rural areas were as essential, if not more essential than primary schools and dispensaries... The regulation of birth-control was necessary to solve the food problem. Measures like 'Grow more food' campaigns would produce little results if they were not followed up by a vigorous birth-control movement.... Any man who had the courage to preach the gospel of birth-control thirty years ago and who had made it his mission, had rendered a great national service..."³³

This remains a just tribute to the pioneer of the birth control movement in India.

Notes and References

1. All the issues of *Samaj Swasthya* (SS) are available in the Bombay University Library; and all Marathi books written by Karve are available in the Mumbai Marathi Granth Sangrahalaya, Bombay.
2. For his life, see his well-researched Marathi biography by Y.D. Phadke, *R.D. Karve*, H.V. Mote Prakashan, Pune, 1971; see also Phadke's illuminating Marathi article, '*Samaj Swasthya Karunchi Vichar Drashti*', in his book *Vyakti Ani Vichar*, Shrividya Prakashan, Pune, 1979, pp 118-149.
3. See Shakuntala Pranjape's tribute to R.D. Karve on his 80th birth anniversary, *The Times of India* January 14, 1962; see also his obituary in *The Times of India* October 15, 1953 reproduced in Diwakar Bapat's *Upekshit Drashta*, Abhinav Prakashan, Bombay, 1971, p 46.
4. The text of his resignation letter, giving full details of the case, was published in *The Bombay Chronicle* July 21, 1921. It is appended to M.V. Dhond's article 'Chaturdhami', *Abhiruchi*, Diwali Issue, (Marathi) 1977, pp 9-10.
5. SS year 3, No. 12 (June 1930), p 267.
6. G.G. Agarkar, *Kesantil Nivdhak (Nibandha)* (Marathi), 2nd ed; Vol II Anyabhushan, Pune, 1940, p 131. This article is largely based on T.H. Huxley's 'Emancipation - Black and White', in *Lay Sommaris, Addresses and Reviews*, 12th ed; Macmillan, London, 1969, pp 20-26.
7. For the Census Reports 'figures and comparative tables, see N.S. Phadke, *Sex Problems in India*, D.B. Taraporewalla Sons and Co., Bombay, 1929, pp 2-5.
8. Shakuntala Pranjape, 'Appa Karve', *Mailu*, Diwali Issue (Marathi), 1968, p 59.
9. R.D. Karve, *Santati Niyaman* (Marathi), Bombay, 4th ed, 1923, p 12.
10. Mahatma Gandhi wrote two articles on birth control in *Young India*, one on 12th March and the other on 7th April, 1925. For Karve's correspondence with Mahatma Gandhi, see Y.D. Phadke, *R.D. Karve*, op.cit. and references therein, p 101.
11. SS year 1, No. (July, 1927), p 10.
12. The 'foreword' was written in Geneva on 2nd May, 1927; see N.S. Phadke, *Sex Problems in India*, op. cit. pp. v-vii.
13. S.S. Year 8, No. (January 1936), pp 193-194; see also Phadke, *R.D. Karve*, op.cit. p 48.
14. This information was provided by D.K. Karve's youngest son Bhaskarrao to M.V. Dhond, op. cit. p 20.
15. Shakuntala Pranjape, *Appa Karve*, op. cit. p 60.
16. Dr. R.S. Bhadkamkar, *Santati Niyamniache Upaiya*, Pune, 1935, p 1.
17. Bombay Legislative Assembly Debates Vol. 4 (Part 3) November 1938, Dr. Bahadurji Ambedkar Writings and Speeches, ed. Govt. of Maharashtra, 1982, Vol. VII, pp 263-276.
18. Y.D. Phadke, *R.D. Karve* op.cit. pp 101-2.
19. Phadke, *Samaj Swasthya*, op.cit. p 149. Source: SS year 26, No. 1, p 1.
20. In his article '*Samaj Swasthyachi Samaj Seve*' Karve has given a full account of the circumstances in which *Samaj Swasthya* was started and has explained its aims and objectives, *Manushya* (Pantilganasaya Visheshanik), January, 1946, pp 643-648.
21. For the details of the court trials he had to face, the punishment he had to suffer, see Phadke's, *R.D. Karve* and references therein op.cit. pp 75-93.
22. SS year 1, No. 1 (July, 1927), p 1.
23. Till the year 1942 the book had gone through three editions.
24. SS Year 5 No. 3, (Sept. 1931), pp 49-56.
25. SS Year 4, No. 4, (Oct. 1932), pp 89.
26. Y.D. Phadke, *Vyakti Ani Vichar*, op.cit. pp. 135. Source: SS Year 21, no 3, p 50.
27. SS Year 2, No. 5, (November, 1928), p 106.
28. SS Year 4, No. 5, (October, 1932), pp 89.
29. Y.D. Phadke's, *R.D. Karve*, op. cit. pp 158-59.
30. R.D. Karve, *Santati Niyaman*, op. cit. p 23.
31. R.D. Karve Papers, quoted by Diwakar Bapat, op. cit. p 80.
32. *Ibid*, pp 76-79.
33. *Ibid*, op. cit. pp. 6.

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South Africa: Illusion and Reality

Dr. Padma Srinivasan's article, "Illusion and Reality in South Africa" (*Freedom First* April – June 1992) was informative and enlightening, presenting the complex and confusing problem in its proper perspective.

Most of us in this country are not able to understand the ethnic – social – political situation of South Africa in all its subtlety, because of the glaringly black-and-white terms, in which we are taught to look at it. Added to this was the continuous propaganda of our State-sponsored media, which were, until the other day, hammering, day and in and day out, at 'the racist Pretoria regime'.

We have been taking it for granted that when once apartheid ends and freedom comes, the white minority government will be replaced by a black majority government. It is also assumed, after our lionising Dr. Nelson Mandela, with the award of Bharat Ratna (which incidentally is meant only for Indians), that he was the only legitimate ruler to replace President de Clerk. We have come to believe, without adequate scientific evidence, that 'there is only one majority – the Black – and ANC is its representative.'

It is not unlike the claim of some friends in Tamilnadu that the Hindu Tamils are the only majority in the North and North east of Srilanka and the LTTE is their only true representative. As Dr. Padma Srinivasan rightly reminds us 'the ANC stand is not true at all. What is needed is to realise the truth from the bondage of a falsehood and realise that there is no real majority at all in South Africa. There is no point in countering the White Lie (on White majority) with the Black Lie (on the Black majority).

The Blacks in South Africa represent a highly stratified and splintered racial complex, which does not admit of over-simplification, which in turn, might lead to falsification. This problem cannot be solved by a stereotyped parliamentary democratic sort of One-Man-One-Vote formula of the Westminster variety. This would probably work in homogeneous racial and cultural societies like that of England. It does not work smoothly even in a society like that of Canada, with a plurality of linguistic-cultural affiliations and loyalties.

It certainly did not work in pre-Independence India, in which Mr M.A.Jinnah, leader of the Muslim League, was never tired of looking down upon the stereotyped, statistical democracy that was dangled before him on the even of independence. Jinnah, the astute political strategist as he was known to be, lost no time in giving up his political liberalism and social cosmopolitanism, which paid him few dividends or none, for a policy of ruthless *realpolitik*, which proved more effective than the Gandhi-Nehru brand of political democracy.

Likewise in Africa, where a straight and simple majority rule is unlikely to satisfy anyone except the group that

manages to emerge as the top dog. Dr. Padma Srinivasan is quite right when she says: "But poor, Black, dissident, tribal groups will have to succumb to the tyranny of rich Black-elites — a situation not uncommon in the rest of Africa."

But, many of these vital points are likely to be missed in most of the discussions in the Indian media. In a recent 'Focus' programme on Doordarshan in which the participants included Harisharan Chhabra, Anand Sharma, ANC's diplomatic representative in India and Shanti Sadiq Ali, the viewers had to witness a blatantly partisan, demagogic exercise by the ANC lobby, passing off as a group of academic specialists, which stifled the voice of dissent. It is difficult to think of a more immoderate moderator than Chhabra. One could clearly hear the grinding of Anand Sharma's axes. The ANC's representative was comparatively a model of restraint. The pity of it was that Shanti Sadiq Ali, an acknowledged expert on African affairs, found it difficult to get in her words edgewise. It was no tribute either to the gallantry, objectivity or fairplay of the two Indian men. She was not allowed even to complete her sentence — a well-deserved acknowledgement of de Clerk's initiative for political and constitutional reform.

Dr. Padma Srinivasan hits the nail on the head when she observes; "Black tyranny and Black racism are not better than White tyranny and White racism". We are only too familiar with a similar phenomenon nearer home, where different shades of brown tyranny rule the roost. We know it to our cost.

D. Anjaneylu

Cost of our MPs

It was interesting to go through Dr.Srinivasan's article on our MPs, who drain our exchequer. I feel we can afford to run this country without politicians, if they continue to shower benefits for themselves by themselves. Democracy is not for MPs, by MPs and of MPs.

Politics is no more sacred. Nor do our politicians feel that membership of parliament is an opportunity to serve the people, feel the pulse of the nation and provide solutions for our mounting problems and challenges. Hardly do we come across any politician, who is honestly sitting and doing "home work" for Parliament sessions. Is there any MP, who *thinks* before attending the question hour session (whenever they do attend); have they contributed anything positively during debates? Have they behaved decently for others to follow and emulate?

The MPs shed more heat than light. Shouting, counter-shouting, exchange of words, frequent verbal duels, obscene signs, rushing very frequently towards the speaker, uttering unparliamentary words are the hallmark of our Parliament sessions.

Most of the serious business is completed in no time

and important sessions are postponed for want of quorum. No MP talks about the real problems of the people. They prefer to talk about their own welfare schemes. They want more facilities, when people struggle hard even for their daily existence. Giving pensions to MPs is the most undemocratic act against the voters. If they want pensions let them declare their assets and liabilities, before taking oath as MPs. The people elect their representatives so that their day-to-day problems are solved in the near future. But our MPs attend sessions of Parliament very irregularly let alone take them seriously and sincerely. Neither in Parliament nor in the assemblies do we hear the voice of the people. Our MPs and MLAs are worried more about their privileges, rights and facilities.

No one can question them. No one can ask them what they have done for the people. Only a few MPs open their mouth and participate in the debates. Some even snore in the hall of Parliament! If we point out then they would call us to their chambers and punish us with "reprimands". Our is not a "democracy". It is a regime of MPs' and MLAs' autocracy.

Parliament and Assemblies neither reflect the spirit of our Constitution nor the spirit of our freedom movement. Their behaviour does not reflect our civilisation and culture. Their behaviour outside Parliament does not show that they are rooted in the land of the Buddha, the Mahatma and the great *Rishis*. They don't deserve pensions for their so-called "service" to this nation. What have they done for us in the last twenty five years?

The November '84 riots, terrorism in Punjab, militancy in Kashmir, goondaism in Bihar, naxalites terror in Andhra, the fear of the LTTE in Tamilnadu, the irresponsible behaviour of the Bangarappas in Karnataka, the degeneration of public life as exemplified by the Chimanbhaïs of Gujarat are all due to our MPs. During the last two decades they have raped the Constitution with numerous amendments, paralysed the judiciary, degraded public life, injected communalism in politics, divided the people by proclaiming the supremacy of one language over the other. These MPs do not deserve pensions. In fact those who are really for this country would never seek pension nor even a pat on their back as a reward for service.

S.A. Srinivasa Sarma

MYANMAR

In the April-June, 1992 issue of *Freedom First* you have asked readers to send a petition to General Saw Maung pleading for restoration of Human Rights in Myanmar. In my opinion we Indians have no moral right to point our finger at violation of human rights in other countries. To do so would be for the pot to call the kettle black. My opinion is fully borne out by the letter from Amnesty International published by you and, more particularly, by the frightening story from Tavleen Singh. I hope, you will agree with me.

Y.V. Pai

Dear Editor

We have received the following letter from Freedom First subscriber Madan Pal Singh of P.O. Kinnerpatti, Dist. Deoria, U.P. We would appreciate it if any of our readers could respond to Madan Pal Singh's enquiry as to whether there is any Act which will enable him and those similarly affected to seek judicial redress in recovering their dues.

The sad plight of sugarcane growers in U.P. in particular, and northern India in general.

Sugarcane growers are compelled to supply their cane to sugarcane factories through the 'Cane Co-operative & Development Society' as per Rule 54 of the Sugarcane (Supply and Purchase) Act 1953.

These Societies and Cane development departments headed by the Cane Commissioner U.P. are rampant with corruption. Complaints made by the cane growers are ignored. Sugarcane prices are neither paid on time nor interest on late payments made as required by the provisions of the aforesaid Cane Act for the last several years. MPs and MLAs do not come to their rescue once they are elected.

80% of the poor canegrowers can neither go to courts, nor get any redress from the Cane Commissioner and his corrupt minions.

I shall be obliged if you can advise if there is any Act such as a "Public Benefit Act" under which poor growers can go to a Court of Law to claim payment for their cane and interest thereon when paid late. If there is such an Act, please let me know, so that canegrowers can initiate proceedings to claim their legitimate dues that run into crores of rupees in U.P. alone. Any help suggested will greatly help the poor growers.

Madan Pal Singh

Lest We Forget Tibet

Shanti Sadiq Ali

Mr. Li Peng has come and gone. He extracted yet another reiteration of India's "long standing and consistent" position that Tibet was an autonomous region of China." The joint communique issued after Mr. Rajiv Gandhi's visit to Beijing contained an identical reference to China's concern over "anti-Chinese activities of some Tibetan elements in India".

Mr. Li Peng's readiness to talk to the Dalai Lama, minus the demand for independence, is a small step forward. Although the International Commission of Jurists, (1960 p.56) viewed Tibet at the very least a *de facto* independent state when the agreement on 'Peaceful Measures in Tibet' was signed in 1951, the repudiation of this agreement by the Tibetan Government in 1959 was found to be fully justified. The examination of evidence shows "that Tibet demonstrated from 1913 to 1950 conditions of statehood as generally accepted under international law.

In 1950 there was a people and a territory, and a government which functioned in that territory, conducting its own domestic affairs free from any outside authority. From 1913-1950 the foreign relations of Tibet were conducted exclusively by the Government of Tibet and countries with whom Tibet had foreign relations are shown by official documents to have treated Tibet in practice as an independent state".

The Dalai Lama, on his part, understands the Indian Government's difficulties in championing the cause of Tibet as India faces a direct threat from China. On the occasion of the 32nd anniversary of the Tibetan national uprising on 10 March 1991 he recorded "a special note of gratitude to the people and Government of India for their hospitality and understanding all these years, inspite of the many problems and responsibilities of their own". However, he regretted the "very little effort by individual groups within India to mobilise public opinion on the Tibetan issue".

In this context, it would be instructive to recount how Tibetans are being sys-

Tibet's militarization includes 17 secret radar stations, 14 major air fields, 20 air strips and behind them a quarter of China's nuclear weapons including 70 medium range and 20 intermediate range missiles are based at Nagchuka. With an ICBM base in Kongoo Nyitre and another at Pawa Tamo, the Chinese Army holds 20 of India's largest cities within its nuclear range from Tibet.

tematically deprived of their rights and their culture is being imperilled. Tibet's government of monks, before the Chinese occupation, was tyrannical in its own way. But, its people were united by a common history, common language and common religion.

The Dalai Lama has embarked on changes which will democratise their administration-in-exile with an eye on the future. Approximately 115,000 Tibetans live in exile 90% of whom are in India and Nepal. Under a new constitution drawn up in Dharamsala a Tibetan governed Tibet would not be a religious state. The great monasteries and the rich would no longer own most of the land, which would be redistributed to the farmers. The Dalai Lama himself would hold no official position. He pointed out that elections had been conducted among the exile community for the first Tibetan national assembly and that it had elected, also for the first time, a cabinet or *Kashag*, not appointed by the Dalai Lama.

Tibetans. A paper submitted by the Minority Rights Group (E/CN.14/1990/NGO.9) to the Commission on Human Rights at its forty-sixth session gave details of the large scale movement of

Chinese settlers into Tibet which, the paper described as "a deliberate policy of the government". It said that "the large influx of Han Chinese settlers had affected the life and culture of Tibetans and was rapidly reducing them to an insignificant and second class minority in their own country."

The results of a fact finding mission to Eastern Tibet – the three provinces of Amdo, Kham and U-tsang – published in August 1991 by the Human Rights Advocates and the International Campaign for Tibet recognises that the Chinese population in this area has grown dramatically in the 1990s, "the government maintained a large military presence in Eastern Tibet along with Chinese civilian population centres." According to PLA soldiers, they get "twice as much of everything that soldiers inland get". Accepting the 1989 Nobel Peace Prize, the Dalai Lama said "The government of the People's Republic of China is practising a form of genocide by relocating millions of Chinese settlers into Tibet. I ask that this massive population transfer be stopped".

There are, moreover, concentrations of Chinese in centres of specific economic activity, such as forestry and mining. Vast areas of the forests of east and north east Tibet have been felled for lumber and are now denuded of trees. At the same time population pressures relating to Chinese immigration, have forced Tibetan nomads to higher pastures contributing to over-grazing and high altitude desertification.

Dr. Elmar R. Rieter, Professor Emeritus of Atmospheric Science and Civil Engineering at the Colorado State University, who visited Tibet in 1980, 1983 and 1986 says the "signature of deforestation was everywhere". By cutting the vast forests in the Tibetan river gorges, he adds, "man may shoot himself in the foot". What happens to the monsoons of Asia, including Tibet, is not a local matter. We know that the Indian and Tibetan monsoons are

linked. It appears, he concludes, that "none of the 'limbs' that the complicated 'body' of our environment – air, water, and land – can lead a separate existence. We can punish one part of this body by burning it, by turning most green into barren desert, but surely the rest of this body of Nature will feel the pain. Lest we forget. We that is humanity – is part of this body, whether we like it or not".

There are reports, furthermore, of nuclear wastes being dumped in Tibet. On 22nd March 1991 the Greenpeace *Waste Trade Update*, disclosed that much more than 20,000 tons of U.S. sewage sludge might eventually be shipped as fertiliser to Tibet. Besides, the Chinese government had allegedly earned 28 million yuans from the mining of mineral deposits in the southern region of Tibet in 1987 alone. *These reports, if correct, will have disastrous results for India because most of her mighty rivers have their source there.*

As for the military presence of China in Tibet fifteen PLA divisions watch over it. Tibet's militarization according to John F. Avedon in *Tibet Today* includes "17 secret radar stations, 14

major air fields, 20 airstrips, vast underground bases riddling the east and west sectors of the Himalayas from, and behind them, the ultimate arbiter – one quarter of the PRC's 350 nuclear weapons, including 70 medium range and 20 intermediate-range missiles, are based 165 miles north of Lhasa at Nagchuka. With an ICBM base in Kongoo Nyitre and another at Pawa Tamo, the PLA today holds 20 of India's largest cities within its nuclear range from Tibet."

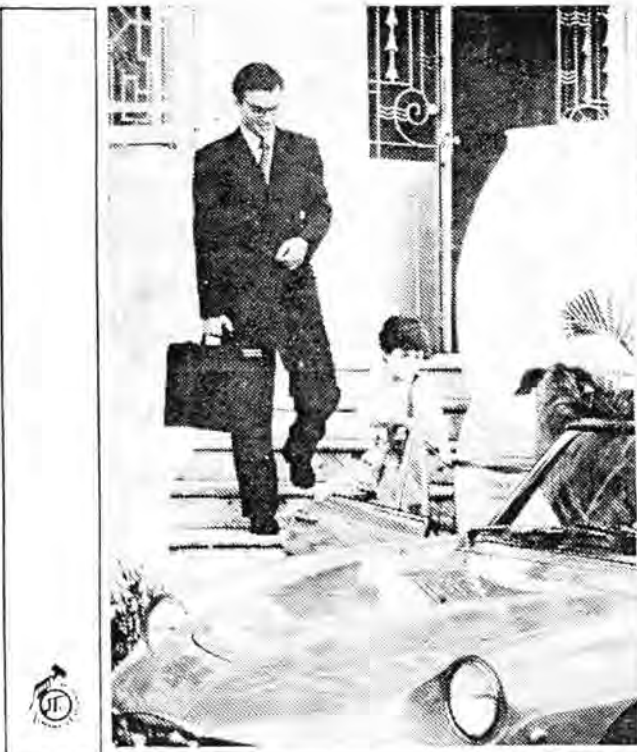
The modalities of racial discrimination as practised against Tibetans, include restrictions on movement, freedom of thought, conscience and religion, peaceful demonstration, education, housing and public health. Tibetans are being systematically suppressed, marginalised and ignored.

China has stated that the five principal autonomous areas, according to the Act of 1984, are entitled to enact regulations of their own but these regulations seem to be subject to the approval of the central government. The International League of Human Rights, an NGO body, has maintained that none of the Communist Party secretaries, mili-

tary commanders or political commissars were of local nationality. The ILHR has alleged that one of the major complaints voiced by the local minorities, including Tibetans, was that they had little say in the decisions on the economic development of their areas or other fundamental matters.

Ordinary Tibetans, who are not residents of Lhasa, cannot visit the capital without obtaining passes from three different local authorities and a permit from the city authorities, for which they are required to pay an exorbitant fee. Tibetan pilgrims visiting Lhasa are given temporary registration permits valid for 15 days, whereas the Chinese receive permits valid for upto three years. It also seems that, on the Tibetan plateau, the Tibetan and Chinese immigrants are evolving as two distinct and unequal communities. Chinese migrants are to be seen in urban centres, while Tibetans seeking employment are being denied free movement.

Monks are subjected to additional travel restrictions. Tibetans, in whose lives religion plays an important part, as they are anxious to affirm their national identity through their religion, are also



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restricted in their freedom to practise it, in as much as they find themselves isolated from the power structure if they did so. In 1990 more than 300 monks and nuns were expelled from their monasteries and the study of Buddhism is still forbidden. Novices in monasteries are selected according to secular rather than religious criteria.

Again, although Beijing has long claimed that birth control policies did not apply in Tibet, or other national minority areas, it indicated in May 1990 that restrictive policies had already been widely implemented and that further restrictions are required, although it admits that population density in Tibet — is less than 1 per sq. km. Three per cent of Tibetan women of child bearing age have been sterilised or forced to have abortions.

According to the Minority Rights Groups' submission to the Commission on Human Rights there was a marked difference in the quality of education provided to the Chinese and Tibetan children, and official statistics put the literacy rate among Tibetans at 25 per cent, compared to 77 per cent for the Chinese as a whole. The Human Rights Advocates and the International Campaign for Tibet released a report at the 43rd session of the Sub-Commission on the Prevention of Discrimination and Protection of Minorities in Geneva in August 1991, where it concluded: "Based on the testimony received and the data collected in eastern Tibet, we find that Tibetans are being systematically discriminated against in the provision of social services. The educational system in particular is geared towards Chinese children to the extent that Tibetan is not even taught in many schools." Even during the period of reform World Bank figures indicated that the number of Tibetans in some institutions of higher learning had steadily dropped through the early 1980s.

According to government figures, since 1986, 6,400 Tibetan children between the ages of 12-14 had been sent to China for 4 years, where they are cut off from their parents, their language and their heritage. It is a deliberate attempt to Sinocize and indoctrinate Tibet's most promising children.

In 1989, according to *Tibet Information*, out of 77 cases not a sin-

gle prisoner was offered legal counsel or protection and only 11 were tried or even formally charged. "They were routinely beaten at the time of detention, during interrogation sessions and at other times, with wooden clubs (sometimes with protruding nails), iron bars, pistol butts, tin mugs, ropes, chairs, leather straps and other objects... Beating and kicking was directed at all parts of the body, but focussed on the head, stomach and legs." At the 45th session of the Commission on Human Rights (E/CN.401989/15), the report of the Special Rapporteur on Torture contained detailed allegations concerning Tibet.

"Most prisoners report torture with electric batons (also referred to as cattle prods). These batons, imported from France, West Germany, Japan and Taiwan, emit strong electric shocks which caused some prisoners to fall unconscious. In most cases, batons were applied to the soles of the prisoners feet, to his stomach, chest neck, mouth and even to his eyes. Women, prisoners, particularly young nuns, have been stripped naked and had electric batons forced into their vagina."

The above mentioned abuses of individual and group rights of the Tibetan people, which have been placed before U.N. human rights bodies — the Commission on Human Rights, the Sub-Commission on the Prevention and Protection of Minorities, the two Covenants and the International Convention on the Elimination of All Forms of Racial Discrimination — pose a very real cumulative threat to the survival of the Tibetan people and their distinctive cultural heritage. Many liberation struggles are human rights struggles and this notion is well reflected in the preamble of the Universal Declaration of Human Rights:

"Whereas it is essential, if man is not to be compelled to have recourse, as a last resort, to rebellion against tyranny and oppression, that human rights should be protected by the rule of law".

For Tibet there is some legitimate hope.

MRS SHANTI SADIQ ALI is an active social worker and a member of the UN Committee on the Elimination of Racial Discrimination.

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Scared of Competition, Uncle Sam?

Raj Kumar Kothari

ISRO's desire to develop satellite launching capabilities apart from meeting domestic needs, is to enable India to enter the market for commercial launchings. In other words compete with countries like USA and France.

In January 1991 the Indian Space Research Organisation (ISRO) signed a Rs.235 crore contract with Glavkosmos, the commercial arm of the Russian Space Organisation, for the purchase of cryogenic engines and subsequent transfer of know-how for India's space research programme.

With the cold war over and the demise of communism, the USA as part of its "New World Order" has been assuming the role of the world's policeman and, in this role imposed a two-year embargo on Glavkosmos selling space equipment to ISRO.

The US Congress enacted a new law in support of its Missile Technology Control Regime (MTCR), stating that those failing to abide by this Regime would have to face sanctions. The new law seeks to limit the payload on unmanned vehicles or space delivery systems to 500 kg and the distance to 300 km. These regulations are based on the assumption that if payload and distance exceed these limits it would give the country launching the missile intermediate-range missile capability. The US view is that if India is allowed to acquire such military capability, it would be of general concern particularly to Pakistan and could trigger missile proliferation in an area where there already is nuclear potential.

Not for Military Purposes

The US is fully aware of the repeated assertions by Indian government spokesmen that India's intentions in acquiring booster rocket technology are solely for peaceful purposes – to put communication and weather satellites into orbit. In fact, in a recent dialogue between US Under Secretary for International Security Affairs Mr. Reginald Bartholomew and Indian Defence Minister Mr. Sharad Pawar, the former con-

ceded that the Indian space programme was non-military. Even Prof. Stephen Philip Cohen, noted specialist on South Asia, criticising the US stand commented: "It's just an outrageous American policy". He acknowledged the fact that the rocket motor agreement between India and Russia was "not for military purposes. That's just not true", he said.

The embargo can seriously impede ISRO's programme considering the fact that the United States is a major supplier of critical components used in satellites and almost all countries engaged in space research depend for their supplies on the US. The United States has, in fact, been supplying ISRO half its requirements of electronic components for satellites and launch vehicles; while Great Britain, France and Germany account for the rest of ISRO's shopping list.

India has been receiving radiation-proof integrated circuits (IC) from the US which are crucial to a satellite's electronic control and communications circuitry. Among other sundry components which India has to necessarily import are those required for the satellites' solar panels and remote sensing cameras. These are also available from Germany, England and France.

If England, France and Germany join the US in imposing trade and technology-transfer bans, India will be forced to turn to China. But the basic problem with Chinese technology is that though Chinese rockets are known to have the capability to launch satellites such capability is comparatively low. India will therefore have to develop indigenous technology which admittedly, will be very time consuming.

Alternative Sources

On the other hand, in so far as

India's domestic needs are concerned, there is no immediate cause for worry. INSAT 2A, the first of the indigenously built INSAT 2 series satellites, (four satellites in the INSAT 1 series were built for India by the US company Ford Aerospace) has been launched by the Ariane Space Agency. And the electronic components for the next in line – INSAT 2B – have already been procured. INSAT 2B and INSAT 2A are safe from sanctions. The expected life of each being seven years, India's television and communication systems need have no worries till the year 2000.

What will be affected by the US ban is INSAT 2C scheduled for launch in 1994-95.

Fortunately for India even if the three European powers are persuaded by the US into banning the sale of components to India, private enterprises in these countries would be willing to come to ISRO's rescue, by persuading their governments not to join the sanctions in their own business interests. Thus commercial compulsions, not only in Europe but even in the USA may see India through.

Although ISRO has an outstanding record in indigenous fabrication, there are still many materials and components that have to be imported. These include high-speed momentum wheels for the INSAT 2 series, cells for the satellites, batteries and solar array, titanium tanks for fuel and helium, kevlar fibres used for some of the upper solid motor casings and so on. Almost all these can be indigenised, but will require time and considerable investment.

Why the US Ban?

What are the main objectives behind the US ban? To answer this question we

need to understand India's space technology programme.

India already has the capability of building satellites for various applications. ISRO has carried out a series of tests demonstrating the depth of its launch vehicle programmes. In April this year India tested its short-range surface to surface missile, 'Prithvi'. On May 13, the Polar Space Launch Vehicle (PSLV) programme's third stage solid propellant motor was ground-tested. This motor, 2 metres long and 2.3 metres wide will take the PSLV from 160 km to 400 km out into space. It uses high-energy HTPB solid-propellant which is manufactured in India. The first stage of the PSLV, 325 tonne booster 2.8 m. in diameter and 20 m. long has already been tested. Besides, the ambitious Integrated Guided Missile Development Programme (IGMDP) of the Defence Research and Development Organisation received a further boost when its centerpiece 'Agni' the long-range ballistic missile was tested in the last week of May. It has proved India's potentialities in missile development programmes.

The cryogenic rocket engine which was to be brought from Glavkosmos cannot be used for missile systems. These engines with higher specific impulse of thrust are meant to haul satellites of the 1000 kg class and above into geosynchronous orbits.

ISRO's desire to develop satellite launching capabilities apart from meeting domestic needs, is to enable India to enter the market for commercial launchings. In other words compete with countries like USA and France. India's competition will be keen because we can provide launch facilities at comparatively lower prices. The creation of an autonomous corporate outfit within the Space Department for marketing ISRO's space and technology services as well as equip and devices has been on the anvil for some time now.

Remote sensing is a very important aspect of space technology. Until now remote sensing was monopolised by a few western countries. There are two commercial ventures – The Landsat in the US, and French Spot Satellite – which provide worldwide data collected through remote sensing. This facility is already being used by many countries including Malaysia, Pakistan, Canada, Australia and India. Now India is the fifth

country in the world and first among developing countries to have its own operational remote sensing satellite.

India – Entering the Space Launch Market

The tremendous success of remote sensing satellites has enabled the Indian aerospace industry to break into the well protected competitive information market in space data acquisition and distribution. Although China has built up an impressive array of facilities to launch satellites, its entry into the world market is recent. It is only during the last two years that China has been offering other countries its rockets to launch satellites but so far hasn't received any orders. Australia, Sweden and Indonesia are a few of the countries which want to launch their communication satellites using Chinese rockets, but the US reportedly scuttled their efforts by invoking a clause which prohibits any satellite built with American components from being launched from China.

This is basically to protect American firms' facing competition from Western Europe, Russia, China and now India. According to the Deputy Director of the US Commerce Department's Office of Space Commerce: "Rocketry is a tough business because too many rockets are chasing too few payloads. They are floundering in their search for customers."

With the ending of the cold war, US industries (particularly their armaments industry) are fast losing their competitive edge in world markets. Along with the loss of competitiveness in a number of manufacturing industries, US export share in high technology products has also been declining.

Ban – For Commercial Reasons

It would therefore appear that the only or perhaps the principal motive for imposing an embargo on ISRO is commercial. As ISRO chairman Mr. U.R.Rao rightly pointed out the two-year US embargo on ISRO is dictated by commercial compulsions and intended to prevent India from growing into an important economic entity in the international space market. Addressing a press conference at Antariksh Bhavan, the ISRO headquarters in Bangalore, Mr. Rao observed "Our launch costs are low. We were going to be an important economic entity in the multibillion dollar space market. Therefore, the rea-

sons for the two-year ban on exports to India are totally commercial."

India's Weak Bargaining Position

In the last one year there have been indications that the United States and India were forging a new strategic relationship in South Asia; but recent US pronouncements on various issues indicate that there has been little or no change in earlier official US positions on India. Troubled by internal strife and caught in the midst of economic difficulties, India is in a difficult predicament today. The break up of the erstwhile Soviet bloc has closed a hitherto captive market for a host of commodities. Unfortunately this has happened at a time when India's requirements of hard currency have increased because of the liberalisation of the trade regime involving the dismantling of quantitative controls and reduction in tariffs.

India's bargaining position is therefore weak simply because of the need for external financing and the government's understandable attempt to mend fences with the American establishment.

ISRO therefore should not, any longer, depend on foreign sources for its requirements. The emphasis should be on indigenous development.

Mr. Raj Kumar Kothari is a Ford Foundation Research Fellow at the Department of Civics and Politics, University Bombay.

Marlboro Cancer

Some of you might remember the tall, dark and handsome cowboy astride a bucking horse, smoking a Marlboro.

Wayne McLaren, the heartrob of the 1975 Marlboro print advertisements was diagnosed to be suffering from lung cancer and given only a few more years to live. In 1989, he had undergone a chest X-ray but his doctor has failed to detect a lung tumour. Today though, Mr McLaren is responding to chemotherapy, the cancer has spread to his brain. And he knows it. Mr McLaren smoked one and half packets of cigarettes everyday for the last 25 years.

Is the pleasure worth the pain?

In the same year that McLaren learnt of his cancer, cigarettes were the second most heavily advertised products in magazines. That year cigarette companies spent US \$ 3.27 billion on advertising. What is heartening is that as cigarette advertising revenues increased, coverage of smoking fell correspondingly.

Courtesy: THE CUTS Patrika

The Dunkel Draft and Developing Countries

Parvathi Vasudevan

As it now stands, the Dunkel Draft is biased heavily in favour of the developed West and seems to be guided more by political rather than commercial considerations. This is not to deny the need for a more open multilateral trading system.

On December 20, 1991 Mr. Arthur Dunkel Secretary-General of the General Agreement on Tariffs and Trade (GATT) circulated to GATT's 108 members for their consent, a set of proposals that has now become widely known as the Dunkel Draft Text (DDT). The DDT is a 438-page technical document arising out of the concerns expressed at different stages of the Eighth Round of multilateral trade negotiations that started at the summer holiday resort of Punta del Este in Uruguay on September 1, 1986. This is also referred to as the "Uruguay Round." Should these proposals be approved the impact on the restructuring of world trade would be enormous particularly on the Third World (TW).

GATT sets out rules for the conduct of international trade by providing a forum for multilateral negotiations relating to trade problems and for the gradual elimination of tariffs and other trade-related barriers. One of the basic commitments is that member countries grant each other the Most-Favoured-Nation (MFN) treatment, i.e. there will be no discrimination vis-a-vis rights, advantages and privileges enjoyed by and between member nations. Headquartered in Switzerland, GATT's membership has increased from the original 27 participants to its present strength representing more than 80% of world trade.

The present and ongoing eighth Round — the Uruguay Round — has to be viewed against the backdrop of developments in the 1980s. Despite the adverse effects of two oil shocks in the 1970s, the industrialized countries' economies were prosperous, enjoying a high growth rate, relatively low unemployment and technologically very advanced. This necessitated the expan-

sion of markets for their goods. Regional arrangements like the EEC and the US-Canada Trade agreement had their own limitations. The major industrialized countries felt that the GATT rules, even though strengthened in the Tokyo Round, were inadequate especially for their emerging interests. Service sectors such as banking, insurance, transport, telecommunications, informatics etc. had good export potential. They also felt the need to protect the interests of their scientists — their discoveries and inventions. In addition agriculture continued to be uppermost in US calculations as American farmers were pressurising their government to raise prices compared to those enjoyed by their counterparts in Europe.

These were the prime considerations in the minds of the industrialized countries, particularly in the US in launching the Eighth Round of GATT negotiations. They also hoped to extract greater concessions from the developing countries as they felt that the developing countries were deriving more out of GATT, than were making concessions commensurate with the advantages they were gaining.

For the developing countries the decade of the 1980's was, by and large, a lost decade with the oil crises of the 1970's devastating their economy. Their export potential was kept at an artificially low position, they were confronted with a debt problem and hence vulnerable to pressures. The disintegration of Eastern Europe and the collapse of the Soviet Union also made it more difficult for the developing nations to find sources of financing. In such a situation the demand of Third World countries at the GATT negotiations for a more fair trading system was not heeded. In fact, Mr. Dunkel encountered lit-

tle difficulty in introducing four new areas into the GATT deliberations which formed the text of the Dunkel Draft. These are: agriculture, trade services, trade related investments and trade related intellectual property rights. The Director-General also hinted that GATT would oversee not merely international trade but also monitor the domestic policies of sovereign nations to ensure that the latter did not contradict the GATT approach to the newly incorporated agenda.

Trading in Agriculture

According to the DDT only those people eligible on the basis of "clearly defined criteria related to the nutritional objective" can avail themselves of subsidised food. This amounts, according to most critics, to a gross interference in the internal affairs of a nation. Besides, the highly biased approach of the DDT becomes evident when one notices that there is a provision in the Draft for the developed nations to continue subsidising those farming areas that are designated as 'less-favoured area' or 'backward area'. Since 1980, 52.5% of the UK's agricultural land has been designated as 'backward area' and hence eligible for government subsidy. In reality, it is a ploy, a carrot dangled by developed governments to ensure that their farming population do not forsake agriculture.

The Dunkel Draft also hints that the public distribution system (PDS) needs to be revamped, if not totally scrapped. The overbearing attitude of the developed nations is thus evident when they expect governments, particularly in developing nations to surrender their rights to procure commodities in order to maintain food security — a decision to be taken by sovereign nations and

certainly not a subject matter of international treaties, even though there could be a justification for such a policy decision in many countries. The DDT also insists on a current minimum market access of approximately 2% of domestic consumption on the specious plea that nations (like India) will be able to tackle their Balance of Payments difficulties more efficiently! On the basis of a rough calculation and in keeping with India's imports between 1985-86, 16 lakh tonnes of edible oil and 6.5 lakh tonnes of sugar will have to be imported. This would cost India's exchequer approximately Rs.2000/- crores, a needless drain on India's foreign exchange reserves apart from severe implications for domestic oil crops like groundnuts, sesame etc.

Even as the Uruguay Round was initiated, six US Trans National Corporations (TNCs) were already exclusively involved in subsidizing US corn and wheat exports, the lowering of world rice prices by bringing it into the market at USD 60 per ton below the Third World cost of production and roughly USD 40 per ton below the US cost of production. In doing so, these TNCs were threatening the very survival of TW farmers and their economies. Incidentally, the same six TNCs handle approximately 85% of all US wheat, 85% of US corn and 80% of all US sorghum cultivation apart from handling 90% of Australia's sorghum exports. And, when its corporate interests are at stake, the US does not hesitate to retaliate politically. Nigeria, which had temporarily discontinued imports of US wheat to prevent the depression of domestic food prices and Nigerian staples such as yams, cassava and millet, was threatened trade retaliation against its textiles. The TNCs also do not hesitate to manipulate food safety standards. Thus, while the genetically engineered organisms introduced by the TNCs are treated as "safe", organic foods sought to be exported in bulk by Third World countries are often treated as unsafe.

Equally objectionable are the DDT's proposals for agriculture as seen through the prism of the now almost infamous trade related Intellectual Property Rights. Intellectual Property Rights (IPR) in agriculture amounts to furthering the control of the TNCs by patenting seeds, plants etc. for 20 years. This will result in a) increasing the domination of Indian agriculture by the

TNCs, b) an automatic price escalation of all varieties of seeds, c) the erosion of indigenous research, especially genetic engineering, in a vital area of the economy, viz. that of feeding India's growing population. In the process modernization efforts of Indian farming would become a certain casualty. The small farmers in particular, will suffer as they will be physically prevented from multiplying seeds and selling them to others – a century and more old practice. Dr. M.S. Swaminathan, has cautioned India of the disastrous effects of allowing the patenting of life forms (something disallowed even by US laws) for extended time periods. He has also highlighted the fact that the sheer commercial size of seed holdings and animal varieties' holdings of the developed nations, the MNCs could pose a threat to the food security of nations that dare question the near monopoly of the developed countries. Besides, they could very effortlessly subvert the painfully evolved agricultural practices of developing nations, apart from spelling disaster to biological diversity and ecological balance if the TW nations were to agree to Dunkel's views on agricultural reforms.

Trade in Services

Dunkel's views on the General Agreement on Trade in Services (GATS) as an aspect of the overall negotiations of GATT was only a formalisation of the on-going discussion on the inclusion of services. Initially, this was strongly objected to by many developing countries on the ground that in many 'services', developed countries like the US have very substantial advantages because of the inherent technological sophistication embodied in such services. This is particularly so in 'financial' services areas, tourism, telecommunications and computers. The opposition to 'services' has however, declined over time, partly because of the vulnerable economic situation in which developing countries were placed during the 'eighties, and partly because of the realization, somewhat belated, that foreign investments flowing in together with services could be beneficial in that it could spur the domestic services sector to upgrade its potential in the area and compete.

The major criticism of GATS is grounded in the fact that Trans National Corporations would not transfer the state-of-the-art technology in services,

in the belief that the second best is good enough for developing nations. Moreover the sheer volume of transactions as reflected in the size of the Third World (TW) as a whole is not confined to urban areas alone. One could expect foreign involvement in the services sector in rural areas, since rural areas lack basic infrastructure like potable water, electricity and transportation. In essential services like health-care, education, or even banking, it is therefore imperative for TW countries to provide such amenities, if they want their own service industries to compete with foreign enterprises. It may also be necessary for TW countries, keeping in view development parameters, to insist upon such conditions as the use of local technical manpower and improvement of indigenous R&D efforts. More importantly, there is need to insist upon trade in services on a reciprocal basis. Besides, TW countries should demand that labour, like capital, commodities and services, also move freely across national boundaries and not be bogged down in quagmires of immigration quotas and procedural red-tape. TW labour both skilled and unskilled should be allowed to find opportunities to earn and remit their savings. The issue of the free movement of labour has been totally ignored in the GATT negotiations on services since this is not to the advantage of developed countries who act, in this case, not as GATT members, but as individual sovereign entities!

TRIPS

Of all the issues on the agenda of the DDT, critics have reserved their firepower for Dunkel's recommendations on the Trade Related Intellectual Property Rights (TRIPS), an area where the developed countries have made concerted efforts to foist their views on the developing nations. One of the most common criticisms levelled is that if countries were to abide by Dunkel's plan vis-a-vis TRIPS it would amount to an abject surrender of national sovereignty. To expect developing nations to accede to TRIPS would be to totally ignore the objections put forward by them at the Brussels Sitting of December 1990 that "consideration will be given to concerns raised by participants related to the underlying public policy objectives of their national systems for the protection of intellectual property, including developmental and technological objectives."

The Uruguay Round Must Work

Strings are being attached to development aid. By an inexplicable sea change this has become acceptable to givers and receivers alike. "Conditionality" — both political and economic — has entered international parlance, though not yet perhaps the best dictionaries.

Respect for human rights is essential. For both moral and practical reasons. Third-world democracy may not provide models of efficiency, but dictatorships are disastrous for development. This contradicts the doctrine of the 60s and 70s, when attempts to introduce democracy from outside were dubbed "neo-colonialism". But all surveys available at present prove it true.

Economic barriers should be abolished in the third world. Who wants to give development assistance, only to find that goods imported are allowed to rot in warehouses because the customs clearer has gone on indefinite leave or will not

act without a bribe? Creating the right environment means more than building roads and making telephones work.

We believe the West is right to put forward conditions on both these fronts. But it must put its own house in order too. Development aid is quite simply cancelled out — in some quarters of the globe many times over — by restricted access to the "free" markets of the industrialised countries. This is what the third world needs, and this is what the Uruguay Round is all about. We should weep, not laugh, at the wrangling between the United States and the European Community about market access. Present protectionist policies catastrophically distort the free market system which is being preached throughout the world by "wise" Americans and Europeans.

If the Uruguay Round block is not pushed aside development aid can be considered a total waste of time and money.

Swiss Press Review

Central to the controversy surrounding TRIPS is the issue of patents, copy rights and trade marks. According to the UN, a patent is a statutory privilege (not a right) granted by the government to inventors and to other persons, for a fixed period of years so as to exclude others from manufacturing, using or selling the patented product or process. At the expiry of the stipulated time-period, the patented invention is made available to the general public.

With the advent of modern industry marked by tremendous competition, the line between the need to balance patent rights and public/general interests got blurred. There was a definite move in the direction of protecting private monopoly (at the cost) of public rights. Of course, one has to concede that every inventor draws from the world pool of knowledge and the fruits of prior research. The question then is how much does the inventor owe to the public and how much can he claim to be exclusively his own contribution for which he seeks the privilege of a patent. The Berne Convention (1886) and the Geneva Convention of Universal Copyright (1952) indicate that intellectual property would strictly refer to a copy right for literary and artistic work.

Over the years, particularly in the last few years, the scope of the term intel-

lectual property rights (IPR) has been consistently widened to cover a vast array of subjects. Patents today are at the core of the controversy surrounding IPR and the patents issue is among the most crucial that governments around the world need to resolve. On the issue of patents, the views of four parties have to be given due consideration — sovereign governments, industry, the scientific community and the common man or the consumer. Patents today include plants, seeds, animals and other live forms, mathematical equations, chemicals, food, drugs and medicines, to name a few areas that have enormous implications including steep increases in the prices of seeds, greater domination of agriculture, a loss of bio-genetic diversity as also poor and retarded diffusion of new plant varieties so essential to the field of agricultural and animal husbandry development. In the field of medicine, particularly the pharmaceutical industry in TW countries, the implications are grave.

What should be Patented?

The debate today centres round the issue of *what* should be patented — *the product or the process*? The main difference between the two forms of patent laws is that when nations talk of process patent, new innovators will be able to produce the final product, with

minor variations in the process already known, whereas a product patent implies that new processes or new innovations of arriving at the existing product will be disallowed. In other words, once produced and marketed, the product can never be duplicated by any one else, resulting in a monopoly situation. Obviously, most developing nations do not opt for product-patenting laws, but prefer to opt for the process-patenting approach. This is because it provides enormous scope for their scientists and technologists to discover new processes for making the same essential products within their investment capacities and which will add to alternatives to the industrialization process.

Patenting of products could mean that a TNC can refuse to produce drugs which are needed most, despite having acquired a patent in that country. They could insist upon its being imported and, at a price which can be prohibitive to the common man. The local companies can be forbidden to produce these drugs at a lower price, and at a time when they are in great need by the people. Something similar has already plagued the drug industries of the third world and things may become worse.

Put simply, while in earlier times, inventions and not scientific discoveries could be patented, now patents, are being sought to privatize knowledge and resources rather indiscriminately.

Dunkel's proposed TRIPS regime seeks to provide a 20 year patent for products as opposed to the 5-10 year period requested by the developing nations. Dunkel also dispenses with compulsory licensing. This will facilitate the TNCs to enhance their monopoly for a longer period if only by resorting to any number of spells of product patents.

At GATT meetings the developing world is divided and hence weak in terms of collective bargaining. GATT meetings are behind closed doors and are secretive in nature. Even their documentation tends to be for restricted use. They lack the transparency of organisations like UNCTAD. Besides, the Dunkel Draft explicitly shifts the burden of proof from the plaintiff alleging infringement of his process to the defendant. This proposal, according to several legal luminaries violates the Human Rights Declaration which stipulates that any-

one accused of guilt has a right to be presumed innocent until proved guilty according to law at a public trial.

On Preferential Treatment

Finally, GATT currently has a provision for special and differential treatment of developing countries, especially when confronted with BoP difficulties, by allowing the use of protective devices such as a quota system. The Dunkel draft however dilutes these provisions to the detriment of developing nations by dividing them as 'developed' and 'least developed', and, in the process, has divided the Third World.

The DDT: A Positive Glimpse

To be fair the Dunkel Draft is not all bad. These are some positive features as well. For instance with regard to TRIPS it must be conceded that the idea of enforcing copyright laws or to insist on patents is not without any merit. The experience in several Third World countries' health care systems where the medical treatment of the weaker sections of the population is highly unsatisfactory because the domestic pharmaceutical industry sup-

plies spurious medicines and injectibles especially to public hospitals cannot be sufficiently overemphasized. This calls for tough inspection measures followed by punitive action. If the patented medicines are or can be made available at reasonable prices, patenting should not be grudged. Besides, the brilliant among the inventors in developing countries could also get due recognition and rewards.

It is equally important to appreciate the fact that this violation of trademarks attracts such mild punishment in Third World countries that counterfeiting has become a very paying venture. The Dunkel proposals call for the protection of industrial designs in a more effective manner. This implies that consumer rights will be recognised and that he is less likely to be ripped off by imitations of popular domestically produced items ranging from biscuits to automobile spare parts. This certainly means trouble for the underground industry, but it is good news for consumers.

With reference to the services sector, the advantage lies in the fact that by

permitting foreigners entry into such areas as banking, travel and tourism, the local counterparts just cannot afford to be careless, rude or indifferent to the needs of their clients. Competition in these areas could well be a blessing in disguise. Only those units that are capable of offering efficient and swift service will survive.

Conclusion

As it now stands, the Dunkel Draft is biased heavily in favour of the developed West and seems to be guided more by political rather than commercial considerations. This is not to deny the need for a more open multilateral trading system, but there is a need to ensure that in the present environment of superior economic and political powers dictating policies covering all aspects of life it is not taken as a 'fait accompli'. This is the critical issue, as the national interests of the developing countries are very different from those of the developed ones and the DDT proposals have far reaching implications for the development process itself.

DR. PARVATHI VASUDEVAN teaches at Bombay's Bhavan's College.

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FROM THE FOREIGN PRESS

Murder in Algeria

An old man has been shot to death in Algeria. Murder is usually cowardly, and the shots in the back are symbolic of that. Mohammed Boudiaf was President of Algeria for just six months. He was 73 and, like François Mitterrand in Sarajevo, he knew the risks and did not care. His killers were cowards, but he was brave.

Boudiaf was a hero of the independence movement, and all the more a hero because he left that movement when it turned into a corrupt dictatorship. He was arrested by Ben Bella — who now calls his death a tragedy for the nation — and after some months in jail he was sent into exile. For many years he led a quiet life in Morocco. Until this year.

In the early years Boudiaf fought for freedom. And he would have died for it then if the supreme sacrifice had been required of him. Did he die for it in the end? Or was he the puppet of a military regime bent on suppressing freedom? These are legitimate questions.

Boudiaf came to power on the back of a decision by the military dictatorship to cancel the first round of Algeria's first democratic election because the Islamic Salvation Front had won. In that first round the fundamentalist party

took 188 of the 232 seats which were won outright. It needed only another 28 in the second round, and if there had been any doubt about the result the election would not have been cancelled. If it had not been cancelled, Algeria would now have a fundamentalist government, while Mohammed Boudiaf would still be leading a quiet life in Morocco.

Those who took the decision to cancel the elections said they did so in order to preserve democracy. They quoted an Islamic Salvation Front spokesman as saying after the first round: "This is the defeat of democracy, which is pure atheism". It was never clear exactly who had said this or indeed if anyone did. But the Islamic Salvation Front had been planning to outlaw parties not based on the Koran. That is on the record.

Dangerous as it might appear, it would surely have been better to let democracy run its course. Forced into the bush — their leaders on trial — the fundamentalists have taken the only way still open to them, the path of violence. As with Anwar Sadat, violent suppression has been followed by assassination. And neither Sadat nor Boudiaf were leaders chosen by the

people. They were both appointees.

After what has happened, the Algerian military are increasingly jittery. There is now likely to be a crackdown on dissent even more severe than before. When he was killed, Boudiaf was at the beginning of a tour of the countryside in which he was trying to gather popular support. Since taking office he had become increasingly worried about his government's isolation from the people — and he was on a mission to try to remedy the situation.

But the wheel comes full circle. If you want to know what the people think, you have to ask them — in free and fair elections. This is what Boudiaf's predecessor did — and he was booted out of office for his pains.

In Egypt, the charismatic Anwar Sadat found his ideal successor, the very low-key Hosni Mubarak. There too fundamentalism is considered the main danger, although there is no indication that it has attracted as much support as in Algeria. Mubarak has tried — and in some measure succeeded — in bringing an end to the atmosphere of turbulence which led to the death of Sadat. He turned out to be the ideal man for the job. Unwise as Sadat was in many of his own domestic policies, his choice of a successor was a good one. Is there an Algerian Mubarak hiding in the wings?

How to Help the Russians

We should stop dithering so much about how to help the Russians. The survival of democracy in one of the biggest countries in the world is at stake. It is pretty obvious what we should do. And also what we should not do — which is to interfere more than strictly necessary.

First, every free country should respond as best it can to Russia's clear need for help in changing over to the market economy. This is what Yeltsin wants to do. And this is what the old Soviet establishment wants to stop him doing. It is not for nothing that the American effort in this field is called the Freedom Support Bill. We can only hope that this will be passed in Congress as soon as possible and that

it will not fall victim to electoral considerations. And similar efforts should be made by every democratic country. We have not nurtured our democratic institutions in order to keep them to ourselves.

The second thing we should do is to provide evidence that democracy is not only a more moral system than dictatorship but also a more successful one. It is difficult for people who have lived under totalitarianism for so long to realise that the people can be trusted. The nitty gritty of democracy is accountability — the idea that those who rule are directly responsible to those who have elected them. And if nobody elected them — then good night.

The same goes for private property. If the communists are out of power and the old Communist Party is now illegal in Russia, why is there so much opposition to privatisation? The communists were after all the only people who have ever objected to the existence of private property — for others of course, not for themselves. But privatisation is a costly and complicated business, even in a developed country where private property has always been the rule. It is that much more difficult in a country where the very concept was abolished seventy years ago. We should not forget that before the Bolshevik revolution Russia was a capitalist economy with the highest growth rate in Europe. The people need help to get back on to that particular band-wagon.

Communism has been abolished, but there is no doubt that the remnants are struggling on. This is a hydra-headed beast that will not die. After the Second World War denazification in Germany was presided over by the allied armies — even though large sections of the population helped them. The Russians have to do it themselves. They are trying very hard. But they need help.

And finally — perhaps most important of all — we should give Yeltsin the benefit of the doubt. Although he has the reputation of being a bit of a ruffian he is making all the right noises. Which means he is doing the best he can to solve the difficult problems enumerated above. He told the United States Congress that communism was dead in Russia and would never rise again. He needs our help to make his dream come true. And this does not mean just clapping from the sidelines.

Change Comes to Israel

So there is a change of government in Israel. The Likud old guard have been seen off and will not get another chance. As Moshe Arens said before retiring, the concept of Greater Israel — Eretz Yisrael — has not proved an electoral asset.

The peace talks will go on, and they will not be overshadowed by the fact that one side simply was not trying. But this is not a cause for euphoria, for the latter emotion is a killer of hopes. Fundamental problems divide Israel from its Arab neighbours, and they will be extremely difficult to solve.

The Arab country least enthusiastic about the election result was Syria. Its main problem with Israel is the Golan heights. The new prime minister was head of the army when these were captured, and he knows their value to their possessor. Some of the back country will be negotiable, but not the heights themselves. Syrian artillery will not be allowed to loom over Galilee ever again.

The negotiations had better concentrate on autonomy for the Palestinians in the West Bank and the Gaza Strip. This might be acceptable to the latter as an interim solution, a means to an end. But for the Israelis it will be considered the end itself. They are not prepared to give these people statehood in these lands. They will keep control of foreign affairs, defence and the interests of the Jewish settlers.

Rabin is no less a Zionist than Shamir, indeed probably a more effective one. Zionism today is simply a determination to maintain and protect the existence of the Jewish state. The greatest Zionists were the founders of the Labour Party. And their interests are not about to be given away by today's Labour leader.

Euphoria must give way to realism. That is what is needed. Some results may now be expected from the peace process. Reasonable men have replaced fanatics. That is a great gain.

Swiss Press Review

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BOOK REVIEWS

The Continuing Exploitation of Indian Women

REFLECTIONS ON THE WOMEN'S MOVEMENT IN INDIA: RELIGION, ECOLOGY AND DEVELOPMENT by Gabriele Dietrich; Horizon India Books, P.O. Box. 3224, New Delhi-110013; 1992; pp. ix + 145 pages; Rs. 150.



Recently I was invited to a puja-cum-dinner held by a big transport company to mark the 'flower-shower festival' of Goddess Mariamman near Tiruchirappalli. It was a grand affair in the company's premises with a 7-foot cutout of Mariamman on a decorated lorry with brilliant illuminations. The worship of the Mother Goddess was impressive what with a grand *Nadaswaram* recital on. The dinner was sumptuous and then we were invited to watch a *karagattam*.

On a clearing, three young girls dressed as trapeze artistes with decorated pots tied to their heads pranced around to the quickening beats of several drums. The very air pulsated but the show was depressing. Dust arose in heavy clouds as the men (labourers, superintendents, workers, officers) satiated after the rich feast looked on feverishly at the three ill-clad bodies gyrating and writhing by turns. What was the significance of this *Karagattam*? Was it not a mere exhibition of the human body and vulgarization of the feminine contours? How did one relate the grand (and obviously sincere) worship of the

Mother Goddess with this sickening piece of anti-culture?

I found the answer in Gabriele Dietrich's *Reflections*:

"There are also cultural skills, in the more narrow sense of folk forms of song and dance, which need to be rethought in a movement content. In the Tamil Nadu situation, I can think of a simple skill like the *karagattam*, which is a Dalit folk-art carried out by women who dance with water pots on their heads. This is associated with *Shakti* and water and, thus, with profound production of life symbolism. Today, this dance has become a mere tourist attraction. It has been deprived of meaning, commercialised, and has become a vehicle of sexual objectification and exploitation of women."

Such indeed has been the history of wilful desecration of the Mother Goddess idea in India. Unlike the West, India's cultural roots gave pride of place to Aditi, the mother of gods. Even when society turned out to be patriarchal and male-dominated, the woman did not give up. Come what may, she clung to the idea of the family, of purity, of sacred maternity. Which was why women in the past did not readily commit suicide. Devayani, Draupadi, Damayanti, Sakuntala, Sita, Kannaki and their sisters never cared to take the easy way out. Suicide and *Suttee* were never their choice. *Suttee* became an ugly fact only because of the harsh treatment meted out to widows and the grab-mentality of the male in a patriarchal situation. The evil is now one of the major enemies of women in India.

Women in India today are besieged by thousands of such inimical practices that will not allow them peace, a personal identity or even human dignity. Others may raise the banner of revolt by citing past history of oppressions. Not women. They remain the most oppressed, reviled and misused creatures in the land.

In a remarkable reconstruction of the life of Manalur Maniamma (*Paadayil*

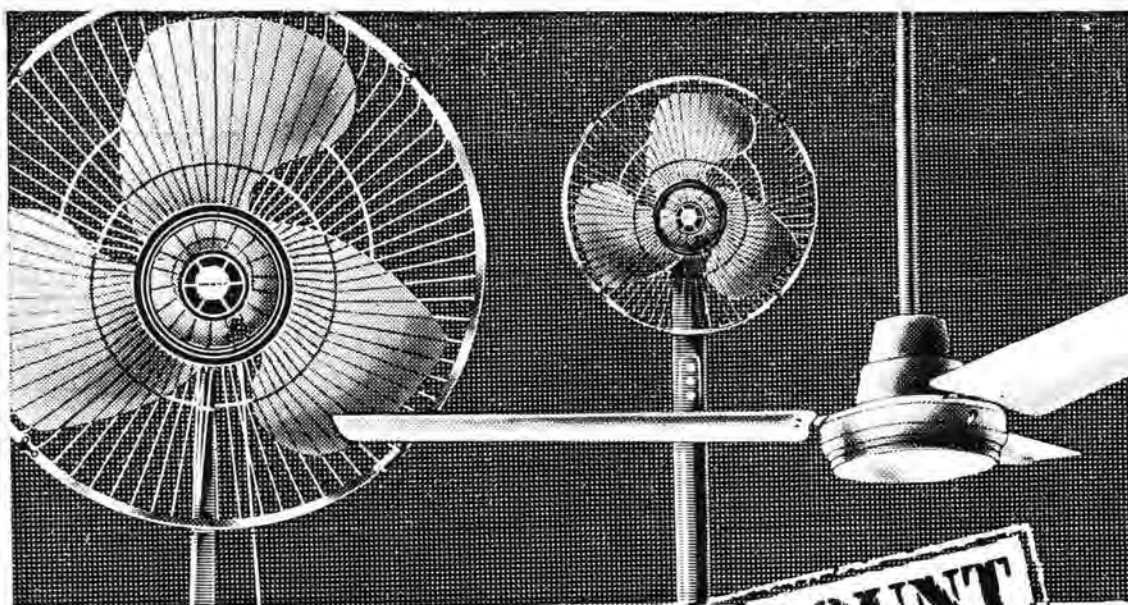
Gabriele Dietrich

Gabriele Dietrich, a teacher by profession and an activist by choice, is with the Department of Social Analysis at the Family Nadu Theological Seminary, Madurai. Though now an Indian citizen, she is German by birth and had her education at the universities of Marburg, Muenster, Heidelberg and Berlin in a broad range of subjects such as Sociology of Religions, Indology, Judaism, Christian Theology, and Comparative Religion. She was awarded a Ph.D in History of Religions from the Free University, Berlin.

Dr. Dietrich has raised the women's question untiringly during her work in India since 1972, and is active in the Madurai branch of *Pennurimal Iyyakkam* (Movement for Women's Rights). This group works with slum dwellers in the areas of housing, basic amenities, police inaction, unorganised labour, and caste-based atrocities. It is also involved with other issues of social importance.

Padintha Adikal), a brahmin widow from Thanjavur who created history as a member of the Congress Party and later as a Marxist (in the 'forties), Rajam Krishnan points out how women are second-class citizens. Maniamma had rebelled at the ill-treatment meted out to widows (tonsuring of the head, enforced seclusion, denial of education) and joined Mahatma Gandhi's Congress. But the Congress hierarchy could not bear a straightforward woman standing up for the oppressed (untouchable) farm labour. She had then turned to communism and worked hard to disseminate its ideals. However, when it came to sharing power, she found the male comrades to be as patriarchal and autocratic as the '*pannayar*' of her village.

Gabriele Dietrich takes the story down to our own times. For instance, the Dalits speak of unspeakable repression for centuries. How about their treatment of their women? Gabriele quotes Ruth Manorama to describe 'the thrice-alienated' Dalit women by class, patriarchy and caste. They have to work



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for they are poor, their men misuse their bodies and they are gang-raped and denied access to water by the upper castes.

Upper caste or lower, kshatriya or dalit: the loser is always the woman. And yet the women's movement in India has not yet arrived at the take-off stage. The beginnings are being made, and Gabriele's *Reflections* mark a few of these hesitant attempts with a sense of commitment. She came to India two decades ago and apart from teaching and motherhood, she takes an active part in *Pennurimai Iyakkam*, Madurai. She has been interacting with women from all levels. Her observations have not made her cynical. But she cannot be cheerful. For women in India are being increasingly marginalised through ecological destruction. Woman is still 'a piece of property'!

"Within the family women can be denied the right to work, the right to property, the right to mobility; they can even be done to death without outside intervention."

For instance, Operation Flood has brought prosperity to rural Gujarat. But the farmer shows greater alacrity in getting a veterinary doctor for his milch cow than a doctor for his ailing wife. Woman is after all an expendable commodity!

Reviewed by Dr. Prema Nandakumar

Then religion. One religion condones *suttee*. Another refuses maintenance to divorced wives. Yet another refuses her a share in property. Gabriele admires Gandhi for his pragmatic approach to the problems of women which definitely transformed women's lives for the better in a big way. Alas, women did not fully exploit the opportunity. As Madhu Kishwar said, most Gandhian women ended up as devotees. The Dalit movement inspired by Jyotirao Phule and the Dravidian Movement organised by Ramaswamy Naicker were of no particular help to women as a group. The strong religious strain in the Indian woman's mental make-up has also placed invisible barriers in her progress. A proper understanding of the religious past could yet help her become really independent:

"If one takes the trouble to go through the temple myths of Tamil Nadu, one discovers an ancient layer of goddess religion in which the goddess is a virgin or a powerful independent entity in her own right. The *stala puranas* contain many versions which record the process of subjugation of the goddess, which usually ends up in sacred marriage. This process happens not only to the goddess but also to semi-historical figures like the Amazon queen Alli. Research into such historical backgrounds can unearth a protest potential as yet untapped."

Gabriele goes on to clarify our perceptions regarding other causes of oppression of Indian women. Sexuality is one of them. Labour within the house and at the workspot. Communal conflicts. Everywhere man has the upper hand. Such is the patriarchal structure of the present society. Gabriele posits a few case studies (the Bodi riots of 1989, the Allalaperi flare-up, the Arakkonam tragedy) to show how even when victimised, the Dalit women cannot expect help from their own menfolk. Thus an organisation like the Rural Women's Liberation Movement is welcomed by the Ambedkar *Mandrams* in Arakkonam to mobilise women for a show of strength against the upper caste but women are not represented in any decision-making body.

The chapter on 'Women, Ecology and Culture' takes its cue from the works of Maria Miles and Vandana Shiva to state that civilization does not necessarily mean a betterment of women's lot. Men, however, are quick to consolidate their patriarchy without caring for the over-all good of the society. Gabriele says:

"In the Chipko situation, it is the men who opt to be contractors and thus side with the profit motive, while it is the women who protect subsistence production and ecology by upholding the rights of women and nature, and the right to life for all ... *Suttee* is the supreme logic of housewifization mobilised against the *shakti* of women as independent producers organised in Chipko, production of profit *versus* production of life."

When so many powerful forces (patriarchy, communalism, women's own unassertive nature, science and technology) are ranged against women,

can we hope for a sustainable feminist, classless society in India? Gabriele answers in the affirmative. Immediate steps should be taken to mobilise "women's intimate knowledge of forestry, agriculture, water conservation, seeds, herbal medicine"; food-processing technology should be frowned upon as that will "not only drive out traditional subsistence crops but will further de-skill women, impoverish local diets and destroy cultural identities, apart from creating new health hazards." Violence against women (at home and outside) must be answered by stringent punishment.

In the 20-21st centuries there are no simplistic solutions to any problem since life has been made disastrously complex by man's greed for comfort and power. But this need not deter us. A beginning has to be made and Gabriele has lighted up openings in several areas. Protect Women's Movement. Protect the 21st century.

DR. PREMA NANDAKUMAR is a social activist, a freelance journalist and a frequent contributor to *Freedom First*.

ALL ABOUT FREEDOM

Man is born free, and everywhere he is in chains.

Jean Jacques Rousseau

We gain freedom when we have paid the full price for our right to live.

Robindranath Tagore

The cause of freedom is the cause of God

Samuel Bowles

Those who deny freedom to others, deserve it not for themselves

Abraham Lincoln

Freedom can be real only if it is freedom for those who think differently

Rosa Luxemburg

Freedom is the right to one's dignity as a man

Mahatma Gandhi

Freedom cannot be granted, it must be taken

Max Stirner

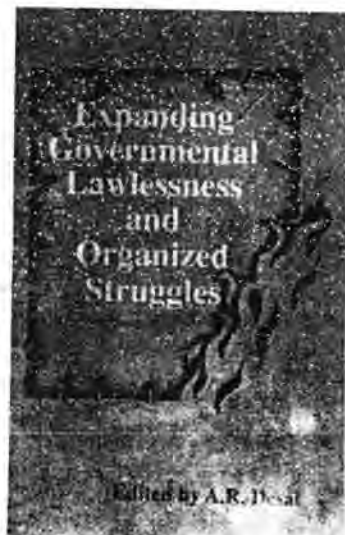
The only freedom which deserves the name is that of pursuing our own good in our own way, so long as we do not attempt to deprive others of theirs or impede their efforts to obtain it

John Stuart Mill

Contributed by
Suhas Patwardhan

The Lawlessness of Governments

EXPANDING GOVERNMENTAL LAWLESSNESS AND ORGANISED STRUGGLES. Edited by A.R. Desai; Popular Prakashan, Bombay; 1991; pp. 330; Rs. 375.



Expanding governmental lawlessness and organised struggles edited by A.R. Desai, the third and final sequel to *Violations of Democratic Rights in India*, is a continuation of the story of state repression and exploitation on the one hand and organised resistance movements on the other. This volume, in its first part, deals with the repression and violation of the democratic rights of four sections of society – minorities, women, slum dwellers and the press. Each section has been covered comprehensively with documents and reports of various human rights organisations.

The second part of the book presents certain significant theoretical papers by eminent scholars; and the third part gives a summary of some of the major democratic rights groups in India.

The book would have been more complete had the author also taken into account the violations of the rights of children. The rights of children is particularly important in the context of the International Convention of the Rights of the Child (of which India is not a signatory) that has come into force and the shocking extent of the physical and

sexual exploitation of children.

In the second part where some significant papers have been presented, the paper on 'War and Civil Liberties' seems to be out of the scope of discussion on rights, as it deals more with the performance of Indian foreign policy than with civil liberties. In the third part, where the author has dealt with democratic rights organizations he could also have highlighted the need for both horizontal and vertical co-ordination among them and suggested some ways of achieving it.

The first section deals with minorities. The Constitution guarantees several rights to minorities and also suggests ways to protect them. However, the state administration and upper castes/classes of the Hindu majority community have been creating a Hindu upper caste fundamentalist cultural ethos and cultural and economic practices which lead to the violation of democratic rights in many subtle and overt forms. The book exposes several cases of communal riots of the recent past in Pune, Sholapur, Bhivandi, Ahmedabad, all of which reveal the provocative actions of fundamentalist organizations (like the Vishwa Hindu Parishad) accompanied by police inaction and apathy towards the safety of citizens and ensuring communal harmony.

The conversion of Harijans to Islam in Meenakshipuram followed by the spate of conversions in other districts of Tamil Nadu, led to mass awakening missions by the VHP. The direct outcome of these 'missions' was the burning down of Muslim shops in Pune and Sholapur. The report of the findings of the Director for Scheduled Castes and Tribes states that it was the Harijans who approached the Muslims for conversion. The report however, has been suppressed.

In Hyderabad, where there have been eight major riots in the last sixty years (most have occurred in the past six years,) the Ganesh festival has become an opportunity for political parties like the BJP backed by the RSS for a show of strength.

New Delhi witnessed one of the worst communal riots following the assassination of Mrs. Gandhi. Gobinda

A.R. Desai

Dr. A.R. Desai, former Professor and Head of the Department of Sociology, University of Bombay won scholarly recognition with his book *Social Background of Indian Nationalism*, first published in 1948. Subsequently, he wrote a companion volume to it titled *Recent Trends in Indian Nationalism*. Dr. Desai is a Founder Member and a past President of the Indian Sociological Society. The book reviewed alongside is the last of a three volume work on human rights. The first two were: *Violations of Democratic Rights in India* and *Repression and Resistance in India*.

Mukhoty and Rajni Kothari, examine at length the role of the police, the administration and the media in the aftermath of the assassination — a litany of apathy and inefficiency.

The second section of this part of the book deals with violations of the democratic rights of women. The narration includes incidents of rape, and molestation, and other crimes against women committed by the Indian Army and the Border Security Force personnel in the hilly regions of Nagaland, Mizoram as also the exploitation of peasant women in backward areas like Karimnagar. Rape remains the most under-reported crime in the world. It has been estimated that no more than one in twenty rape cases are reported. Mass rape of individuals is one of the characteristics of rural tyrants. Rape has been resorted to as a form of reprisal by the state against a particular oppressed group.

Mass police rape has become a recurring phenomenon in India. Rape is an act of political violence — an atrocity that deserves severe condemnation. The peasant struggle in the Santhal Paraganas to reclaim their land, was dealt with — by the large scale plunder and rape by illegal landlords and the CRP men. Rape has become the most naked form of repression of the poor in

rural India. The section gives details of bonded women of Dehra Dun ending in the brothels of North India. Rape and dowry deaths here remained a blot on Indian society and the book devotes several pages giving excruciating details about these, meant to jolt the readers into some sort of protest.

Slum dwellers constitute a large percent of our urban population, particularly in the metros. They are categorised as "temporary" workers, in spite of years of service in the same organization, with no basic rights, such as housing. A large percentage are in the unorganized sector which makes their living conditions precarious, perched on uncertainties. In spite of the manifestoes of political parties, demolitions of slums continue. These are an assault on their basic rights.

Many articles in this section highlight how the various acts passed by the State to improve the conditions of slum dwellers have only made their conditions worse.

The fourth main section of the book deals with the suppression of the press. It is well known that the press is used for promoting the interests of the 'Houses' which run them and their attempts to build up or destroy images of political leaders. Journalists who have carried out crusades against corruption and other evils have been subject to physical assault and repression. The article by Adhikar Raksha deals extensively with such cases.

The section also contains an article by A.G. Noorani on 'Curfew as a Tool of Repression' resorted to by the state from time to time. To ban meetings and processions is to muzzle organised protest. To impose a curfew is to stifle and repress spontaneous, unorganised protest by the people at large.

Reviewed by
Nandini Srinivasan

The second part of this volume presents five significant papers. The paper on 'Colonial laws, Continuity and Innovations' by Sumanta Banerjee shows how some of the recent laws enacted by the State bear strong resemblance to the old colonial laws. In fact some of the laws like the Dramatic Performances

Act of 1876, passed by the British to ban 'native' plays which are deemed to be scandalous and defamatory are still to be found in the statute book. Acts like the Indian Official Secrets Act are more severe in their application than even the British considered them to be. Obnoxious pieces of legislation of the colonial era are still enforced and have actually been amended to make them even more harsh.

Another valuable article on West Bengal (Nilanjan Datta) narrates in some detail the visiting of suppression and violence by the state on grassroots movements and on other demonstration which are expressions of civic grievances.

F.S. Nariman's presentation 'How to Combat Torture' focuses on a very serious issue of police and prison cruelty. It is a detailed account and this damning indictment should be read by one and all who are concerned with civilized norms.

Though civil liberties organisations have existed since 1947 widespread interest in civil liberties came into focus in the 1970's when the nation woke up to police torture and to the inhuman killings of protesters and civil rights activists. This section gives the structural background of these organisations and also an analysis of their working. A list with their addresses is included towards the end of the section.

The book concludes with the listing of a series of limitations on our basic rights such as the right to movement, assembly and expression, so much so that any one can be detained without any prior notice.

The three volumes of violations of democratic rights by A.R. Desai, are an exhaustive and well documented account of the state of human rights in India – the ever growing repression by the state machinery on the one hand and the growing movement to defend them on the other. The compilation of the investigations and studies carried out by different organisations in different parts of the country has been done remarkably well by the author.

DR. NANDINI SRINIVASAN teaches in a Bombay college and is a human rights activist.



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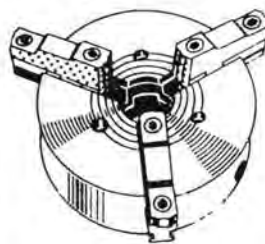


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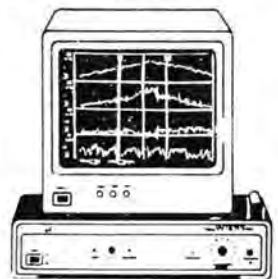
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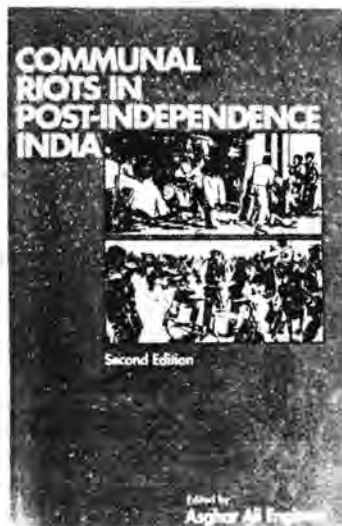
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Communal Riots: The Political Connection

COMMUNAL RIOTS IN POST-INDEPENDENCE INDIA edited by Ashghar Ali Engineer; Sangam Book India (Pvt.) Ltd., Himayatnagar, Hyderabad 500 029; 1991; pp. 366; Rs. 120.



Communal violence has become, in the post-partition period and specially since the late sixties, 'a problem we will have to live with for many decades to come'. In the initial years they were considered as 'minor irritants' common to all developing societies. Achievement of the goals of development was expected to intergrate the diverse groups and minimise conflicts and communal violence. The influence and hold of religion which was believed to be the causative factor in communal riots was also expected to be neutralised. But it was not to be. A number of socio-political factors and the direction of economic and political development have contributed to aggravating or causing communal or caste violence. Every instance of communal riot has brought to light the myriad dimensions of the problem.

The volume under review, edited by Ashghar Ali Engineer, a left-wing intellectual and leader of the reformist group of Dawoodi Bohras, is a valuable collection of papers by eminent social scientists and representatives from the fields of politics, administration and journalism. Engineer himself has contributed eight of the twenty five essays. Most of

the papers are acknowledged as being part of a seminar organised by the Institute of Islamic Studies, Bombay and the Ikhwanus Safa Trust. Papers and articles on the subject have been added subsequently in this second edition.

Engineer's book discusses the nature and origin of communal riots from the academic and theoretical viewpoints and supplements the study with first-hand field studies of major communal riots since the late 'sixties. The latter provides a great insight into the phenomenon of communal violence.

This study succeeds in removing a few important misconceptions about communal riots in India, the most important deals with the role of religion in such riots.

It is effectively pointed out in a number of articles in this collection that contrary to popular belief, religion is an instrumental and not a causative factor in communal violence. The causative factor is politics. The communal phenomenon, it is argued, arises when religion is used primarily for political ends.

It is also necessary to distinguish between mere persistence of hostility between two religious communities and 'spontaneous outbursts of religious frenzy' in the form of religious riots and the comparatively recent phenomenon of communal riots. Communal riots have behind them 'an electoral battle, some political, religio-political, linguistic or cultural demand'. Such agitations are executed with such neat planning that brutalities and atrocities reach a never before heard level. This involves systematic employment of anti-social elements.

Dr. A.R. Desai, explains communal riots using the marxian idiom. He argues that in post-independence India, the ruling class comprising big landlords and the newly emerging capitalist class use religion to divide the people and to perpetuate their exploitative class structure. The so-called secular Congress (I) is no exception to this. Similarly, D.R. Goyal traces the roots of communalism to the machinations of the educated elite in both the Hindu and Muslim communities. Another miscon-

Ashghar Ali Engineer

Ashghar Ali Engineer is an internationally known author and scholar of Islam and Muslim affairs. He has many books and papers to his credit. Mr. Engineer is a voracious reader and prolific writer. His publications have been internationally acclaimed. He believes in the progressive interpretation of Islam. He is no mere theoretician of reforms; he is actively involved in reform movements and in his writings brings to bear not only the weight of his scholarship but also his rich and varied experience in the field of reforms.

ception that the 'illiterate and backward masses' are responsible for creating communal tension is exploded here. On the other hand education, very often, becomes an instrument of generating communal consciousness.

N.C. Saxena, in his paper urges that factors responsible for communal violence vary at the macro and micro levels. Thus relative deprivation, low level of governmental legitimacy, intense sense of insecurity, blocked channels of communication are all factors to reckon with.

Zoya Hasan, in her article, discusses the socio-economic basis of communalism as well as the political compulsions behind such violence: "... the process of the fragmented and even the capitalist development has created conditions of backwardness which, in turn have facilitated the growth of communalism. Economic stagnation has led to a situation in which certain groups treat each other not only with suspicion and hostility, but also as rivals in the scarce market for jobs, concessions and subsidies".

Syed Shahabuddin, makes a scathing attack on our intelligentsia who are almost indifferent to communal holocaust. Voices which are vocalised at several other wrongs in society are

muted when it comes to communal tension. He draws attention also to the 'myths' of Muslim aggressiveness and fanaticism and of Hindu tolerance and defensiveness. These myths have to be discarded for a correct understanding of the communal phenomenon.

As observed earlier in this review, the highlight of this book is the extensive field-study of communal riots in different parts of India. These range from the Ahmedabad riots of 1969, Moradabad riots of 1980, those which rocked Meerut, Vadodara, Hyderabad, Aurangabad, the Hindu-Muslim riot in Varanasi and an insightful analysis of riots in Bombay and Bhiwandi. A most useful field-study included in this section is the one by Asghar Ali Engineer which is a case study of five major riots in Bihar: Sharif, Godhra, Ahmedabad, Pune and Solapur. These micro-level studies unveil a number of factors rooted in the local situation and which play a decisive role in fanning communal violence. Thus local factors like group rivalries, economic competition, political differences all play an important role. Field studies like the ones included here bring out clearly and convincingly the complex and multi-faceted nature of the problem.

black economy, the rural-urban divide, migration of labour, increasing pace of unemployment, growth of shanty towns have to be part of an effective study, as pointed out by many an article in this useful book.

At the end of the book, there is an examination of the understanding of the term 'communal' by the Minorities Commission.

In sum, this book edited by Engineer is a valuable addition to the studies in political sociology. Scholars and students alike would definitely find in it many scientific roots to understand and analyse the communal problem. One only wonders why Engineer omitted the Ayodhya issue. Also, a small note introducing the various contributors would have been useful.

DR. GAYATRI NARAYAN teaches politics in the SIES College of Arts and Science, Bombay.

The British, it cannot be denied, left a very fine force which stood firm by their duty and by the high sense of discipline in spite of all scurrilous attempts to divide and polarize it. However, in the post-Independence years politicians lost no opportunity to sermonise to the police to discharge their duties impartially so necessary in a democracy. But, all the same time, they wanted little favour and big favours to be shown to them and their party cadres and even inflict tyranny and oppression on their opponents. The police were forced into doing many acts which are against the Rule of Law and did not fit into their code of conduct.

And, in these changed situation while the police acted illegally under constant pressure, the politicians hurled abuses, criticised and attacked the police. Some of those who are loudest in condemning the police are often the same people who habitually pressurise the police to resort to illegal and barbarian methods or assist or abet criminals in their attempt to escape from the clutches of the law. Not infrequently they make an about-turn and disown their responsibility when there is an inquiry into a case of police misconduct and excesses.

S.K. Ghosh in his book *The Betrayal of the Police*.

Reviewed by
Dr. Gayatri Narayan

Whether they are the Jalgaon riots or the complex situations prevailing in Jammu and Kashmir or Assam or the controversial conversions (Harijans to Islam) of Meenakshipuram or the complex nature of the Punjab problem, the communal phenomenon and the accompanying violence can be understood only by an analysis of the role played by the media, especially the press, the administration, the working class, the middle class, the police and, the all important, political groups. The press exhibits a definite bias in such situations and is guilty of sensationalising events by alleged false reports.

The complexities of the development process have to be considered seriously while analysing communal riots. Thus the emergence of a parallel

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Since July 1990, the present Government in Delhi has clearly demonstrated that it does not wish to be "meddlesome". But this demonstration welcome though it is, comes, not from conviction but from the compulsions of saving India from bankruptcy. And anything that does not come from conviction could easily change.

The beneficiaries of 'Nehruvian Socialism' - the corrupt politicians (in all political parties), the corrupt bureaucrats, the corrupt businessmen, the corrupt and power hungry trade union leaders have much to lose. They will not give up their fight easily. They will (indeed they have) fool the people into believing that the current problems of high prices and unemployment are due to the liberalisation process when in reality it is a direct consequence of 40 years of 'Nehruvian Socialism'.

We need to counter this propaganda with truth. A massive effort at public education is required. We at Freedom First promise to do our bit.

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