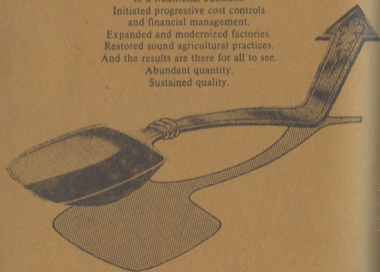


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Proceedings : II

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Dear Reader :

Namaste !

Our March issue carried the nine Papers presented at our Feb. 13-14 Seminar on 'The October Revolution and Its Impact on World Civilization'.

Our April issue carried the first day's proceedings of the Seminar, with Shri S.N. Ghosh speaking on 'An Over-view' of the Revolution and Prof. M.L. Sondhi initiating the discussion on its 'Political Impact'.

The current May issue gives the proceedings of the second day. Here, in the morning session, Shri Subroto Banerjee initiated the discussion on the Economic Impact of the Russian Revolution. Dr. J.D. Selhi, who presided, gave a masterly analysis of the economic scene, pointing out how Keynes had had even more impact than Marx.

In the fourth and final session, Shri I.K. Gujral gave a penetrating account of the impact of the Russian Revolution on Life and Culture in Russia. A lively discussion followed. The whole thing will be read with the greatest interest. These three issues of 'Manthan' will be bound together in book-form in the next few weeks.

The preparation and editing of proceedings has taken longer than expected. But we will soon make up for lost time. Hopefully, the June issue will be out this very month-end and July and August issues will both be out by August-end.

Brotherly yours,
M.

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(L to R) Pradip Bose, A. B. Bardhan and Subrata Banerjee

**3. October Revolution : Its Impact
on World Economy**

DR. J. D. SETHI (Chairman) : Friends, I congratulate the Deendayal Research Institute for organising this discussion on this important subject, "October Revolution and the World Economy".

I will confine my remarks only to the economic issues and not the politico-economic issues or the political issues.

To begin with, we must understand that Marx did not give any outline of the socialist society. He was mainly concerned with what he called 'discovering the laws of motion of capitalism', from which he deduced in a scientific way that if that were the process, then, ultimately it would lead to socialism. You will be surprised that very few communists have read Karl Marx's Das Kapital. If you go round the country, I don't think you will find more than 20 people who have read this book. It is a very difficult book. I am not blaming the Marxists.

Before the October Revolution came, there were several competing economic schools of thought with various kinds of models. The Marxist model was not really around even in the blueprint form. During the pre-revolutionary struggles in Russia there were great debates about the nature of capitalism in Russia; and Lenin, Trotsky, and many others participated in it. It was a very sophisticated debate. But in one sense it was also a debate which did not produce ideas, concepts, let alone models for restructuring the Soviet society. I think the pre-Revolution economic debate in Russia contributed very little to the new policies, that were framed, except probably what Lenin had provided as the guidelines. That was one reason why some serious distortions came in subsequent years. Above all, the way the institution of the Soviets was destroyed, leading to the rise of dictatorship.

But the popular central economic theme was that somehow or other, the transformation of capitalism into socialism would bring about equality. This one idea fired the imagination of people everywhere. After abolishing private property and establishing state ownership, the next logical step, it seemed, was the creation of an egalitarian system which really had great impact upon the rest of the world. I think people did not bother too much about what really the Marxist theory was. If you look at the history of Soviet Union, you will find that up to 1928, when they started their first Five-Year Plan, there was total confusion. Up to that point the subject of philosophy was banned from courses, on the plea that philosophy was no more needed. But the impact of the Soviet Revolution was felt all over the world. It was believed that against the inequalities which were structural, communism would establish a general equalitarian system. Somehow or other it was believed that capitalism must result in socialism, which today very few people would accept. It is no use talking of a scientific conclusion from a reading of history because science leaves out a lot of areas of human life—it cannot explain 90 per cent of human life—and because in social sciences, the scope for exactitude is much less than in natural sciences.

NAGARAJAN : We are told it can now explain human life 100 per cent !

SUBRATA BANERJEE : No. Well, it cannot explain how the human mind functions.

GHOSH : Yes. Nagarajan is only supporting you by being ironic about science.

DR. SETHI : I know. But I still say, it can explain certain things by its kind of objectivity if you have got the right kind of observations. Anyway, I am not going into that debate. This debate is going on.

The most critical part of the October Revolution in the economic sphere was that after half a century of its existence it became a subject of controversy among the Marxists. Others did not accept it anyway. Was it really socialist? Western Marxists came to consider it a non-socialist bureaucratic state. Incidentally, I must say that there was hardly any debate in the Soviet Union. This is the major debate of the last three decades in the post-war period, particularly after Stalin's death. But there is no Marxist dialogue on Marxism between the western Marxists and the Soviet Marxists.

The new debate throws up new ideas in terms of multi-disciplinary problems of sociology, economics etc. It is a very exciting debate. But there has been little debate in Soviet Russia on issues of Marxist theory.

The important point is that we should see the difference between a genuinely socialist state and a bureaucratic state. The bureaucratic state economy is purely one in which the means of production are owned and controlled by the state. On what principles, on what basis, the income would be distributed, who will participate in it, what is the role of workers in it—these are all issues which a bureaucratic state would conveniently avoid to debate but simply dictate. But if you are thinking of a socialist economy, then you have to give reasons. If you are thinking of a purely bureaucratic state economy, you are only concerned with the rate of accumulation by the state, the surplus that is generated and reinvestments made. There is no theory of wages or the rationale for reducing the income disparities. That is all. This is what the Soviet state did. But they also produced something equivalent to an economic power class. This was the bureaucratic power exercising economic power. Lenin warned against this. Probably the first Marxist who warned against bureaucratic power overtaking the economic power was Lenin himself. Unfortunately, he did not develop that theme. It was left to Max Weber to develop it later.

Anyway, once the Revolution was over, there was confusion for the first ten years. First, there was a period of "war communism", in which everything was nationalised. They found that it led to decline in production and total anarchy. Then, Lenin came out with his New Economic Policy (NEP) which now is given some kind of a legitimacy by Mr. Gorbachev, although the two are different. But one thing is common between them, namely, that the role of market is central to the planned economy. Just as a planned economy is central to socialism, so also is the role of the market.

So, this question is still being debated, whether the Soviet economy is socialist economy or not. For instance, people like Paul Sweezy, Charles

Bettleheim and a whole lot of western economists—I am only talking about economists—do not accept the Soviet Union as a socialist state. The Chinese stopped their acceptability for a long time. So, this is one problem with which we are now left because if the world is to move to a new civilization in which socialism has to have a place, it must clarify what socialism is. These questions Mr. Gorbachev has to answer. He is answering some but evading some vital ones. Nevertheless, his perestroika is a challenge to the bureaucratic state. The two cannot survive side by side.

Though the Soviet Union, soon after the October Revolution and subsequently, violated all economic laws in terms of what were known till then, its economic achievements were remarkable. The Soviet industrial growth between 1928 and 1939 was very high. Unfortunately, the price they paid in terms of human life is enormous. Reports about these are now piling up. The costs were also in terms of millions of animals being slaughtered, so much so that even after 70 years, the Soviet Union which was once a food-exporting country, has now to import something like 30 to 40 million tonnes. Gorbachev openly admits of this terrible distortion. The Soviet agricultural economy was ruined for many years, but it did achieve rapid industrialisation which no other country had achieved in that short period. This was the major contribution of the Soviet Revolution, which made the idea of planning popular all over the world. But that achievement was its own anti-thesis.

It also became a subject of abuse later because Soviet planning could be implemented in only a Soviet kind of society. Though the experience of other countries which tried to imitate the Soviet model—such as India through its Mahalanobis model—proved disastrous, it did give an idea that you can evolve your own planning. The Chinese evolved their own planning, Indians did a bad-imitation job.

The most significant development came after 1929, what was known as the Great Crash in the Western world. Really it was this which put the Soviet model and the Soviet Union on the map of the world. Before that, the Soviet Union was dismissed because its economic experiment was considered by the economists as not even worth considering. Earlier, the western nations had been more worried about the Soviet ideological political and military power. About the Soviet economic model there was hardly any discussion. For the first time, when the Great Crash came, unemployment in the West rose to 30 per cent, then to 40 per cent. Against this, the Soviet economic model had at least promised the right to work. That was really critical, most important. As I said earlier, it was this that put the Soviet system on the world stage as an alternative to capitalism, for the first time in 1929-31.

Unfortunately, it was followed soon after by new hostility. One may accuse Stalin of a lot of things. But Stalin had to face the situation where there was a clear threat from Hitler. So, he became very brutal. His brutalisation was caused by the threat to the very existence of Soviet Union. One may say that he should have avoided certain things—for example, the 1936 killings. These killings of Bukharin, Trotsky and numerous other old comrades were stupid. But he did feel that the Soviet Union was threatened by them too. There was not much of an achievement in the sense of a socialist model. But the great propaganda had its impact. Socialism in one country, one-man dictatorship, the KGB and a paranoia continued to pervert the Revolution.

Then came the next most significant development. It is not an accident of history. The rise of Hitler in Europe was threatening the Soviet Union politically. It was also the period when the Soviet Union faced the threat of the Keynesian revolution intellectually. Both were simultaneous. I do not want to go into the details. Keynes was the most original mind after Marx who came on the global scene. The Keynesian revolution was nothing but a powerful defence of capitalism, both theoretically and practically. It was also a reform of capitalism in a way that could enable it to survive. And it did survive, even to challenge the economic base and the economic level of the Soviet economy or the socialist model, so much so that now the Soviet model has had to yield to the Keynesian model. I think, the Keynesian revolution was not any the less important than the October Revolution.

Later I will show how both Marxist theory and Keynesian theory are out of date. But in the period of 30's, Keynesian theory brought about a remarkable revolution. Capitalism in the eyes of the world had been totally discredited. It created unemployment, inequalities, it reated misery. Keynesian theory gave capitalism a new lease of life and challenged Moscow and its intellectual hirelings.

So, this is a point in history when the Soviet economic planning got going, and the Soviet Union was in the midst of its Second Five-Year Plan. It was combined by the rise of the threat of Hitler against the Soviet Union and the more vigorous, in intellectual threat to socialist thinking by the Keynesian revolution. I think, nothing eroded socialism more. I don't think Hitler could have eroded socialism, as was expected. But Keynes really did the remarkable job of putting the socialist economy on the defensive. He provided for free enterprise economy, a structured model for the defence of capitalism, and it set a series of internal reforms. In fact, the Keynesian revolution gave capitalism its internal dynamics in such a way that it continuously reformed itself. People were thinking in the manner of Karl Marx

that capitalism would disappear very soon. It does not look like this today. Maybe, for at least 75 to 100 years more, capitalism is going to survive. In the 30's this was the challenge. The Soviet Union had to show that it was creating a new alternative model. It did produce very rapid industrial growth, but at a very high cost. As I mentioned, millions of both people and cattle died. The Soviet Union incurred a permanent liability to make up for this colossal loss.

I do not know what would have happened if the USSR's war with Germany had started by 1939 because the Soviet economy had already run into crisis. From 1935 to 1939 the Soviet Union was obliged to siphon off a lot of its resources from investment in industrial production to defence. That helped build a very powerful base for the future military machine. But it also created a very weak structure for the Soviet economy. There was a strange sort of paradox in the Soviet system. The Soviet Union became stronger and stronger militarily on the basis of the larger transfer of resources from the economy to defence. Yet, notwithstanding all the sacrifices that the people made, it was not able to achieve an economic base for sustained growth. This was the most important problem. The other important problem was inefficiency.

At this point of time something very interesting happened. There were a number of economists in the west, Marxist economists, who seriously studied the implications for the Soviet economy on the principles of what they called market socialism. Left Keynesian economists like Kaldor, Kalecki, Lange, Dickinson were economists of a very high calibre. They were mostly in Britain—only one or two in America and other places. These economists in the west were very famous. They worked out the model, and went to the Soviet Union and discussed it with the Marxists over there. They argued that the Soviet Union would not be able to build an efficient system unless it introduced the principle of market socialism somewhere. But most of them were denounced, some of them abused. Of course, later, a great debate started in the West in the 30's. Had it not been rejected the way it was, the Soviet Union could have had a stronger economic base.

So, we find these three or four things simultaneously: the rise of the Soviet military power and its rapid industrialisation in the field of heavy industry; the rise of Hitler; the Keynesian revolution; serious thinking in the West on how to reform; and their suggestion to the Soviet system not to get into the crisis.

But all along the line there were two tendencies which became entrenched. First, the Soviet system was a system of great inequalities, though these inequalities were not based on economic classes, despite the wishful

thinking of some people outside the Soviet Union. The other was that capitalism created unemployment while the Soviets guaranteed the right to work in its Constitution itself. (Economic equality is not guaranteed in the Constitution, but right to work is.) Capitalism, of course, has been responsible for much unemployment all over, throughout its history. Even at the height of Keynesianism some degree of unemployment existed. But, as I mentioned, Keynesian concepts did something quite remarkable. This is where the socialists and the non-socialist economists had been able to meet and discuss and also differ, namely, the welfare state. Keynesianism led to the question of the welfare state which was a corrective for the ravages of capitalism. It gave guarantee to people about meeting certain minimum needs. The Keynesian model guaranteed that if you push a certain level of investment by creating effective demand, the rate of employment would also be high. However, there are many contradictions in the Keynesian model. One of the most vital contradictions was how to get full employment without inflation. The Keynesian model did not provide for this. The post-Keynesian economists got discredited, because it could not produce a non-inflationary full employment or non-inflationary growth.

Returning to the 30's, it was the most exciting period in terms of the Marxist debate all over the world. I don't think there will ever again be that kind of debate. It was a debate about Marxism in all its dimensions. One of the other groups which participated in this debate was the Frankfurt School. This was probably the only school in the world which was an inter-disciplinary school with economists, philosophers, psychologists etc. to provide integrative thought. No other group followed that method, certainly not in the Soviet Union. There is no Soviet authority, Soviet academy which could produce a kind of work produced by the Frankfurt School. But the Frankfurt School had to face troubles—they were abused; they were pushed out of Austria and hounded out from other places because many of them were Jews. Some went to America. But they posed a very serious challenge to official Marxist theoreticians. Then came the war.

So, my summing up of the period of the 30's would be that, notwithstanding the Stalinist excesses and the very rapid industrial growth of the Soviet Union, there was no serious Marxist debate about economics after Lenin. The models which were produced for growth were really the kind of models in which greater accumulation, capital-output ratio and the rate of growth were the central themes.

Elsewhere I have shown that from Adam Smith to Ricardo to Marx to Keynes and the economists to date—the 200 years of economic theory was based on a single economic paradigm, whether it is socialist or capitalist. That paradigm is greater accumulation, capital-output ratio, rate of growth

and technology, what Marx called the organic composition of capital. You read Thomas Kuhn's book. He gives a very detailed account of various scientific revolutions. It is a very powerful book, and I think there is a lot about economics in it, trying to find out why the socialist economic thinking and the capitalist economic thinking basically are the same paradigm.

There would always be some controversy about the Soviet Union's strength to fight Hitler. Some people think that if the American and western systems had not helped, the Soviet Union would not have been able to stand. There is scope for difference of view on that. But there is no doubt that the Soviet economy came out of the war very weak, very badly battered; it needed reconstruction and resources which the West could have provided. But Stalin was more interested in building a new Soviet empire. That is why we saw even greater repression and greater rigour by means of which Stalin tried to raise the rate of growth. They did raise the rate of growth to about 6 per cent per annum. Stalin did restructure the economy. When Brezhnev came to power, the rate of growth was at its highest, 7 per cent. When he left, it had declined to 2 per cent. The greatest contribution that Brezhnev made was to build a very powerful Soviet military machine, but at the cost of the economy. It was the same approach of production with little consideration for people. There was, however, one major difference between Stalin and Brezhnev. Stalin gave high priority to industrial growth at the cost of agriculture. He gave massive power to K.G.B. By contrast, Brezhnev built up a modern, sophisticated army but ruined the economic system.

On the question of impact of the October Revolution, many things are now being debated; economic thinking is one of these aspects. Suggestions of pluralism in types of ownership are now being raised. This question was taboo in the Soviet Union in the earlier times. Gorbachev says: "We still want to continue the New Economic Policy (NEP) of Lenin". Many others speak in similar vein. Socialism has done better in China than in the Soviet Union, in a way which seriously violated Marxist thinking. After this, we are back to the question which Marxist economists of the West were raising—namely that the Soviet economy cannot proceed further unless there is reintroduction of the market function in some way.

About reintroduction of market principles, it is wrong to believe that there is any pure free-market economy in the world. Singapore, which is supposed to be a model of free enterprise economy in the east, has a public investment of 40 per cent. It is as good as ours. The central problem is, how to run their private market mechanism very efficiently and integrate it with the public sector. But the public sector generates its own resources and develops efficiently. This is the normal developing model.

One of the causes of the decline of the left socialists in Europe has been their insistence, like the Indian radicals, on the virtuousness of the public sector. Even if the public sector is inefficient, and even if it has eaten up all its capital, it must continue—that is the approach of some people who call themselves Marxist or socialist. The social democrats in Europe have been facing this dilemma. They have now been obliged to face and even support privatisation because they cannot run the state enterprises. One cannot defend a public sector running on deficits all the time. That the public sector is run for some social functioning is not accepted any more. In the case of Third World countries, the only significant argument was that the public sector was really meant to make break-throughs, which the private sector was not able to make. That argument is still valid. No other argument is.

In the Soviet Union, the class power is the power of the bureaucracy of the party and the public sector, including the government. Today we are faced with a strange kind of situation: Keynesian revolution on the one hand and the Soviet Revolution on the other, providing all kinds of bureaucratic models which the radicals in the third world accept, calling it non-capitalist path or revolutionary path or this or that kind of intermediate regimes. All these are bogus sorts of models. I do not think they are really serious. They are more propagandist kind of models telling the pseudo-radicals in third world countries that you can get along with building a powerful bureaucratic set-up—and call it socialism!

So, the biggest problem today that the Soviet people face, the west faces and several other countries face, is the rise of a neo-bureaucratic power. This cannot be given the name of socialism. It is anti-Marxist, and also anti-Leninist. But the problem is, those who call themselves Marxists and Leninists, do not see things in this light.

The Soviet Union is now seeking to release its economy to new forces of productivity. It will have to accept unemployment now. It is on the cards. They have said that where the public sector is not going to function on commercial principle, there it must be closed down though they say they will re-train the workers to be put on some other job. However, there will always be a time-lag between retraining the steel workers to be put into agriculture or vice versa. So, you will find that there will be a sufficient amount of unemployment in future. The estimate is that there will be 20 million unemployed in the Soviet Union by the year 2000. Therefore, there is a reversal, if you may call it, from the October Revolution idea that there will always be full employment.

If the Soviets go truly democratic, partial unemployment will yield positive result, apart from efficiency. It may give the Soviet workers dignity.

was one thing to give them the right to work, but it is quite another to respect the workers. The negative aspect of the Soviet Revolution was that it destroyed the dignity of the working class in the name of guaranteeing employment.

I think East and West are moving towards a new balance. The normal significance of the October Revolution, which fired the imagination of the people, is in terms of at least three principles—namely, planning, full employment and equality—which were also by-products of the central or critical components of the Keynesian revolution. Now both are in crisis and, strangely, looking or working for the same kind of solution.

The danger is that there may be a switch from the cold war situation to a position of hegemonistic peace, in which the big nations will try to not only determine the politics and security of every other country but also to impose their new economic doctrines. Mr. Gorbachev and others are telling us that the ugliness of the socialist system is more or less the same kind of ugliness as in the capitalist system. Drunkenness, divorce, beating of wives, alcoholism, cheating and such kinds of things are now common to what they call "modern civilization". That is why Mahatma Gandhi said something like this: "I no not find any difference between this kind of socialism and capitalism because both are parts of the modern western civilization", based on greed and violence. It should be made clear that he was talking about the so-called modern civilization and was not against the West specifically. He was saying that if this was the kind of civilization in which man was to be alienated as under capitalism, he had no use for it. In this system, man would be subject to bureaucratic oppression, he said. Now people are facing the problem that he had foreseen.

Finally, I would sum up by saying that on three counts socialism had become acceptable. Planning was accepted, employment was accepted, equality was accepted. On the negative side, we have the big military machines with their destructive potential. We are yet to see how the big military machines of these countries will be able to adjust, when they are dismantled, how the economies will adjust. This is going to be the problem for the Soviet Union. This is going to be the problem elsewhere, too. They have faced the problem of their own bureaucracies, and we do not know how they are going to solve it.

The Soviets are also faced with the problems of new technologies. They have joined the race and this race is, ironically, pushing them towards liberalisation and glasnost. Various issues of technology and economy have moved a long way from the original Marxist model, a long way from

the Keynesian model. We do not know where we are going. It is very strange. We find, for instance, Reaganomics which is the supply side economics which is matched by the Soviet model which, too, is supply-side economics'. It did not produce things according to demand. It said, this is the supply we would need. Whether they will now shift to demand-oriented economics, is yet to be seen. There may be 99 different questions, only a few of which are now being debated by the economists.

In the reorganisation of the world, one critical thing, I think, is going to determine the fate of the Soviet system. It is whether they will get as fast as they are now seeking to be integrated into the global international trading regime. They are desperately trying to get into it rather than remain separate from it. Today, the Soviet Union wants to get into the GATT, it wants to get into the IMF, it wants to get into everywhere.

So, this is a part of the same paradigm I mentioned earlier. International trade was the beginning of the same paradigm which is common to all. For instance, we have learnt from the beginning in school and college that some trade is better than no trade, more trade is better than less trade and it gives you comparative cost advantage. It is the critical central theme, that is, the dominant paradigm of the modern system. So, if the Soviet Union and eastern Europe get sucked into the international trading regimes—and because the rate at which the global trade is increasing is several times faster than the rate of growth of the economies of the world—even the third world, too, is going to get tied tightly to this regime of unequal exchange. Then, the difference between the Soviet and the western models is going to disappear.

The poorer nations will find that they are going to be oppressed by both. There is going to be no economic advantage that is left for them from any source. The only advantage then left would be—I am not discussing that—you will return to the alternative of Gandhian paradigm which says that trade is not fundamental, that more trade is not better than less trade. This involves many issues—for example, what are the objectives of development and what are the criteria of sound development. I am not going here into the details of those issues or to engage in a discussion of the merits and modalities of the model which can be an alternative to the Soviet model or leftist model, an alternative in which trade is to be reduced, rather than increased. I feel that, despite the fact that everybody is talking about modernism today, let us try to find out the position in the world. Export, export, export, export—I think, it will ruin us. We will have to say, "No, we do not want exports. We must produce our own consumption goods."

I have moved a long way from the impact of the Soviet Revolution. The October Revolution has left behind some good ideas which are still worth translating into reality. But the same have been absorbed in capitalism in a way in which a new capitalism can produce a challenge to Marxism. I am sorry, I gave some rambling thoughts.

A VOICE : Such thoughts can produce revolutions.

DR. SETHI : I would now request Mr. Subrata Banerjee to present his Paper.

SUBRATA BANERJEE : I am afraid that after the introductory remarks of Dr. Sethi, I have to respond to him before I present my paper. I cannot agree that it is difficult for even a trained economist to understand Das Kapital. I am not a trained economist. I found Das Kapital not only stimulating but answering many of my simple questions. As for not many communists having read the book, I do not know. Many with whom I have had occasion to discuss the question had read it. I know that a large number of us who were in jail together in 1948-50, did study Capital.

I am going through Lenin now to try to understand the many developments now taking place in the Soviet Union. I find it difficult to accept that there has been complete confusion in the Soviet Union over what led to communism and where communism led to. If you read Lenin, even of the period before the revolution, you will find there is no confusion, unless you talk of situations arising which were not expected. There might have been contradictions between theory and the reality as it emerged on the ground. But it is through the dialectical relations between the two that theory too goes on evolving. In some of the points that he has made, the learned professor has contradicted himself.

Of course there have been distortions. These have come up again and again in the international communist movement, in the Soviet Union itself. Just the fact that there is bureaucratic power in the Soviet Union or that the bureaucracy is strong, does not change the entire character of the political-economic system. There are other factors as well.

You talk of an economy under siege. If that were so, the economy would have remained stagnant. How can you have economic growth in violation of all economic laws? You talk of a ruined economy. Yet, till the thirties it was the most exciting period in the Soviet Union, as the Soviet scientists say. Price rise was prevented and there was an economic momentum.

It is correct, as has been pointed out, that then fascism and the war came. Thus a new period started. It was a period of decline, distortions. This was the period when the needs of security and protection turned towards Tsarist methods. Yet, till the thirties, with the development of the economy, as has been rightly pointed out, Stalin managed to balance economic development and the development of the military strength of the Soviet Union. Once fascism came, the emphasis naturally shifted to defence expenditure. What happened was that, what has been described as a siege complex, developed. It took hold not only of Stalin but of the entire leadership. This continued even after the Second World War, when Stalin and the Soviet leadership under-estimated the fact that the emergence of not one socialist country but a number of socialist countries meant that the socialist system would be much stronger in relation to the capitalist system than before. Hence the siege syndrome and psychology should have gone down and the process of liberalism that is coming today should have started in due course. The whole emphasis on the military aspect could have been reduced and the balance restored.

It is rightly pointed out that it was in the Brezhnev period that we find the decline in growth. This was due to the fact that the weapons industry was developed at the expense of the rest. At the same time we must remember that through this process, the Soviet Union reached military parity with the USA. Also we must take note of the fact that in the advanced capitalist countries the emphasis on the armaments industry has meant cutting into the social welfare expenditure, particularly in the United States. In the Soviet Union the social welfare measures have gone on increasing. Thus, with increasing social welfare expenditure, there is more purchasing power in the hands of the people, there is more demand, but there is not enough of consumer goods or quality products. This is one type of contradiction that has led to all sorts of social and economic problems.

There is another aspect. An impression has been created that as far as science and technology are concerned, the Soviet Union is backward. The trouble is that the science and technology that has been developed has gone more into defence than into other sectors of the economy. This is where the contradiction has revealed itself. It is a fact that the United States of America, the Federal Republic of Germany and Japan are using Soviet technology in many areas.

There is an imbalance in the sense that the Soviet Union concentrates in some areas at the expense of others. In India, we have something to learn from this. What are our most urgent requirements? So we have to look at the circumstances, the conditions and the attitudes to development in the Soviet Union.

It is true the Keynesian reform corrected certain wrong assumptions of Marxists about the period of transition from capitalism to socialism. There is no steady decline of capitalism. There are ups and downs. But the process of decline continues. The crisis continues. When you talk today of the general crisis of capitalism, you find that the gap between one recession or crisis and another is becoming shorter and shorter and the recovery less and less. At the same time the development of science and technology in the United States, after the Second World War, has strengthened not only USA, relatively speaking, but also capitalism to that extent. As Marxists, it would be wrong for us to think of going over immediately to socialism in India today. Capitalism still has a role to play in India today. It will go on playing that role for some time to come. I personally feel—and I am not speaking on behalf of my party—that I am concerned, and I am sure so is the party, about the type of capitalism that is developing in this country.

As an immediate perspective it is not capitalism that we are opposing. Again, relatively speaking, we would welcome the development of an independent type of capitalist development. What we are opposing today, in the immediate context, is the development of a dependent type of capitalism, the Latin American type. We know that we can go faster to socialism from the independent type of capitalism.

I think one can expect today once again a fresh wave of Marxist debate on the question of transition from capitalism to socialism, not only in the socialist countries, such as China, but in other countries as well. China now says it will take years to achieve socialism. The Soviet Union no longer talks of the achievement of socialism as one phase and that of communism as another phase. The entire process is going on simultaneously as it were. We too in our country have to think of our own transition from capitalism to socialism in our own way.

The question has been raised about what will now happen to the Soviet Union? It would be speculative to try to answer such a question. Economics is not an exact science so that it could prophesy what would happen tomorrow. The rationalisation that is taking place does not give rise to any cause for pessimism. Let us not forget that there is a tremendous shortage of manpower in the Soviet Union. Women are being withdrawn from certain areas of activities. Adjustments can be made in a planned way. This is not as difficult as in other countries of the world.

As far as models are concerned, I will only re-emphasise what Lenin said that there are various forms of transition to socialism, whether it be from feudalism or capitalism or colonialism or whatever. I do not

know whether you have noticed a particular emphasis in the writings and speeches of Gorbachev. I think such a passionate assertion of the importance of nationalism has not come even from nationalist leaders anywhere in the world today. This is very interesting. First, it is the recognition of the experience of the Soviet Union itself and then of its relations with the East European countries. Secondly, it is also a recognition of the reality that a large number of countries in the world today are still in the process of achieving their nationhood. Even in India, if we look at what is happening, we are still to achieve nationhood. We are still going through the process. This process of achieving nationhood is a major factor in world history and this has been very strongly recognised by the present leadership in the Soviet Union.

Hence the question of imposing the Soviet model does not arise. As Lenin had pointed out, the October Revolution, the Soviet Union, for its own survival, would have to help the national liberation struggles. If a national liberation struggle has to achieve success, it has to achieve nationhood first. It can happen not through the imposition of nationhood, but by helping the national liberation struggle to develop. The question is, will the October Revolution go forward? The victories of the liberation struggle are the testimony.

Having said this, I would now like to take up the subject of my paper. What I have said and what has been discussed so far should make one point clear. The October Revolution is not just a single event. It is a process which is a link in a chain which started much earlier, reached a certain stage and has continued. Lenin defined it as a whole epoch in which class conflict will go on; a long series of battles on all questions of economics and politics, that can only end in the expropriation of the bourgeoisie.

The question of the economic dimensions of the October Revolution and their impact in the world is thus a continuous process. A process through which we are passing even today. Let us look at the world in 1914. UK, Russia, France, Germany and Japan together had colonial possessions of 65 million sq. km. with over 533 million population. The world was divided between possessors of colonies, and the colonies. Seventy per cent of the population were politically dependent and economically exploited. The main content of colonialism was unequal trade. One does not have to be a Marxist to say so. Our own economists have written about the drain theory.

The October Revolution was the first breach in that system. The Russian empire came to an end. Without in any way underestimating the other events that followed, the impact of the October Revolution is evident

in the state of the world today. The newly liberated countries are a dominant factor, politically and economically, in the world today in terms of sheer numbers.

It is very significant that just when the Winter Palace was under attack a meeting was taking place at Smolny Institute in Leningrad, where the immediate programme of the workers' and peasants' government, that was to be set up, was being formulated. It talked of the abolition of proprietorship of land, land to the peasants, workers' control over production and distribution of goods, state control over finance and industry and so on. Thus a new economic system emerged. Together with it came the renunciation of all colonial possessions and the economic exploitation of Tsarist colonies. Equal importance was given to peace, because the first decree of the new state set up by the October Revolution was the decree on peace.

Thus, from the very beginning, peace and economic development became an integral part of the Soviet social system and policy. This was because the leadership realised that the revolution could not survive without the introduction of the principles of a socialist economy and that a socialist economy could be built only under conditions of peace. Further, the socialist revolution could not survive unless it helped create conditions for the continuation of the revolution. This was to be achieved by providing an example by the domestic and foreign policies of the socialist government.

It is interesting that at that time, the leader of the 14-nation military intervention against the October Revolution, Lloyd George, the then Prime Minister of Britain, wrote in his memoirs: "If Russia remains at peace then the revolution will become one of the greatest factors in fashioning the destiny of the masses in all lands which mankind has ever witnessed or experienced." This was not the statement of a Marxist, but that of an arch-conservative.

So the slogan of peace, bread and land meant the recognition of the integrative link between peace and development. This is what inspired the people. It inspired people like us and in the thirties took our national movement beyond the horizon of nationalism to internationalism, thanks to the October Revolution. It was the most exciting period in international relations. Thus the three inter-related components of October Revolution are peace, national and international economic reconstruction and national liberation. This had an immediate impact on the world economy and it has continued to this day.

The October Revolution confronted the world with a new type of international relations, political and economic. This started immediately after the intervention and the civil war were over. The process of reconstruction started in the twenties and with it commenced a new type of economic diplomacy. Its basic objectives were the limitation and eradication of the exploitative colonial order and the introduction of new, equitable and democratic norms and, on the basis of this foundation, trade relations with all nations as levers of restructuring international economic relations including the process of economic decolonisation.

How was this to be achieved? In 1921 treaties of friendship were signed with Iran, Afghanistan and Turkey. All the privileges and facilities enjoyed by Tsarist Russia in these countries, the colonial relationship, were renounced. An economically devastated country, trying to set up a new state and political and economic system went out to provide financial aid and technological assistance to these countries. This was also the relationship built up with China.

About the same time a revolution broke out in Mongolia. The Soviet Union provided direct assistance. An agreement of cooperation was signed with Mongolia in 1921. With Soviet assistance, Mongolia over the years emerged from a nomadic stage to socialism, bypassing various stages of historical development. Thus was laid the foundation of the concept of non-capitalist development. It is true that this concept was used in a distorted fashion in later years and wrongly applied by some to the Indian situation.

The response to the call of 'land to the peasants' had an immediate impact on the fringe areas of the Russian empire, Central Asia. You say that the Red Army marched and established Soviet power in these countries. If you read the record of the experiences of the communists who worked in those areas during those days, you would find how difficult their assignment had been. Yet the experience of "land to the peasants" had an electrifying effect on the mass of the peasantry, who were exploited. The resistance started locally and socialist Russia helped. Thus were born the republics of Bukhara, Azerbaijan, Armenia, which had once been part of the Tsarist empire. And then they joined the Soviet Union.

It is important to understand this process. Some of us may talk of India being a multi-national state. As Marxists we do not believe that this is so in the sense that it is in the Soviet Union. There these revolutions took place separately and the new nations that thus came up, voluntarily federated to form the Soviet Union. In India the process has been directly opposite. Through the process of the national liberation struggle we have built the economic and political unity of India. So there is now no question

of different independent nationalities being formed to federate again into a single state. It would amount to going backward.

Another important aspect of the economic impact of the October Revolution which is assuming importance today is its direct intervention in international economic relations. This is a period which should be studied very carefully. While going through Lenin's writings recently I have come across very interesting pieces of writing on discussions that went on in the Soviet Union with regard to the Genoa Conference of 1922.

It is very significant that when the Allied Powers were planning the world economic conference at Genoa, they took note of the developments arising out of the October Revolution. They formally accepted the right of nations to economic independence, after this concept had been proclaimed and put into effect by the October Revolution. By implication the resolution for convening the Congress accepted the reality of the existence of two different economic systems.

The Genoa Conference is of tremendous importance in understanding the impact of the October Revolution on the world economy. Of particular importance are the issues raised by the Soviet delegation under Lenin's guidance at Genoa. They were issues which we are discussing today, as part of the struggle for a new international economic order: annulment of all debts; development loans from the strong to the weak, without any strings attached; energy crisis and transport and communication and how to solve these problems on the basis of equity and equality at the global level; participation of colonial peoples on an equal footing with the European powers in international conferences; non-interference in the internal affairs of states; obligatory participation of trade union organisations in international conferences; the convening of a world congress on the basis of the right of nations to self-determination, which would set up technical commissions for the implementation of economic programmes for world-wide rehabilitation; planned trade relations and redistribution of essential commodities; and disarmament and development and universal peace.

The Soviet Union outlined the basis of international economic relations thus: 'business relations with the government and trade and industrial relations with all countries on the basis of reciprocity, equality and full and unconditional recognition'.

Thus, many of the issues we are fighting for today, many of the issues which are part of the United Nations Declaration on the New International Economic Order, and the Charter of Rights of Nations were

already formulated by the Soviet delegation at Genoa in 1922. In 1973 at the Cairo summit of the non-aligned we raised the issue of economic aggression for the first time and indicted imperialism and neo-colonialism. It was more than forty years back in 1933 that Litvinov defined economic aggression at the World Economic Conference thus: '...all sorts of methods or discrimination against individual countries, customs wars, waged openly or in a concealed form, currency wars, ban on imports or exports to and from individual countries and various sorts of official boycott'. All these find expression in the UN Declaration on the New International Economic Order.

We must understand that all these formulations which have now been included in the UN programme are certainly born of the result of the experience of the newly liberated countries during the last so many years. It is also the result of the experience of the past, the issues raised earlier.

The success achieved in building socialism in one country influenced the content of the national liberation movements, particularly from the thirties onwards. This was in the context of the economic crisis in the capitalist world and the freedom from it in the Soviet Union. It was during this period that persons like the poet, Rabindranath Tagore on the one hand and political activists like Jawaharlal Nehru on the other visited the Soviet Union and were inspired by what they saw. What inspired them most was the effort to build up the nation from the bottom upwards. Tagore emphasised education and culture. If today there is a new revival in the Soviet Union, its foundation is the level of education and culture achieved. I have seen myself during my visits to the Soviet Union, old men and women, obviously of working class origin, enjoying classical music. I remember listening to an opera, in which the prima donna sang in Italian and the Tdajik audience was enjoying it tremendously.

The Soviet experience has proved the possibility of overcoming centuries of backwardness in a brief period; curbing the monopoly of certain countries in exporting technology and providing credits; and of economic and technological developments bypassing capitalism. It is because of the Soviet experience that national liberation movements all over the world have developed an anti-capitalist edge. This continues to be a powerful factor even today. It has become an integral component of the national liberation struggle. You will find it in the programme of the Indian National Congress of the thirties.

It is a reality that the present stage of the economic development of the newly liberated countries would have been inconceivable without the October Revolution, without the existence of the socialist system and its

continued advance. This is also true of the concept of the new international economic order.

The October Revolution has reversed a historical condition in which those countries which have won their independence in recent decades used to be the unwilling resource bases for the economic development of the imperialist countries. The advanced socialist countries have emerged as willing bases for the economic development of the backward countries. Thus, with less effort, less suffering, we can develop our economies faster and reduce the continuing drain extracted by the advanced capitalist countries. This is a major contribution of the October Revolution to the world economy.

In the process a new relationship has developed in the world economy. It is a dialectical relationship among the advanced capitalist and socialist countries and the developing countries. Within this structure of relationships there are conflicts and contradictions, possibly even between the developing countries and the advanced socialist countries. Even so there is basically a growing element of integration. And this is very necessary for human survival in the nuclear-space age and the primary condition for securing the fullest benefits for all humankind from the burgeoning scientific and technological revolution.

This process has been initiated by the Soviet Union and the world socialist system. This was first seen in the establishment of the council for mutual economic assistance among the socialist countries. It has emerged as a very unique relationship, of a democratic, equitable international division of labour among countries with diversified industries such as GDR and Czechoslovakia; agrarian-industrial countries such as Poland and Hungary; former agrarian appendages of imperialist powers, such as Romania and Bulgaria; countries with virtually no industries such as Mongolia, Cuba and Vietnam; and a great power such as the USSR. There have been mistakes in the relationship which have caused a great deal of harm, but overall, there is no doubt that all these countries have developed much more and much faster. They have their problems, and solutions are found through mutual adjustments. The CMEA shows the way of building relations among countries at different levels of development. Only two years back, when the CMEA met they took the decision to bring up as quickly as possible the developing socialist countries to the level of their more advanced colleagues. Thus, this is a kind of mutual assistance programme that has met with some success.

Then, take the relationship of the Soviet Union with the developing countries. We have our own experience. We know how much we have benefited from our relationship with the Soviet Union, because it has been

aimed basically at strengthening our material and technological base to make us relatively independent from other forces and even from the Soviet Union. We do not have to depend on the Soviet Union for everything for ever. A relationship of mutual exchange at a higher level is already developing. We do not have to depend on the world capitalist powers, if we do not choose to do so. We have a choice today.

Very radical Marxists in our country and outside claim that Soviet assistance helps capitalists to grow in the developing countries. Granted. But what sort of capitalism does it help to develop? It is the type of capitalism that has the strength to stand up to pressures from whatever source, capitalist or socialist. This is important. The choice is ours.

Some of the experiments and principles of the relationship between the Soviet Union and the other socialist countries are now coming into operation in the relations with the developing countries. Take joint ventures and co-production for instance. What is most interesting, from the point of view of building a new international economic order, are the joint ventures among the advanced capitalist and advanced socialist and developing countries. After all, what is the new international economic order, if not the working together with these different economic systems in a multi-structured world? In this context the possibility of the Soviet Union entering the IMF and the World Bank would be helpful in building the new international economic order, increasing the bargaining strength of the developing countries and expanding the contribution of the October Revolution to the world economy.

Then, take the cooperation that is developing in scientific research among these three components of the world economy. This is leading to the universalisation of the benefits of science and technology for the solution of global problems, such as environmental pollution, and also to help developing countries leap-frog into the frontiers of the new technology.

In the final analysis, I would say, the impact of the October Revolution on the world economy was the progressive dismantling of an unjust, exploitative, undemocratic, predatory, unequal world economic system and its progressive replacement by a just, equal, democratic system of universal economic security, as part of a comprehensive universal system of international security as formulated in the report of the Central Committee of the CPSU to the 27th Congress of the Party.

NAGARAJAN : The question is : how are we to evaluate the economic data ? In a letter to Engels, Marx had said that economics was shit ! He considered himself basically a social critic and hardly ever as an economist. I would like to state here why I agree with his evaluation of econo-

tics. Marx could have clearly explained the logic of capitalist development and the inevitability of its dissolution without all that analysis of economic law of capitalism. In fact, even before he made any economic analysis of capitalism, he had arrived at the conclusion that the unbearable division of mankind into antagonistic classes with their irreconcilable interests would bring the capitalist system to a state of near-collapse and that mankind would deal the final blow to destroy this kind of inhuman institution. He had also clearly identified the essential cause of the human predicament. He stated that "all the consequences are contained in the definition that the product is related to the producer in a hostile manner. Hence the task is to change it." His purpose was to change the hostile relationship into a harmonious one. His dialectical appreciation of the process clearly showed the nature of the resolution. Hence one can assert that Marx had come to be convinced about the need as well as the inevitability of the dissolution of capitalism—and of the private property ownership system as a whole—through his philosophy. It was just to convince his contemporaries by means other than merely philosophic, that the undertook the economic analysis. After all, surplus value is nothing but a source of alienation. Thereafter, the same economic data, supplied by the governments, becomes the source of different interpretations by different parties. Often this leaves us in a state of perpetual perplexity. This only shows that conclusions from economic analyses depend mainly upon the valuation point of view of the analyst. Even the selection of data, and their organization depends on this value-orientation. Therefore, it becomes necessary to examine, first and foremost, the honesty and the ideological purpose of the analyst before we labour to examine the accuracy of the components of the data. Incidentally, by observing the major manifestation of a society's trends, one can make definite predictions about that society's future. This method is called semeiology. This method can be practised with remarkable success. For example, a Taoist priest had, as early as in 1913, predicted the inevitability of the second world war on the basis of his study of the broad trends of societies in Europe. Prof. Creel in his book 'From Confucius to Mao Tse-tung' has narrated his experience of an encounter with this remarkable Taoist priest who had been living in a village in northern China and had no experience of travel beyond rural surroundings. Prof. Creel kept wondering how the Taoist could foresee the event. It was in fact the outcome of interlinking the crucial aspects of the human situation.

Before we attempt to give our conclusions regarding the Soviet society from the economic data presented here, I would like to cite instances of diametrically opposite conclusions from the same economic material. On the basis of the available economic data, almost all the economists tend to call the present-day India a developing society and its trend a capitalist one. But by using the semeiological method, I call India a devastated country and its trend of development an anti-human industrialisation;

I call this capitalism thoroughly anti-people and counter-revolutionary. The two approaches lead to opposite conclusions.

Will Mr. Banerjee apply the semeiological method to all his data regarding the Soviet society? What matters is the criterion of humaneness, the physical and spiritual well-being of people—not impressive figures of production or shadow-fights against certain aspects of capitalism in oblivion of the very essential aspects of human existence.

Even if the simplest and most obvious yardstick of durable material existence is applied, the Soviet economy fails to pass the test. Its failure is like that of the capitalist economies. It did not care to build its economy on the principle of recycling, nor did it reject the culture of throw-away extravagance. The culture of throwing away of once-used ball-point pens, cartons, plastic bags, used cars and gadgets as junk, has reached its acme in the West: it is paraded as sophisticated modernism. In essence, this is highly wasteful. The Soviet Union, blinded by imitativeness of the West, has not even sought any alternative patterns of development. Hence this is really no alternative pattern of economy.

Dr. Sethi has mentioned that Keynes sought to disprove Marx. You can never disprove anybody, or attain a real victory over anybody, unless you assimilate his essence and integrate it in your system, as Bali (elder brother of Sugriva) of Ramayana could do. None could defeat Bali because the essence of the revealed adversary used to flow into him. Neither the exploitative capitalist system nor the authoritarian Soviet society has the quality of integrating Nature's economy and man's economy, integrating egalitarianism, frugality, satisfaction of genuine needs and self-renewal of resources as the basis of the economy.

Dr. Sethi says, if things continue in the industrial West and the Soviet-led countries as at present, we are bound to face the greatest calamity. I too have come to the same conclusion, not by studying economics but by commonsense; you may call it, by the practice of some kind of semeiology.

In our own country, we must build up a recycling economy, an economy with a self-regenerating resource base, with the minimum of commerce. Otherwise, our people and our country will be ruined.

ASHOK MODAK: I will begin with Dr. Sethi's statement that there was no serious discussion, no economic debate after Lenin. I thing, we should not forget the great nationalisation debate that took place—Bellman Model, and Bukharin balance growth, to name only a few. It was the most exciting period in Soviet intellectual history.

The worst part of the socialist economic system is directive planning, where everybody was "directed" as to what to produce, how much to produce and how to produce it. That has now already been given up and in its place, enterprises are given a little bit of freedom to decide, at least not what to produce. Still the State directs them how to produce. There is a little bit of freedom there and if this trend continues and if Russia moves in the direction of Hungary, you will find, you will land up with the French type of "indicative" planning. And then the question would arise: what is the difference between the planning of French capitalism and Soviet socialism, which Prof. Sethi has raised.

Let us also look into the question of decline of Soviet economy. It is not correct to say that decline started only with Brezhnev. What happened during the Brezhnev period was that there was a sharpening of this decline. Decline itself started even before the Second World War and it started in a very visible manner right from the day World War II was over and rehabilitation work started. Otherwise, Khrushchev would not have been so much worried about rate of growth. Then again it is not correct to say that during the period of Brezhnev, he spent too much on arms and that, therefore, the decline started. If you look into the data on military expenditure, the rate of investment and so on, you will find that all of them were declining during this period. The decline which started in mid-seventies was much more fundamental. It had much more to do with the structure of the Soviet economy than with the choice of expenditure either on guns or on butter.

Dr. Sethi also mentioned that the Soviet Union is an economy of acute labour shortage and, therefore, the process of structural economic adjustment will not be so difficult as visualised and therefore one need not fear the kind of unemployment that we have in this country. I would not agree with this statement—for two reasons. One, if you look into the present distribution of labour force in the Soviet economy, you get a picture that it has labour shortage. But you also note that it is just like India, where there should be one clerk and there actually are 10; where one worker would do, and there are 5; where one scientist should be working, there are half a dozen of them. It means, there is tremendous amount of disguised unemployment. There are official estimates that 40 million people are needlessly employed in the Soviet economy. Now if you really attach some meaning to full employment, you should employ labour according to its productivity. It is not that you get a man, you get him a chair at the door and you call him a peon: he spends the whole day doing next to nothing. "Employment", properly speaking, should only mean that you really make use of his productive capacities. The Soviet Union does not belong to that kind of labour-shortage economy.

Secondly, this problem has nothing to do with shortage of labour. The adjustment problem is entirely different. There are two reports. Adam Began has written an article in the 'Review of International Affairs', Belgrade, wherein he points out that they will be able to adjust the labour "somewhere". But the problem would arise in the case of highly technical personnel who will have to work as sellers of bread or vodka. If an engineer is asked to go and serve in a restaurant, obviously he is not going to like it. It would create a lot more of social and psychological problems in addition to the economic problem. There was an incident where, because of a surplus in a factory, an engineer, at least for a short period, was made to work as sweeper in the town. You can imagine what would happen to the self-respect of that man. That kind of thing would lead to a much more serious social problem than the unemployment problem itself.

I would also like to comment on the October Revolution and decolonisation. I think it is too far-fetched to trace an African country's recently won freedom, to the year 1917. Because India got liberated, its liberation is also related to 1917. This kind of logic is like saying that because my hand touches the table and the table touches the ground, therefore, my hand touches the ground. I do not buy that kind of logic at all. It is too far-fetched. The October Revolution has made some contribution to liberation movement, but, in many cases, it is of a marginal nature. But if you extend the concept of liberation to include what happens after political liberation, takes place, there you find the role of October Revolution is almost nil. I will come back to that in a moment.

Shri Banerjee quoted Pandit Nehru. But to be fair to Nehru, we must also recognise that just as he admired the Soviet system after his visit, it also created a fear in his mind—and he is on record—that ultimately the threat to certain countries in the neighbourhood will be not from capitalist countries but from socialist countries. By that he meant both China and Soviet Union. Now, Prof. S. Gopal in his biography of Nehru has brought out some of these things. Therefore, Nehru's perception of the Soviet development was not one-sided. But unfortunately, both the Government of India and some of its supporters have been continuously misusing Nehru and misquoting his statements in order to project a particular point of view and that, in my view, is not fair to Nehru.

Then, Shri Banerjee also mentioned economic aid by Russia. I am not surprised by this. We are a very poor country. But we also shall not quite a bit of money for Nepal—in our own (security) interest. This has nothing to do with the ideals that we may hold. It has nothing to do with the kind of revolutionary goals that we see. It is the pure and simple self-interest of protecting oneself and, therefore, exten-

ding certain amount of technical assistance to either Afghanistan or Iran, or some other country in the neighbourhood, is not something great. By calling it great we would only be distorting the meaning of the October Revolution.

I will now focus on two more recent problems and try to see to what extent the October Revolution has made a contribution to what is called the New International Economic Order. Here again, we simply connect two independent developments which really take place because of their own respective logic, rather than because of their interacting with each other. The new International Economic Order suggests, in a very simplified form, that there should be more access to the world markets for the developing countries, that there should be product increase, resource transfer, depoliticisation of trade in the world and so on and so forth. Any one of us who is even superficially familiar with the Soviet trade problems would know that their problems are exactly the same as ours. There is the problem of access of Soviet products to the Western market. There is a problem of politicisation of either the food supplies or anything affecting them. The politics of food supply is as ruinous for them, as it is for any of the Third World countries. There is also the problem of technology transfer. They want to have access to the latest computers in the laboratories of the United States; so also we want to have that access. Now, Americans do not want to give it either to them or to us and, therefore, we get together and accuse them and say that the entire thing should be free.

Several things that we attribute to the October Revolution have very little to do with the revolutionary goal; they have something to do with much more down to earth, mundane issues of our own.

Shri Banerjee also made some statement about how the Soviet Union has really brought about a major change in the world economic order. Now, when we talk about the change in the world economic order, we should be looking at this: what kind of structural changes have taken place in the international economic order? If you look into the Soviet documents submitted to the United Nations, and our own documents submitted to the United Nations, all of us are trying to say only one thing: that the existing order is not in our interest, that it has been evolved over a period of time to suit the interests of capitalist countries, and that this must be changed. But so far, excepting in one area, I have not seen any kind of major structural changes taking place in the world economic order. The reason is very obvious. Either deliberately or for some other reason, the Soviet Union has pursued a policy of isolationism, economically speaking, which means that Soviet participation in world trade is of a marginal character. Its contribution to world trade is only 4%. If you look into

the individual products, even those products which they are exporting in very large quantities to the Western world—oil and other natural resources—in almost all of them, their contribution is such that they can hardly make any difference to the world market. They are price-takers—they take what price they can get—they are not price-setters.

Then, if you see what contribution they are making to third world countries' development, there are two aspects of it. One, what is their contribution to trade, and second, what is their contribution to the structural changes that are taking place in the developing countries. We need not be misled by India's case, which is not typical of Soviet relations with third world countries in general. The third world share in the Soviet Union trade has remained stagnant for more than 25 years! In 1965, it was 12% of the Soviet trade and in 1985, it was the same 12%—actually, a little less. It shows that there has been no change at all. During the most acute difficulties confronting the third world, the Soviet Union has not been able to come to their rescue. In 1970, the Soviet Union accounted for just 3% of the Third World exports and, by mid-1980s, it had come down to 2.4%! The same holds good for imports. But what is even more interesting, if you go into the individual exports and imports of broad categories of items, the Soviet Union has been an important factor only in the area of food. It is not by exporting food to the Third World countries, but by taking away their limited food resources! The import of food products from the Third World has gone up like anything in the last 20 to 25 years.

If a country is to make a major contribution to the ultimate independence of another country, it must contribute to the structural changes, i.e. it must encourage industrial growth in such a way that it becomes self-developing, self-supporting. If you look into the figures in that area, what do you find? The Soviet Union share in the exports of third world countries' manufactured commodities, which was at least 3% in 1970, had come down to 0.8% by 1980. I am talking of the third world countries as a whole. But there are a few individual countries, not more than 6, in the non-communist world, where 10% or more of the trade of these countries goes to the Soviet Union.

Even in our case, the statement that the Soviet Union has made a great deal of contribution to our national self-sufficiency or self-reliance holds good only for Fifties and Sixties. If you look into their role today, you will find that it is of a marginal nature. In fact, the very fact that the kind of capitalism that you are worried about, is developing in this country; it is not simply that policy-makers have decided that way. It also shows how a country like India is constrained to go into the very area

which you are afraid of. We simply cannot rely on the other side; reliance not in the sense that there is something doubtful or untrustworthy about the Soviet Union; it has something to do with the sheer inability of the Soviet Union to come to the help of a country like India which was proceeding in the direction of independent capitalism. But today that course has had to be changed in spite of all the achievements of the Soviet Union that we are aware of in the technological field. We can hope to get massive military aeroplanes from the Soviet Union but we cannot get fuel-efficient aircraft. I can name a dozen products which could be of great use to us and which could avoid the kind of danger that we are now facing. But unfortunately, that is not happening and it is not likely to happen for at least two more decades.

I am emphasising the negative aspect of the Soviet economic relations with third world countries only because, so long as we continue to believe that everything is beautiful in this relationship, we are not likely to take measures which will rectify these negative tendencies.

You look into the terms of trade. After all, what is the price that is being charged by the Soviet from the third world countries? All your theory concerning the exploitative nature of Western trade and the beneficial aspects of Soviet trade, would collapse for the simple reason that they charge the same prices. If there is an element of exploitation in the American trade with third world countries, there is an element of exploitation in the Soviet trade with these same countries. Therefore, the character of the relationship of these two economies is not different and, therefore, we need not to be excited about it.

I have got two questions. Mr. Banerjee said, Russia has shortage of labour. If so, what has been its response? Does it welcome labour from other countries to go and work there? Then, Dr. Sethi spoke highly of Keynes and his contribution to economics. In spite of Keynes, the Western economy did not pick up before World War II. It picked up only when there were war orders, and Germany, England and Poland started re-arming. By itself, this is an academic question. But this has relevance for today and tomorrow. Will Keynes survive even today? For example, can the "free" Western economy—even American economy—maintain its growth rate, if the war orders were reduced?

DR. SETHI : When I say that Keynes made great contribution, I mean that he made as great a contribution as Marx. I do not say that it was all very good, or that it would solve our problems. The problem is one of under-estimation. Marxists under-estimated Keynes. I think, that was a mistake.

ONE VOICE : What are the aspects of Soviet achievement in the economic field? Is socialism the ideology of the past, the present or the future?

ANOTHER VOICE : You seem to drive to the conclusion that it is useless to talk of socialism.

S.N. GHOSH : Dr. Sethi says that both Marxist economics and Keynesian economics are out of date.

PRADIP BOSE : When Rabindranath Tagore went to Russia he wrote a series of letters. He was tremendously impressed by the kind of educational and cultural efforts which were being made by the Soviet Union. But the Marxists do not mention that he also, in one of his letters, made some criticism of the educational system in that country. He said that they were making a mould and this mould of education will turn human beings into robots and that they would have to break this mould into pieces, or men would become robots. This was a formidable criticism. He made this even when he was impressed by their efforts to impart universal education.

I will now put a question to Mr. Banerjee. Malenkov, who succeeded Stalin, emphasised consumerism, and his foreign policy was very significantly different. He even wanted to withdraw Soviet troops from Germany. Thus, the man who succeeded Stalin had a diametrically opposite viewpoint: later on, he was overthrown. He gave a new orientation of thinking not only to economic policy but also to foreign policy. How do you explain this succession and his subsequent overthrow?

SUBRATA BANERJEE : Idealism is not something that is divorced from reality. I have said that if we have to defend our revolution, we will have to deal with the world economy. This is pure realism. What is Marxism after all? Marxism is not a certain formula. It is a methodology. It is understanding reality by applying Marxist perspective. There is no such thing as shunning the capitalists. If you take a hard look, you will realise that many of the things we are talking about are being undertaken by the Soviet Union to carry forward the gains of the October Revolution—to fight imperialism. Similarly, many countries want to establish certain relationships with the Soviet Union. It is not because Nehru spoke of socialism, but because of certain situations. These developments are mutually helpful. As far as planning is concerned, central planning is not there in India at all. We have not yet reached that stage where central planning can be done. As for the decline in Soviet economy, it started with the preparations of the Second World War and continued thereafter. There were ups and downs, some period was good, some other period was

bad. Steady decline started in the 70s. It was not merely for military reasons. Mainly it was due to the neglect of science and technology, whether for development or for meeting civilian needs. The Soviet Union is now emphasising the fact that science and technology must definitely meet the demands of the people. About unemployment, I am not denying its possibilities. All I am trying to say is that the adjustment problem in a centrally planned economy is easier and less painful than in other economies. As far as liberation is concerned, one does not equate all liberation movements as one to one. October Revolution was not only a liberation : it was also an advance of ideas. Ideas travel. If capitalist ideas travel, socialist ideas, too, travel. If you look at the liberation of our own country, you will find how the socialist ideas and other happenings in the Soviet Union influenced us. Nobody says that the October Revolution was our only inspiration. Certainly, Nehru was critical. So was Tagore. They were not communists and were not accepting everything that happened there. Nehru, although critical of the communists, had also great respect for communists. Under his leadership, the idea of central planning was adjusted to our requirements. The question of mixed economy has some relation to the Soviet experience. The Soviet place in the world economy is something which is very important. I have said what happened in the thirties.

If the Soviet trade relationship with the Third World has been stagnant—and this has been there in the area of technology trade too—it is mainly because of the character of leadership of the national liberation movements. The leaderships in most of these countries turned towards the capitalist countries with which they had old relationships. Nehru did not say that Soviet Union could not supply us the required goods. What he was saying was that we were used to having certain economic relations with the Western countries: so, this was much easier. This he said up to 1954, until the US-Pakistan military pact took place. It was only thereafter that he started looking towards substantial trade with the Soviet Union. Though in 1952, an offer had come from the Soviet Union about technology transfer, Nehru had not given it an enthusiastic response. So we must not forget about the attitudes of the leaderships and the unfolding of their compulsions. If we went into planning, and into the building up of the State sector, then certain compulsions of our economy led us to that—it was not merely because of idealism. This explains the kind of contradictions to which you refer. Since mid-'60s, again, the failure of our efforts to build up the type of capitalist development desired by our national leadership led us towards the West. We could not possibly go in the direction of socialism because the forces of socialism were not strong here. This was the failure of the Left forces. Probably, we were tired of this sort of economy, this sort of slight socialist bias. The leadership consid-

ered it better to develop greater economic relations with the World Bank; and the World Bank policies had worked.

DR. SETHI : Tagore has written so much about the problems of Indian education : I have not seen even one reference to it in our Marxists' writings. Even in terms of volume, Aurobindo and Tagore have written so much on the problems of Indian education. But you do not find mention of these even in official writings—from Nehru onwards to all your Education Commissions.

DR. M.M. JOSHI : I am not an economist, either Keynesian or Marxist. But, as a scientist, I think, economists mostly depend on science and scientists depend on economic development. That way we are inter-related.

Now my basic question is, suppose there had been no October Revolution, what would have been the trend of scientific and technological development in the world ? Would there have been any substantial change in the development of science and technology in Soviet Russia and elsewhere? Secondly, even after the October Revolution, did Soviet Russia develop a science and technology which is different from that of the West, or from that of the rest of the world ?

As a student of science, I feel that a major break-through in the application of technology for the development of people or use of technology by the State as an instrument for the amelioration of the condition of people started only in a meaningful way, after the Second World War. Prior to that some funds were provided by the State for science and technology, and that was all. Except in Soviet Russia, where they had a Science and Technology Ministry and ample funds for the development of science and technology, the major break-through in this field came only after the Second World War. Now the question is: How is it that while in the rest of the world, science and technology have made tremendous progress and attained phenomenal heights, it has stagnated in Soviet Russia, specially in the case of pure sciences ? Pure sciences and scientists suffered terribly in Soviet Russia. Sakharov's case is one example. There are many more. I visited Soviet Russia and met some people. They were mighty afraid of talking about their scientific system and educational system. If they speak up, it will be good for Russia and good for the socialist world also.

There is another point. This basic application of technology today has given us a technotronic society. Whether it is a socialist society or a capitalist society, both are under the force of a particular type of technotronic system. It is technology plus electronics. And this use of techno-

logy and electronics, both by the capitalist system and the Soviet system, has obliterated all differences in their economic relationship. Both are tending towards the same thing, the same system. Both depend upon the rate of growth, growth of an unlimited dimension in a limited period. Soviet Russia does not say that it will have different type of ecological relationship : that is, a different relationship between man and the ecological system than what the Western countries have. Development of technology in Soviet Russia has degraded Nature as much as in the West. Today both, Westerners and Soviets, are talking about the relationship between man and Nature. Fifteen or twenty years ago, nobody was talking of it. At first Soviet Russia did not raise this question. This question was raised only by third world people when the degradation of their natural resources, and of Nature itself, began to affect their life and their very existence and survival. So, my point is this. If you examine carefully, the scientific revolution which was the mother of technological revolution, was based upon the Descartian system, i.e. "I think, therefore I exist". It depended upon the Newtonian concept of the world as a big machine, a big engine, and the discovery of the second law of Thermodynamics. All these three things together produce, what you know today, the technocratic society. Suppose there had been no October Revolution, all these principles were there, these laws of Nature would have continued, the concept of the world as a big machine, a big engine, would have been accepted as reality because of the Newtonian mechanics and the dominance of mind over matter would have been there, because mind is superior to matter. Therefore, I trace the roots of the exploitative system to this dichotomy where 'mind' was allowed to manipulate, exploit and degrade 'matter'. What Marx has done, or what socialists have done, is that they have reversed the role of matter and mind. They have made matter superior to mind. But the problem of exploitation of mind by matter, or of matter by mind, has not been resolved. So, the basic concept of this entire technocratic system is exploitative in nature, whether it is adopted and followed by Soviet Russia or the capitalist countries. It always leads to exploitation of one by the other, of man by man, or of man by multi-national institutions or the State, or of one group of people by another group of people. So, when you talk of scientific relationship taking a new form after the Soviet revolution, I entirely disagree. There is not a single element in these relationships which gives them a different dimension. Rather, they produce same type of exploitative scientific technological relationship which the capitalist countries have. So, in my opinion, the distortions in the world economy, which were the result of this wrong perspective of Western science—i.e. Descartian, Newtonian and Calvinian concepts, have been perpetuated by the socialist system in a much more aggressive form, because technology became a monopoly in the hands of the State. The State, monopolising all technology, became much more powerful than any other feudal, bourgeois or capitalist State

where, because technology can be shared by different institutions, there are shock absorbers, balances, correctives. But in a State which is all-powerful, controlling all means of production, science and technology, it has given rise to a highly autocratic and dictatorial State. Therefore, if socialism and this technology continue to be combined in the same hands, that will be a disaster. They have already created a disaster in the West, and degraded society, and they are creating similar degradation in the Soviet Union. Consumerism is infecting Soviet Russia in a big way. Gorbachev and his perestroika are nothing but direct admission of the impact of consumerism. Consumerism is, the direct consequence of the modern techno-economic system. So in my opinion, the October Revolution might have created different controls on technology, it might have created and solved—or not solved—problems of distribution of the spoils of technology and industry, but it has not given any new thrust to a new techno-economic system which will be egalitarian and non-exploitative in character. Therefore, in my opinion, the contribution of October Revolution to world economy is the same as that of Keynes, Adam Smith, or of anybody else, because you have not deviated from Descartian, Newtonian and Calvinian concepts of science and technology.

S.N. GHOSH : Subrata Babu has not given us anything which could show any fundamental difference between the capitalist economic order and the "socialist" economic order, except that the former is controlled by the capitalist class and the latter by the State, which really means control by the ruling political and bureaucratic elite. The one thing that Subrata Babu has consistently harped on is that the Soviet Union has fought steadfastly in international fora for the transfer of technology from the industrial countries to the developing countries. To me, this should be a matter of complaint against the Soviet Union rather than of its eulogisation. The complaint is because this have been a misguidance to the countries seeking development. By implicitly propagating the message that the nature-conquering technologies of the West could bring welfare to the poorer countries, the Soviet Union has been a party to spreading an illusion. The so-called modern science follows the Descartian reductionist method and seeks to study natural phenomena in a manner the machine is studied by dismantling its parts. Hence this method always tends to produce machinist or chemicalising solutions. Machinism, being capital-intensive, always favours the richer nations internationally, and the elite within the society locally. Machinism and chemicalism destroy the ecosystem and thereby hurt the poorer people the most.

The so-called modern science, which relies wholly on the reductionist method, is suitable for non-life processes and, at one remove, for the life-destruction-oriented processes. This method is suitable for the study of celestial bodies in motion and the machines on earth. The study of

these objects by their minutest parts and in terms of parameters such as mass, velocity, field, pressure, temperature gives "sufficient" knowledge about these objects. But these are quite insufficient and inadequate to yield knowledge about biological processes wherein untold numbers of integrative linkages operate. Moreover, in a biological system, with every step-up of organisation in the ladder of life, ever newer properties get added. These are the reasons why reductionist method has been successful in producing high-entropic machines for industries, weapons of warfare, and transportation and communication facilities but has been counter-productive while dealing with biological systems. Its effects on living systems like soil, water, forests, and on human and other animal bodies have been particularly disastrous. The Soviet Union has, even now, remained blind to these basic limitations of reductionist science and has thereby been causing harm to its own people and to the world people at large. This blindness has meant producing greater inequalities and disruptions of the ecosystem which blot out people's future.

The transfer of such technologies has been doubly harmful to tropical countries like ours. Nature-conquering technology is harmful even to the countries of temperate regions, to which the industrial West belongs. But this genre of technology is far more harmful to the tropical countries. The speciality of the tropical ecosystems is that these found stability in much longer chain of interconnectedness. Diverse species of life and infinite variety in almost each of these species is the hallmark of the wet tropics. There is a huge multiplicity of species of plants, animals—among them birds, fishes and micro-organisms—in the wet tropics. In this longer chain of interconnectedness, when the machinist and chemicalising approaches create disruption at any point, it produces far greater chain reaction throughout.

Moreover, the organic matter status of the soils, the wind pattern, the rainfall pattern and even the pollination pattern are different in the tropics. In the tropics, pollination is more insect-borne than wind-borne. Hence to introduce nature-conquering, i.e. life-support-weakening technologies in the tropics is to lead them to ruination at galloping speed.

This is exactly the reason why I have been, over the last 17 years, criticising UNCTAD's technology transfer mission. For any country to prosper, the emphasis has to be on technology generation in its own environment. Its first task would be to study the traditional technologies, to see the reasons for their persistence over centuries, to know how these have been interwoven with the fabric of life around—and then to improve upon these with particular reference to their suitability for the poorer people. In other words, its task is to define the problems, to explore if their solutions are available through naturally occurring agents present in

the habitat, and then to proceed to evolving newer techniques to meet genuine human needs, as distinct from needs induced by artifices.

We must note that the deeper the understanding of Nature, the greater the ability to devise inexpensive techniques to fulfil life's genuine needs. To the extent that the Western science and technology have been going in for more and more gadgeteering and complex technologies beyond the reach of common people, it has been an index of its shallowness of understanding of natural processes and its purlblindness to the system of co-operation in Nature.

This is not to deny that so long as threats of foreign aggression remain, there will be need for nature-conquering technology for defence purposes. But the genre of technology suitable for defence must not be allowed to submerge Nature's technology in other areas of life. To the extent that the Soviet Union followed the pattern of technologies of the West and sanctified these, it has been on a wrong track. It has to take the blame for luring the Soviet people's—and the world people's—attention to the path of elitist technology, which increases inequalities. It has, in equal measure, diverted people's attention from ecologically sound, people-oriented technologies and from the pursuit of holistic science.

Subrata Babu said that the Soviet Union has been trying to stop the drain of resources by imperialist powers. I beg to point out that by sanctifying the Western genre of technology, it helped internalise the process of drain and made it insidious. Previously, the imperial powers were draining out the colonies' resources by force, by way of imposition. Today, our leaders, believing that the Western kind of technology is the only pattern of viable technology, beg for access to it and willingly make a tribute of our resources to the West. Following the Soviet Union, India accepted the spectrum of Western technology. Following India, again, other tropical countries have taken the same path. All have thus been persuaded to pay for the Western technology which has brought in its train the Western hardware. Dependence and blood-letting have thus been internalised.

Very few among the Marxists have proclaimed that the New International Economic Order (NIEO) is amorphous and unenforceable without the concept of a just social order. This is because the Marxists are yet to apply their minds to the values of a just society and to the philosophy, technology, politics, and economics that can support these values. They have no ideas beyond state ownership. In commerce, they have no alternative concept of how to get over the relationships of unequal exchange and money fetishism. They have no alternative technology of production and no theory of increasing production along with self-renewal

of resource base. In consumption and distribution, too, no fundamental alternative has been presented. There is no alternative concept of life-style which meets physical, intellectual and spiritual needs. The Marxists are yet to make any serious attempt to link up economic patterns with the physical, intellectual and spiritual well-being of all people. As in capitalist countries, so in the so-called socialist countries the issues of relating economics to emotional and ethical satisfactions have remained grossly neglected. This has seriously retarded the development of holistic concepts of socialism.

Without an alternative concept of life-style, without an alternative philosophy of science and people-oriented technology, and without the concept of integrating man and Nature, even *glasnost* and *perestroika* can fall into the trap of consumerism. Hence the need for rethinking on the fundamentals is the greatest today.

CHAIRMAN :—Now, what are the questions ?

NAGARAJAN : Do you want to connect it with man's peace and democratic system ? I want to tell you that it is only during the patriotic war and patriotic struggle that there is more and more democracy developing in any country. During a patriotic war or struggle, more and more democratic traditions develop. In China, during the entire war of 15 years a remarkable egalitarian society developed in Yenan, where both production and distribution were oriented to meeting people's needs. The like of this society was never achieved during the peace period. So, the questions are : what kind of peace is it ? What kind of war is it ? If a war is a predatory, anti-people war, it will suppress people's welfare. If it is a genuinely patriotic war, it will develop a democracy within the country. By measuring the extent of democracy within the society, we can understand the nature of the war itself. I would like to study our defence preparation—of Pakistan's or the Soviet Union's defence preparation—in terms of whether it broadens and deepens people's solidarity and fellow-being. By that we can understand what kind of a war it is. Hence peace is not the only condition. Peace can also produce an oppressive society. I reiterate that the basic questions are. What kind of peace is it ? what kind of war is it ? It is to be judged by whether it promotes democracy. You have not taken that into account.

M. L. SONDHI : Mr. Chairman, I would like to deal with just one area because Mr. Subroto Banerjee mentioned economic diplomacy of the Soviet Union. I think the lesson for India is to learn from the mistakes of the Soviet Union as also of the West. We have also to learn from our own

mistakes arising out of our distorted world view. I think Indian inability to understand the post-war rise of Japan will serve as an example.

When the Japanese Prime Minister Mr. Kishi came to India, it was the first dialogue between the Indian Prime Minister and the first Prime Minister of Japan to visit India. Mr. Nehru was unable to understand the logic behind Japanese actions. We have the record of that particular meeting by a Japanese diplomat, who has written a book on the Foreign Service of Japan. Nehru saw no future for Japan, because he was exclusively focussing on the political dynamics of the Soviet Union, the United States and China, and was not familiar with Japanese political and economic culture.

To give another example, we have failed to understand the internal logic of Soviet bloc economic relations. The other day we were expecting the transformation of the whole world towards socialism. By not using our analytical tools, we do not reinforce each other's strengths, we seem to reinforce each other's weaknesses and mistakes. The whole theory of India as a "naturally of the Soviet Union is misleading and can have dangerous outcomes.

DR. SETHI : I think we will have to close the discussion now. I would like to answer a couple of questions which have been raised here. I hope I did not give any cause for misunderstanding that Keynes had a more profound and extensive impact than Marx. There is an irony here. Keynes said that he had started reading *Das Kapital*, found it boring and therefore gave it up. He was not influenced by Marx either way. Both created revolutionary thoughts in their own times and in their own ways. We do not have to under-rate any of them. Marx desired abolition of capitalism and predicted radical social structural change. Keynes was the most effective saviour of capitalism, reforming it in a way which produced a serious challenge to the Marxists. The Left Keynesians tried to marry Marx and Keynes but the attempt miserably failed. I would suggest to Mr. Banerjee that going back, again and again, to Lenin to find the relevance of October Revolution in today's condition would be a counter-productive exercise. None need to be taken as infallible—whether it is Marx, Engels, Lenin or Mao. Besides, Lenin was both a follower and a perverter of Marx. To cite an example, Lenin wrote, among other things, a piece on dialectics. Mao also wrote another piece on dialectics. All Marxian scholars on dialectics have pointed out that both these gentlemen had misunderstood certain basic principles of dialectics. These gross mistakes are now slurred over.

There are other things on which Lenin might have been right. One of his finest works was on the development of capitalism in Russian

agriculture, from which we got the word 'Kulak'. But the book did a lot of harm to India. The word 'Kulak' so gripped the Indian Marxist economists that they did not care to understand its meaning and its irrelevance to Indian agriculture. The attributes of 'Kulak' are hardly ever sought to be understood. This kind of repeating it like *mantra* can only block our minds further. We should try to see what was there in the October Revolution which is of relevance today. I think the central questions with which the early Soviet and Chinese leaders grappled, was the theory of exploitation and the theory of alienation. Where the Marxists have really failed is to give us a theory of exploitation covering each successive stage of its growth and explaining how inequalities have grown both between and within the nations. I have a feeling that the Soviet Union has arrived at a situation where there is a serious danger that it can be a part of the process of exploitation instead of being an answer to it. This is because its concept of economic power and of state power is about the same as that of the western industrial nations. Its role as a non-exploitative force would disappear after it finds an entry into the inequality-breeding international economic system. Mr. Banerjee may not see this but the Soviet Union is desperately trying to integrate itself into the global economic order which is dominated by capitalism. The only Marxist group which has produced a new theory of exploitation is called the group of *Dependency Theorists*. It has tried to give a new model of relationship between the capitalist countries and the third world countries. That model is of a kind which explains the reality to some extent but is unfortunately incapable of providing an alternative policy frame. Suppose you know that the country 'B' is dependent on country 'A'—that the country 'A' is hooking up the country 'B' and forcing the latter into a situation of dependency, subordination and subservience. But how does it help unless you know how you can avoid this relationship? In this kind of uncertainty, the logical policy conclusion would be to keep one's country delinked from the international process. But how will this be possible in practice? So long as one is unable to sort out one's domestic politico-socio-economic problems, dependency in any manner would be exploited. So I think that the duty of all Marxists—in fact, of all radicals—is not only to evolve a theory of exploitation encompassing all aspects—political, economic, social and cultural—but also to find an answer for it.

You see exploitation everywhere—it exists internally and internationally, in social relations and in science and technology collaborations. The major contribution of Marxism was the creation of awareness about exploitation. It threw up the theory of surplus value—the surplus value being the very source of exploitation, from which all other exploitative mechanisms were derived. But this theory was inadequate to explain the basis of exploitation in a socialist society where, on account of the

abolition of private property, the creation of surplus value out of unpaid portion of labour is supposed to have been abolished. Now, the privileges of the members of the Communist Party of the Soviet Union and of the Government and state enterprise bureaucracies have become the basis of exploitation. As I said in the beginning, most of the debates among the Marxists took place outside the Soviet Union and these resulted in dependency. Now, if you try to say what would be the picture of the New International Economic Order, you must first be able to say what an equitable social order should be like in its internal structure and functioning. Whether one talks of Brandt Commission, or UNCTAD or transfer of resources, or transfer of technology, one must examine to what extent and in what ways it impinges on the bases of exploitation. Jayashekar has given a good analysis of these aspects. Our ruling classes are asking more or less the same kinds of things which the Soviet Union has been wanting from the West. Even if the Soviet Union keeps supporting the Third World countries in the international fora, it will be doing so from the point of view of its own advantage. This will not help evolve any better understanding of the roots of exploitation.

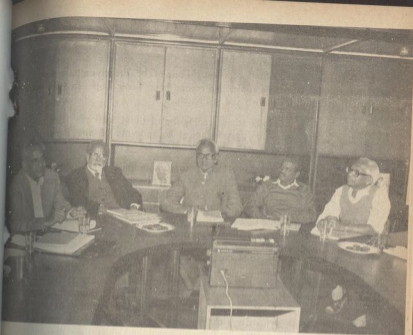
Take, for instance, the Soviet support for non-alignment. Non-alignment has many good points but we know that out of the 101 members of the non-aligned movement, as many as 87 are dictatorships. They repress their people and deny human rights. One cannot build a theory of exploitation and its cure without the theory of political rights or social rights. Economic rights, social rights, cultural rights, political rights—these are necessary ingredients of political thought to build a new theory and a new society free from exploitation.

This is not to say that we can dismiss the October Revolution and say that it had no meaning. It did fire the imagination of the people and set in a worldwide urge for abolition of exploitation. Where it did not fire the imagination—and where I think its contribution is nil—is also an area where human rights are violated. Why are the Soviets so afraid of discussing the 'Helsinki Third Basket'? If I were a Marxist, I would have even more vociferously demanded of the party leadership an explanation for this violation. That is why I believe that today none can be a good Marxist without being a good Gandhian. I think we will have to conclude by finding an answer to the whole question of what the meaning of new freedom is. The concept of new freedom began with Marx and was reinvigorated with the October Revolution but it was perverted by the Soviet Union, first by Lenin, and then by Stalin. Again, this awareness came up in the western Marxist thinking in terms of 'dependency theory'. I believe this is really the new starting point. New debates will start between those who are really interested in freedom from exploitation.

Merely saying that the Soviet and the U.S. systems are divergent in many aspects is not saying anything. If you support the present international trading regime, or the international financial regime, you will not get over its incubus. Every country—whether it is the Soviet Union or the USA or India—wants to export. How would we escape the suction effect of unequal international trade forcing us into a relationship of dependency? Jayashekar has explained these problems nicely in a review. Some 80 per cent of the global trade takes place between the industrially advanced countries, 10 per cent between the Third world countries, and another 10 per cent belongs to the communist countries. Over the last 30 years, not even marginal differences have taken place in this pattern. You could not change even one per cent either side. This pattern is getting rigidified.

I would, therefore, say that we in India would have to be wary about the new Soviet thinking. I do not know if you have seen the latest sets of writings of the economists who mould the thinking of the World Bank and other financial institutions which give us money. They do not give us without thinking out the kind of strategy which would need to be applied to the borrowing countries. This statement might shock some people, particularly those who think that we are on the way to becoming a mini-superpower on the basis of our nuclear power. But the plain fact is that we are sliding down the road of dependency. The economists of international economic institutions have already pointed out that there are different categories of countries—there are the first, the second and the third; and now, within the third world, again, there are some relatively developed and some less developed countries. Now they say that *South Asian and Sub-Saharan Africa should be called the Fourth World*. Please note that the Fourth World consists of South Asia and Sub-Saharan Africa. This is a new paradigm of an international ghetto within an international economic order. When one comes to the World Bank, one has to accept these categories. This is a position in which the socialist countries too are acquiescing.

Now, if we belong to the Fourth World and yet so much of militarisation is taking place in our country—and in our region—we must ponder where we are going. I think we have to ask some basic questions about how we can rearrange our society. We should try to see if our unblinkered thinking based on the experiences following the October Revolution can make any contribution towards this. History is always good to look at. But one must always try to learn from it instead of taking the past as the model. History does not provide any model.



(L to R) Dr. Jayashekar, Inder Gujral, Prof. Bimal Prasad, Dr. Ashok Modak, S.N. Ghosh

4. The Impact of October Revolution on Life & Culture in Russia and Abroad

THE FOURTH AND FINAL session of the seminar took place on the afternoon of February 14, 1988, with prof. Bimal Prasad in the Chair.

CHAIRMAN : (Shri Bimal Prasad) We are happy that Mr. Gujral with his deep knowledge of developments in the Soviet Union is here. This afternoon he will give us his impressions of the impact of October Revolution on life and culture in Russia and abroad.

INDER GUJRAL : Mr. Chairman, friends, thanks for asking me to participate in this seminar and for your saying such kind words about me. Unfortunately it was not possible for me to join you yesterday and even this morning and that handicaps me to a large extent. I do not know what aspects of the subject have already been covered. In my remarks, therefore, I may be treading again the ground that the learned participants may have already covered.

During my stay in Moscow I came across a book "The Journey of Our Times" by Marquis de Curtine. This was a journal of the author's travels in Czarist Russia in 1839. Its first English version was published

in 1843. And then the book got lost till one of the French ambassadors in USSR found one of its copies in a second-hand book shop. In 1980 it was reprinted both in English and in French.

The book makes interesting reading for all those who are keen to understand the social and psychological components of the Russian ethos.

As the publisher in his introductory note puts it: "...what is remarkable in Curtine, however, is not so much his specific illustrations of the past that is also present, as his profound and prophetic insight into the shaping influences of Russian history as a whole..." and "...this journal testifies that nothing of consequence has changed, that the Russian characteristics and ambitions remain constant..."

I am sorry to draw so much at length about the book. But I would also like to quote at some length from the introduction of Ambassador Walter Bedell Smith who had served as American envoy in USSR during the Stalinist era. He felt that the change "...will inevitably be a slow process. Centuries of history cannot be spanned in a matter of years. The change must come primarily through the efforts of the Russian people themselves when their eyes have been opened and when they demand their heritage—the right to live as a free people." It may sound rather odd and it may have been construed as part of the motivated anti-Soviet propaganda, till Gorbachev began to lift the veil.

A close study of any society should make us appreciate that the heroic socio-cultural ethos of a people and their history-made-identity often transcends revolutions and earth-shaking upsurges.

To understand basic ingredients of the Russian personality, I commend your looking up another book, the "Russian Tradition", by Theodore Szamvely. The author makes a series of fascinating observations regarding Russia, not of the Soviet Union, when he says: "Russia has no frontiers...for many centuries, she was herself a frontier with great open defenceless dividing line between the settled civilised communities of Europe and nomadic barbarian invaders of Asia. One of the keys to understanding the Russian history is the fact that for a thousand years, until the end of the 18th century, she was always a frontier country."

Therefore Russian history has to be seen in the context of its geographical environment. The author observed that the Russian frontier of the time was an outer edge of the wave, the meeting point between savagery and civilisation. For Russia herself, such frontier has been a paramount factor in her history. In another context the author observes very succinctly that Russia is also Europe's frontier with Asia. And this had a far

reaching influence on our history too. Russia's unremitting struggle against the recurring waves of nomadic invaders on the one hand and the process of its opening up and colonising vast spaces of Eastern Europe and Northern Asia on the other, were very unlike the ones that we saw in South Asia. Russia was under Mongol yoke for about 250 years when no friendly power came to her rescue. It fought alone. Nothing like the Crusades happened in this country. Therefore, the unifying mobilisations that the Crusades initiated in Asia Minor and even in Western and Central Europe, were not witnessed here.

We may also keep in mind that sustained waves of migrations and colonisation of the vast lands was a central fact of Russian history. This migration was unlike the migrations that we know of. There was nothing romantic or adventurous about the misery and suffering of the migrants. It was an unsung suffering of several generations. Millions of unknown men toiled and died in an effort to get only an extra yard of land. This agony and turmoil determined the collective psyche of the people. This was not experienced by an individual or a few groups. It was a whole nation's experience and an entire nation's effort to exist, that was radically different from that of the West.

In turn it created a social and political system, a national character, a mentality, a way of life utterly dissimilar to the patterns that evolved in Western and Central Europe. It would be a mistake to try to understand the Russian ethos in terms of European culture. What followed is a matter of recent history and Malkani's paper has dealt with it at length.

From Chenghiz Khan, that is 1237 onwards, you witness the Mongol hordes descending on it and a post-Chenghiz Khan imperial power establishing its authority on much of Russia. I sometimes wonder what would have been the shape of things if the Mongol attack had not come, how the Russian national psyche would have evolved.

The Mongols—that is the Tatars or Tartars, as the Russians called them—became undisputed masters of the country for, as I said, about 250 years. Pushkin says, and I quote him: "The Tartars were unlike the Moors. Having conquered Russia, they neither gave us Algebra nor an Aristotle. They put Russia back by several centuries..." During that crucial period of history, when Europe was experiencing Renaissance, the Mongols, though ignorant of Algebra and Aristotle, had some other things to offer. They had the concept of a centralised state structure. It is an error to assume that the Mongols were only barbaric and that they made no contribution to the institutional framework of the polity. Two months ago I was in a small village near Los Angeles where I visited a second-hand bookshop and picked up a biography of Chenghiz Khan, that makes

interesting reading. In the background of the Russian history, one notes that in 1237 they had set up an efficient state system. This is obviously a different view of the Mongols. Their system had not only a military machine created by Chenghiz Khan who was a supreme military genius, it had a clear concept of the State, and the concept of centralised governance over vast areas even when communications systems of the time were slow. The Mongol empire was the first one in known history that had an ideology. This might sound odd since Chenghiz Khan is generally dismissed as invader and marauder.

A PARTICIPANT : Chenghiz Khan—was he a Buddhist or a Muslim ?

GUJRAL : He had no religion. He was not a Buddhist and Islam came to the region much later. Even his biography does not say anything about his religion. But he used to worship animals sometimes. Nomads worshipped different things from time to time. Some tribes worshipped a local person. Even today tribal customs and beliefs are very akin to those of the settled communities.

As I said, Chenghiz Khan's was not just like another state among states. It was a supra-empire that was established by a series of wars. And then it established a system of universal peace and an extended social order based on justice and equality of the subjects. He needed peace to enable him to subdue the other kingdoms that still survived. Having subdued many, his price for providing security was service to the state. That would establish an orderly way of life wherein the rich and the poor would serve the state. The poor were protected from gross injustices and exploitation by the rich. These ideas were embodied in the great Mongol code called the Yassar. This Yassar is an interesting document. It laid down some fundamental principles : "There is equality. Each man works as much as another. There is no difference. No tension is created due to a man's wealth or his progress." Look at the evolution of various social ideologies from then onwards. The Mongol concept of society was based on the unqualified submission of all to the absolute ultimate power of the Khan. The Khan was above all. Every member of the society was allotted from above the specific position to which he was bound for life, and which he could never desert. Penalty for desertion was death. The Khan was the sole owner of all lands in the empire and he was an embodiment of the principle that all land was devoted to the interests of the state, that is the entire community; that the tillers were only temporary tenure holders. You would agree that this system later contributed to the evolution of the feudal order and to a large extent to the prevailing concepts of relationship between the state and the people.

To revert to the main theme, may I say that the 250 years of Tartar rule have remained in the collective memory of the Russian people as a period of tragedy and humiliation and it was to have profound and lasting results. And you know it was interesting to visit the Tatar region in the Soviet Union. There are no remnants of the past, though in Crimea there are houses and places in which the local lord stayed. The wooden houses and their design remind you of Kashmir a great deal.

The first effect of the Mongol rule was the establishment of national unity, though the Russians believed that they destroyed their unity. Moscow, in fact, owes its greatness to the Khans who attached importance to this region. The Russians, in the process of overthrowing the imperial power, discovered their own identity. Russian culture started emerging, particularly after Ivan the First who ruled from 1325 to 1341. He was nicknamed Kalita, i.e., moneybags, for his main aim was to grab money, wherever he found it. But he was also a true founder of the dynasty. He started his life as one of the officers in the Khanate and he rose in the hierarchy. Later he revolted, and then he became great and acquired power. This was the beginning of Moscow's ascendancy. Emergence of Ivan the Ist was an important event of the time. Later the metropolitan Church moved its headquarters to Moscow to emphasise the unity of a new nation. Moscow owed its extraordinary future to two factors : one, its geographical situation, and secondly, and that is more important, to the quality of its rulers. It was situated in the centre of North-East Russia, at the junction of the Volga and the Oaka. Vast lands along their banks were fortified. The Kalita, to a large extent, sustained the state structure. For instance, in return for services rendered, Kalita awarded small suzerainties. He acquired the rights to collect taxes. He and his successors were wise and careful in retaining the Khan's confidence since they were not totally thrown out as yet; they were still ruling the adjoining areas. In 1398, the people supported Ivan, to throw out the outsiders completely and finally. It can be said in truth that Russia was really conquered twice, first by the Mongol Army, and then by the Mongol idea of a state.

ONE VOICE : Very interesting.

GUJRAL : Moscow state was a successor state of the Golden Horde—another name for the Tartar empire. It also adoted the title of the Czar. The Czar is also a Tartar word. It was a traditional title of the Golden Horde.

I am now referring to another interesting book which is written by Bardyes, "The Christianised Tartar's Freedom". The author has quoted

from Karl Marx and says that the bloody music of the Mongol slavery lulled the rude glory of Ivan from the cradle of Moscow dukedom, and modern Russia evolved. The Kalita's whole system may be seen in the context of its legacy. In 1480, his grandson Ivan II came up. He inherited the social system of the Khans, consolidated it and codified it by demanding complete service to the State. Autocracy and serfdom were the price that the Russian people had to pay for national survival. The reign of Ivan the III, the first autocratic Russian ruler, began a new era in Russia. Well, this was a bloody agony but the Mongol subjugation had ended. Now they turned to find that their traditional western enemies were the Poles, the Estonians and the Swedes. For 200 years, between the end of Tartar rule and the accession of Peter the Great, Russians fought six wars with the Swedes and twelve with Poland and Estonia. All together, these lasted for 55 years.

If you read the interesting minutes of the Yalta Conference of the Allied leaders, you notice Churchill raised the point of Poland. Stalin's reply was curt and firm—"Yes, you are talking of Poland. I cannot submit to history again."

ONE VOICE : That is very revealing.

GUJRAL : Yes, very revealing. This was his admission. The Americans felt very miserable. Churchill tried hard but Stalin stood his ground. Therefore Poland's present situation has a historical context.

The worst war for Russia was from 1558 to 1583, which ended in the defeat of Russia by the Swedes. In the beginning of the 17th century, Moscow itself was occupied by the Poles, and it seemed that Russia would disintegrate once again. Even today when you go to the Zogresk monastery, the high seat of the Russian church, a stone on the gate tells you that it was built by the Poles during their occupation of Moscow. This is what I think Stalin was referring to at Yalta.

In 1550, Ivan the Terrible destroyed two more Khanates out of the three left till then. The Khazans and the Astrakhan Khanates were subdued, but the Khanate of Siberia continued. And a part of the Astrakhan continued in Crimea till the time of Queen Catherine. With the surrender of the Khazan Khanate, the gate to Siberia was opened by Cossacks who were brave adventurers; they went around fighting and conquering, reminding you of the Rajputs and the Jats in our country.

Till the 17th century, the effective frontier of Russia was less than 100 miles from Moscow. Therefore elimination of danger from the south remained an overwhelming preoccupation of the Russian state till the end

of the 18th century. When history in western Europe was witnessing a period of renaissance, bringing in industrial and cultural revolutions, Russians were pouring all their resources in war. That resulted in the evolution of a fully controlled authoritarian omnipotent state. This political system was based on unquestioning obedience, and an ultimate submission of the subject to the state. This was from the 17th century onwards.

The main principle of this submission was obligation, which was ruthlessly exacted without being compensated for in any form of rights or privileges. All private interest was without any support, whether for the individual or for the classes. The state was no bloodless abstraction. Its awesome sway and majesty was embodied in the form of an authoritative ruler styled by Ivan the Terrible as the Czar of all Russians. Non-Governmental bodies did not exist and there was no possibility of developing institutions or rival cultures for power capable of limiting, balancing or checking the authority of the ruler.

The concept of Government was evolved over a period of more than two centuries in the special circumstances in which Moscow gathered Russian lands, liberated the country from the Tartars, set about organising a defence system and further expansion. Before these events the authority of the princes was limited and conditional. The ancient aristocracy had some rights but now these vanished.

Russia's astonishing growth within the course of less than 300 years from a pitiful dependency of the Khans to a mighty world power under Peter the Great, was achieved without any corresponding real increase in resources. It had called for an unparalleled national effort for a total concentration of every ounce of the nation's strength. It was effected by investing in the state, that is the Crown, unlimited despotic powers.

For Russians and foreigners, greatness in Russia became synonymous with despotism. It is often forgotten that Russia began to be feared and respected in Europe in the beginning of the 18th century with Peter the Great as Czar, and not after the Second World War.

In Russia the State had an enormous influence on social structures; they determined the system of government. In the West, it was the social structures which determined the system of the Government. In Russia the aristocracy was not merely subdued and tamed, having been deprived of every privilege and even of its basic right of full land ownership, it was left unreservedly at the mercy of the state that had placed it in bondage. All land belonged to the state and it was conferred in return for life-long service in the Army. The land reverted to the state after

the death of the holder. Within this rigid scheme of things, no rival power-centre could arise. No opportunity existed for the emergence of a class similar to the feudal aristocracy in Europe, which could serve as counter-weight to, or at least a check on, the ambitions of the centrifugal state. It was not, and nor could it ever be, a genuine landed aristocracy in any accepted meaning of the term, since its position was not land ownership but based on the state to which service had to be rendered and they were deprived of every right, if this service was not given.

The pressing demands of defence and colonisation, as Russia started expanding, caused establishment of a serving nobility, conditional land grants and this in turn led to the reduction of peasantry and impoverishment of a vast majority of population and conditions of servile bondage became in many respects indistinguishable from classical slavery. It was against this background that the Marxist revolution took place.

You see, the Soviet Union in the present context has in a way gone through three revolutions. The Leninist revolution, the Khrushchev revolution and now the Gorbachev revolution and I call them revolutions because these three revolutions are changes or challenges which attack the fundamental and accepted concepts of Russia. I will not dwell on them. Khrushchev's De-Stalinisation particularly was the first ever attempt in this background to try to challenge the authority of the state by an institution from within the state. Khrushchev was not an outsider. Khrushchev was a product of the party. Khrushchev was the head of the party and he challenged the flow of history. But it is very interesting that if you go on reading Khrushchev, you do not come across the word 'democracy' anywhere. The word 'democracy' is being used for the first time by Gorbachev. Gorbachev, again, is an interesting character; he took the reality of the system. He also is a product of the system. He is not an outsider, nor an institution which is challenging from outside.

MODAK : But he is a product of the system which has already undergone a change under Khrushchev. Therefore this is democracy.

GUJRAL : Now it seems the system is maturing and whenever the next challenge comes it would come from outside because once you talk in terms of 'democracy' and even if you talk in terms of one-party democracy then a new type of contradiction in the Marxian jargon comes in, you create a system. When you start asking questions, dissent emerges, leading to another question: how to institutionalise dissent? The challenge before Gorbachev—one of the several that he faces today—is how to deal with the demand for institutionalising dissent, whether to resist and crush dissent or give in to it and accommodate dissent, institutionalise it. This, I think, will be the most material question in future.

MODAK : Can you abolish dissent ?

GUJRAL : Because I said Gorbachev has several challenges before him. If I may slightly deviate from what I was talking about, I personally feel that Gorbachev has several challenges. One is that it is a one-man revolution. It is not an institutionalised revolution. He has not created, and he did not have any backing within the party when he started talking of it. He has now found some people who are backing him. It is still to be tested whether the people who are supporting him are the bandwagon riders, the *darbaris* as we see here, or they are real revolutionaries who want a real change.

Secondly, he has not yet confronted the established power structures, the army particularly. When you think of the army, kindly keep one thing in mind and that is that it is not a Standing Army of the type that we know of. Every young man has to serve in the armed forces for three years. Only the officer corps is permanent. They are all party members. Withdrawal from Afghanistan will not be resented provided it is not highlighted by the press as victory of the nomadic Afghan tribes. If it is highlighted as such, and if the post-withdrawal scenario in Afghanistan endangers their security perceptions, then Gorbachev may be blamed.

If in the evolution of the INF Treaty implementation, Germany and France do not cooperate, and they resist the American pressure and retain their old nuclear structures, there will be trouble.

JAYASHEKHAR : What about Japanese plans ?

GUJRAL : You see the American pressure on Japan is to invest more in defence. This is one challenge.

The second difficulty that I think he can overcome more easily is the bureaucracy. Most of those who come from Russia, and to whom one can talk somewhat frankly now than in the past give the impression that all the reforms are still not implemented, they are not yet given effect to, and the common man has not yet got a feeling of the new benefits accruing to him. It is understandable since the system does not change overnight, attitudes do not change overnight, vested interests do not give up overnight.

SONDHI : Mr. Gujral, in the backdrop of the Russian psyche in Afghanistan, do you think that these traditions can be given up easily because of the general development of the society ?

GUJRAL : You see, one major change is education and secondly, access to the international media. A large number of people in the Baltic states see the TV of Finland and Sweden. They also listen to foreign radio.

MODAK : They were even seeing those blue films.

GUJRAL : I don't know that. Maybe they do. The Soviet society does a lot to encourage painting, poetry. What is very interesting is that Islam has made peace with the socialist system. Islam is not a factor or an institution of revolt against the society.

GHOSH : How would one explain this ?

GUJRAL : You see, I will tell you. For instance, I was talking to a Muslim in Uzbekistan. He was a young Mayor of Samarkand. I said, were you married in a mosque ? Does your wife go to a mosque ? And, how are you a Mayor ? He said, he did not see any contradiction in all this. I said, the Communist Party does not believe in any religion. He said, there was no prohibition of religion; that is only in the books.

Similarly, I could narrate my experiences in Moscow itself. For instance, one day we had gone on a picnic about 80 miles outside the city, and the couple which had taken us there were young Communists with one child. We went into the local church, where about 12 to 15 children were being baptised. I asked them if their child had been baptised. They said, yes, there is no prohibition in the Communist party. I asked, "were you married in church ?" They said, they were first married in a court, but they were also married later on in the church.

I know one of the top painters in the country. One day he had asked us over for lunch. We had a lengthy talk with them about Lenin. I asked, "normally do you go to a church?" "No, no. I am a Communist". His wife butted in, saying he was telling a lie. This I am telling you to show that there are certain things which the system has accommodated. And one of the positive contributions of Brezhnev era was that there was no overt effort to try to curb the religious organisations. And now Gorbachev is going many steps ahead.

Once I invited all the higher hierarchy of the Russian Orthodox Church. They all came with all their regalia, robes and all that. The state bodyguard was also there. For an Ambassador to invite them and for them to come, means that the state is not opposed to it. What I am trying to say is that the system is also undergoing a change. If these changes were not there in the background, Gorbachev's task would have been far more difficult.

MODAK : But you have not mentioned the real challenge to him, that is from the East European countries. Can there be a Soviet leader who can deal with those forms which exist in Poland, in Czechoslovakia and which are, in a sense, far more advanced than in the Soviet system. And if one takes the Czechoslovak and Polish experiences it is precisely this—whether it was a question of communist doctrine or democracy or of any religion, those societies were told by the Soviets to do this, that or the other. What does Gorbachev do now ? Take, for instance, Czechoslovakia. There is Mr. Yakesh in power there and Mr. Dubcek is walking up and down in Czechoslovakia. Gorbachev would probably want Dubcek to be installed. Can he do it ? But Mr. Jakes is there. As long as Mr. Jakes is there, you cannot get the support of the people of Czechoslovakia. Now, in the case of Czechoslovakia, it is a very advanced economy. I mean high potential.

GUJRAL : I did not talk about it because I was confining myself to the Russian cultural ethos. With the emergence of independent European Communism, Comintern collapsed. I am certain that once this danger of war between the European countries completely ends, the fate of East European countries would undergo a major change.

MODAK : This is about ethos. In the case of Czechoslovakian intervention, it is not that the Politburo was divided. There were some protests in Moscow and elsewhere also by Masaryk's grandson and others. So, what is the Soviet ethos when you refer to the frontier territory ? Czechoslovakia, for example, had a Communist Party which was quite strong. It got almost 40 percent vote. Can the Soviets generate enough of an outlook that people like the British found it possible to transfer power. Will they be able to transfer power to Eastern Europe ?

GUJRAL : I think two or three things we have to consider in this connection. I have done a great deal of study and I did not come across a single individual in these countries who had a good word for Russia, not even one. There is strong resentment. I will give you a very interesting incident. One day in Czechoslovakia, in Prague, my wife and I were walking, and we could not find the way. There was a lady walking on our side and my wife asked her in Russian. She looked at her and said in English, "Are you an Indian ? Then why did you not speak in English ? Why are you talking in Russian ?" Then she started walking away from us and she said, "When you talk in Russian, my blood boils." The main point which you must bear in mind is that such freedom-oriented people are there everywhere, and no system can justify subjugation. Afghanistan is the latest experience.

People may have been placed in a position of subservience in these countries but that does not mean that freedom movement, the psyche of the East European people, is subjugated. It has not. They all want total freedom.

When I say this about East Europe, I do *not* say this about Central Asia, and I do not say this about any part of the Soviet Union. The reason for this is that one of the major positive factors which the various regimes in the Soviet Union have ensured is even economic development everywhere. A farmer in Uzbekistan is far more prosperous than a farmer in Russia. I have seen their houses. I have seen their standard of living. I have been inside their homes. A Georgian farmer, a Central Asian farmer is far more prosperous, than a farmer in Russia proper.

The second point is that the system has created a new elite. For instance, in the whole of Uzbekistan, Kazakhstan, the status of women is recognised. Otherwise, in some obscure Muslim societies who could have ever heard of it? I think one of the major strengths of the Soviet system in Central Asia is the emergence of the women's lib. *Ayk peedi mein aap usko burke se nikal kar bahar lay aaye. Ayk peedi mein aap ne usko pada kar factory ka manager bana liya.* (In one generation they have been brought out of the burqa, given education and appointed as factory manager.) This is not a small achievement. It commits them to the system. The system has given them something.

Secondly, you see even those who were critical of the system must read at length the history of the Khanates. Compared to the type of brutalised society they had, our feudal system looks immensely humane. To them comparison is with the type of Bokhara emirate and the type of Tashkent emirate and the brutalities they inflicted. And this happened only two generations ago. My children will not forget the British rule. Their children might.

The third policy has been, not to bring Religion and State into confrontation. I will narrate to you an incident. Once Mr. Morarji Desai came to Tashkent. We went to the Jama Masjid. We met the Imam there. And on my advice, Morarji Desai had taken the manuscript of a very good Koran with him. We presented that Koran. The Deputy Prime Minister of the Soviet Union was accompanying us. This is the type of accommodation. In Samarkand, in Bokhara, even today, the old school for training the Maulvis is still there and the State every year sends about 50 students for higher education in religious theology to Mecca.

MODAK : When you visit Tashkent, you do not feel that you are in a state of Russia ?

GUJRAL : Therefore, I did not find discontent against the system. I did come across some sort of a resentment, not in Central Asia, not in Georgia, but in Ukraine. We went to Kiev, since my wife writes poetry and some of her work was translated in Russian. We were talking to some of the local poets. The Russian alphabet is almost the same as that of Ukraine; only it has two additional characters. But they wanted to translate her work from English, and not from Russian. "Our language is Ukrainian" they asserted.

The third thing which the Russians have done wisely, and which we have to learn, is the basic concept of unity in diversity, and not attempting uniformity. The type of cultural growth, the type of cultural freedom, the type of linguistic development, the type of local cultural development, and in practice the two-language formula, local language and the Russian language, have helped them a great deal. And I think if we have to learn anything from that system it is, how unity in diversity helps, and not uniformity. That is the basic point.

MODAK : I want to put one question. Just now you referred to the factor of Islam or the factor of Central Asia. Don't you think that the policy of sending the army to the state of Afghanistan in December 1979 was shaped by factors which are quite closely related to the factors of Islam? At the same time, there took place a revolution in Iran under the leadership of Ayatollah Khomeini. A very conscious effort was made by the Americans, and by other capitalist countries, to instigate countries like Saudi Arabia. I personally feel that had a person like Hafizullah Amin succeeded in his venture of bringing in both the elements in the background of Soviet Union, that of Ayatollah Khomeini and anti-Sovietism, that particular thing could have probably affected Russian Republics like Uzbekistan, Kazakistan, Tajikistan, which are just located on the borders of Iran as well as Afghanistan.

GUJRAL : I should have said it in the beginning, we should never impart our own prejudices to history. First of all I was Ambassador when this trouble about Afghanistan began and I stayed there for one more year after their coming into Afghanistan. So I can give you some sort of a ringside view of it. Just recall the events. The Khomeini revolution took place. Khomeini revolution was not supported by the Russians, but they appreciated it.

The Russian interests were well served when the Americans were thrown out of Iran. Therefore, one important interest of the Russian state was, to see to it that reversion did not take place. Then came the hostages issue. It was impossible for the Soviet leadership or even for people like

us, to perceive that the Americans, the mighty American state, would take it lying down. Everybody thought that an armed intervention was round the corner. Carter had ordered mobilisation of the Rapid Deployment Force and the US Armada moved into the Gulf. The NATO, maybe by coincidence, decided to re-arm Turkey. Even if I were the policy-maker, I would read signals in this; and Iran is situated on the Russian threshold. Also please do not forget that they still have a 1923 Treaty of Peace, that if any outside intervention comes, the Russians have a right to step into Iran.

When they perceived that an attack is possible, their main anxiety was to cover one more flank. Brezhnev was not well those days and he was not allowed to fly, but he travelled all the way from Moscow to Azerbaijan by train, against medical advice, to only warn the Americans. My feeling was that if Afghanistan by itself were the issue, the type of Russian intervention would have been different. You will kindly recall the events of those days. In the first flush they had taken very heavy armament. When you are fighting guerrillas you do not use heavy tanks. Also the deployment was such that it put 70 per cent of its man-power along Afghanistan's Iran border, only 30 per cent in the rest of Afghanistan. Another point. After coming in, after about a month, they signed another Treaty of Peace and Friendship, the second treaty was signed. And then I asked, what was the significance? It provided for permanent cantonment and bases on Afghan soil, the recent withdrawal notwithstanding.

CHAIRMAN : We are all deeply grateful to Shri Inder Gujral for his very perceptive presentation of the life and culture of Russia. Our warm thanks are also due to Dr. Jayashekar and Dr. Modak for their special contribution in this session. I will not request Dr. Jayashekar to present his Paper.

DR. JAYASHEKAR : I will take off from where Mr. Gujral has left. He has brilliantly brought out the impact of Chengiz Khan on Russian ethos. In my paper I try to focus on whether this ethos is likely to change in the contemporary Soviet Union and whether Gorbachev would be able to bring about such changes. I concede that it is not very easy to change national ethos which has come to the people over the centuries. In the Russian situation it is even more difficult as its history clearly shows. However, the very survival of a society may require adaptation. According to Gorbachev, without major changes, there is very little chance for the Soviet system to survive. It is this perception of Gorbachev which makes *perestroika* an interesting development in the Soviet Union.

In the first two pages of my paper I have raised certain questions, concerning the original expectations from socialism, how people expected a new civilization after the October Revolution and what they got

from it. My paper suggests directly as well as indirectly what really happened in the Soviet Union, and how, and to what extent, the revolution was distorted. Then I have moved on to a discussion of what has given rise to the phenomena called *perestroika*—a new revolution within the October Revolution. This discussion of mine is based on the analysis of various public statements of Gorbachev, his advisers and Soviet scholars. Going through these statements one gets a clear impression that there is a real crisis in the Soviet Union and this crisis is not only economic: it also embraces social, political and cultural spheres.

I have dealt at length on the nature of Soviet economic crisis. The falling rate of growth, serious imbalances and acute shortages in the Soviet Union are familiar to everyone. More serious than these is the fact that a stage has been reached where the Soviet Union is forced to sell its natural wealth in order to maintain itself. During the last years of Brezhnev period, investment from several areas was withdrawn and diverted towards increased production of fuel and energy and other raw materials, not because this increased production was required within the country — when the economy is growing slowly you do not need increased amount of energy and raw materials — but because the Soviet Union had to sell these products abroad. Very few people realized at that time that the earnings from petroleum and other products were being used to meet the domestic budgetary deficit.

The Soviet problem was not merely the falling rate of economic growth. If that were the only problem, one could take measures to rectify it. But if the falling growth rate affects adversely the national and revolutionary ethos in the society, then it becomes a difficult problem. You are quite familiar with such Soviet problems as alcoholism and endemic corruption. Even these problems were not as serious as the cynicism, apathy and alienation. The alienation became pervasive, affecting not only material production but also the political and spiritual spheres. This became clear in the working of various commissions that were set up by Gorbachev and in the debates within the Central Committee and in the Politburo. It was also clear that the Soviet Union was faced with a crisis situation. This crisis could be overcome by dismantling the existing Soviet system and bringing into existence a new system that would ensure the survival of the Soviet Union. There was no other position for the Soviet Union to fall back on, as Gorbachev repeatedly emphasized in his numerous speeches.

If the existing situation were to change, then a new thinking was inevitable, to get rid of the burden of the past and to find solutions to the problems. It was necessary to deal a death blow to the persisting dogmas which were major hurdles in the revival of Soviet society.

In my view, the most interesting development in the Soviet Union is the new thinking on inherited socialist theories and practices. Potentially this will bring about revolutionary changes in socialist societies in the long run. Take for instance the question of ownership of the means of production. No one thought that a time would come in the Soviet Union when the Marxist-Leninists would urge their leaders to take another look at the concept of ownership. Quite a few influential policy advisers and policy makers openly talk today about the excessive centralisation and the monopoly of state ownership, contributing in a major way to various evils that are prevailing in the socialist society, and, therefore, something should be done to eliminate or reduce these excesses. True, the Soviets are not on the verge of dismantling the public ownership of the means of production. The most interesting present-day development is the beginning of questioning the utility of central control and monopoly of public ownership. If *perestroika* continues, as I believe it will, in the next ten to fifteen years there will be more *perestroika* of a truly revolutionary nature. By mid-1990s, the process of questioning the basic tenets of Marxism-Leninism will be widened and deepened. Such a development will enhance the prospect for private enterprise. As we have noted in our discussion, individual activity for profit is permitted in limited areas. This, of course, is at present directed to solve the problem of shortages, improve the quality of goods and services, and to eliminate corruption. However, from our point of view, what is significant is that the Soviet leaders have realised the utility of individual entrepreneurship and profit motive to tackle the problems of socialism, be it shortages or poor quality or corruption. Therefore, it is desirable to examine the scope for individual enterprise in the Soviet Union. Today it is limited. Only twenty-two types of activity, mostly in services and some in production, have been permitted. But in future this is bound to expand significantly. In the near future Soviet policy makers would encourage the expansion of cooperatives in production as well as services. The cooperative system is an indirect method of bringing in private ownership and private entrepreneurial talent to solve the problems of Soviet society. In the cooperatives, private individuals function as share-holders and are motivated by profit.

Similar things are happening in the agricultural sector. Today the Soviet Union permits family contract system, under which individual families would lease land and equipment for a period of 12-20 years and are completely free to operate the unit the way they want. Their reward would be in accordance with what they produce. The contract system is in fact the peasant farming system that we find anywhere in the world. Thus private activity is brought into agricultural sector on a large scale.

There are also other areas where new thinking is taking over. Contrary to the earlier beliefs, it is now argued that the principal contradi-

ctions in the Soviet society are between the productive forces and the production relations. Mere abolition of private property will ensure neither their abolition nor an automatic adjustment between the productive forces and production relations. It is these contradictions that have caused stagnation in the society. *Perestroika* is a deliberate attempt to harmonize productive forces and production relations. Similarly it is conceded that in the past seventy years the real owner of means of production was the state and not the workers. *Perestroika*, through a self-management system, is trying to make workers the real owners now. The details of such developments are given in my paper.

In our deliberations in the last two days we have covered in detail the harmful effects of bureaucracy on the socialist system. The Soviet Marxists and Leninists till recently attributed the existence of bureaucracy to the remnants of capitalism. A remarkable change has taken place in this view. It is now attributed to the excessive centralization and the monopoly of state ownership. It is pointed out that the state ownership and centralization inevitably lead to bureaucratization. Once you have bureaucracy you are bound to have dogmatism. These together distort and obstruct social changes. If this logic is accepted, then the best way to tackle the evil of bureaucracy is to accept different forms of ownership and change the organisational structure in favour of decentralization.

The Soviet world outlook and the outlook on socio-political process in the Third World have also undergone radical changes under Gorbachev. The Soviets no longer look at the world through the coloured glasses of class struggle. Indeed a class struggle approach in the world is no longer considered to be of importance, especially for foreign policy-making. Gorbachev argues that the world is an integral and inter-dependent one in which both capitalism and socialism co-exist. But more importantly, humankind is faced with certain common problems such as poverty and pollution which cannot be solved either by socialism alone or by capitalism alone. This necessarily means that the two must cooperate to overcome these problems according to Gorbachev. The Soviets no longer believe in the inevitability of socialism in the Third World countries. Even in those countries which profess to be moving towards socialism the possibility of a reversal exists.

Apart from this interesting and far-reaching new thinking, the *perestroika* consists of three other important aspects: economic reform, *glasnost* (openness) and democratisation. These are examined in detail in my Paper. Therefore, I will not go into the details. As far as Gorbachev's economic reforms are concerned, these are the most disappointing aspects of *perestroika* in my view. This is in spite of the fact that economic reform is the epicentre of the revolutionary transformation that Gorbachev wants

to bring about. An analysis of his economic programme clearly shows that it is partial, cautious and is a compromise between the reformers and what are called 'the home-grown socialist conservatives'. We could never believe that one day there would be 'progressives' and 'conservatives' in a socialist society like the Soviet Union. In any case since the present economic reform is a compromise, it is also transitory. This means that a real radical economic reform in the Soviet Union will come about in the future, probably in the mid-1990s. The present reform is in the nature of clearing the decks. Once the conservatives are defeated, Gorbachev will come out with a radical reform programme.

Since I have very little time left I shall highlight only two or three aspects of Gorbachev's economic reform and prospect of their success. The basic document of Gorbachev's economic reform is the Law of Enterprise. It aims at bringing about a degree of centralisation in economic decision-making through changes in the planning system, re-defining the functions of the central authorities, ministries and enterprises. A radical change that the law seeks to bring about is the abolition of "tutelage", by giving up the system of issuing commands from above, i.e. directive planning. The enterprises are given the right to draft their own plans, based on state orders, norms and contracts. The state orders are mandatory in character. It is not clear yet what the scope of these state orders is. In any case, these state orders would dictate the enterprise activities and, to that extent, the de-centralization is diluted.

In order to strengthen decentralization, the functions of central authorities, ministries and enterprises have been re-defined. For instance, the state planning committee will no longer be involved in day-to-day economic activities. It will confine itself to preparing the long-term economic strategy, rate and direction of growth, investment and proportions. Similarly the ministries are prohibited from interfering in day-to-day activities of enterprises. To ensure non-interference, the bureaucracy is to be reduced by 50 per cent. However, the experience of East European countries shows that so long as these authorities remain intact they tend to interfere in the activities of the enterprise. Moreover, there is also the establishment of a number of super-ministries, bureaus, committees. Both the central authorities and ministries still enjoy enormous power in guiding and co-ordinating the activities of enterprises. Such power can erode the rights of enterprises considerably.

Another important step in the direction of decentralization is self-financing. There is switch-over from soft-budget constraints. Under this system the enterprises cannot receive funds from the budget. They have to finance their investment and operational expenses from profits. The

enterprises have the right to retain the profit they earn after meeting tax obligations and re-paying credits. The retained profits can be used for investment, technological development, rewards and social welfare. The enterprises which make losses continuously will be allowed to go bankrupt. The meaningfulness of self-financing depends on the extent to which decentralized investment is permitted and above all, on rational prices. To the extent self-financing succeeds, it will improve efficiency and productivity in the Soviet economy. However, in the past, the jealous ministries successfully sabotaged decentralization of investment.

In order to make decentralised planning effective, the centralised supply of materials is to be abolished gradually. In its place the wholesale trade in capital goods is to be established in the next 3-5 years. The most difficult problem in the entire reform process is the price reform. The proposal is to radically alter prices to make them rational. But because of the social and political implications of price reform, opinion is divided. There is no agreement on the nature of changes to be brought about and what should be the extent of state regulation. Some are arguing for increases in the prices and others advocate a reduction. While one group favours state regulation, another prefers freely fixed prices in accordance with supply and demand. On the whole, price reform is going to be slow and painful. Until the pricing system is changed, other provisions of Law of Enterprises will have extremely limited impact.

Much is being talked about the self-management system under the reform. According to this system the manager would be elected on a competitive basis. The elected person will have to be approved by the state for appointment as manager. There will be a workers' council consisting of representatives from management, workers, party and trade union organisations. The council is given some powers to supervise the activities of the enterprises. The effectiveness of self-management would depend on the role of the state and the party. The latter's role is still undetermined. The self-management system in Yugoslavia, where it is in existence for a long time, has not made any major impact on economic performance. In the Soviet Union where the system is likely to be constrained, the impact is likely to be very limited.

On the question of individual enterprises, I have already spoken at length. Potentially, permission for individual private enterprises is a significant development in the Soviet Union. But at present it is severely restricted both in terms of number of activities permitted as well as facilities provided. The rules and regulations are not clear. The fear of state enterprises losing labour is preventing the expansion of private and cooperative activity. There is also the jealousy of the incompetent and the conservatives, which obstructs efficient functioning of private enterprises.

In the agricultural sector, family contract system will play a significant role in increasing production. However, the system is facing bitter opposition from local officials and a section of collective-farm workers. The opposition is so bitter that there have been reports of stoning, destruction of houses belonging to peasant families, and confiscation of the produce of peasants. The local officials are reported to be placing obstacles in the way of expansion of family contract system including the imposition of arbitrary quotas for deliveries. There are also problems of adequate finances and sales outlets. However, Gorbachev seems to be determined to expand the family contract. He has called for removal of all barriers in the way of peasants to increase production—a call similar to Bukharin's "Get Rich" declaration in the 1920s. Therefore, the various problems facing private enterprises, co-operatives and family contract may be of transitory nature, or problems associated with initial stages of any change in the system. They may be overcome over a period of time. If the initial problems are removed, these institutions will play a very significant role in increasing the quantum as well as the quality of the products in the Soviet Union.

A final point on the economic reform. The success of Gorbachev's economic reforms would depend on three or four conditions: (1) a comprehensive and consistent reform programme; (2) agreement on the nature of reforms to be brought about; (3) social cohesiveness during the period of implementing the reforms and (4) a favourable international political and economic situation.

An analysis of reforms shows that it is neither comprehensive nor consistent. The goals conflict with one another and the goals and the instruments for their realisation are not consistent. For instance, the reform aims at acceleration of growth and fast technological progress. But, it is well known, that in a period of rapid change and adjustment, especially in the field of technology, production is likely to suffer. If attempts are made to maintain production at a high level, technological progress will suffer. Similarly, increased production and improvement in quality of products cannot take place simultaneously. The speedy advancement in technology requires free entry and exit of enterprises as well as flexibility in industrial organisational structure. But in the Soviet Union the commitment to provide employment to everyone will not permit free exit or industrial bankruptcies. The self-financing based on profit cannot function efficiently without rational prices, but price reform is a complicated affair and it will be a slow process. The decentralized planning requires for its success clear policy decisions on freedom to decide product mix by the enterprise.

There seems to be no agreed reform programme as yet in the Soviet Union. There are conflicting views on what needs to be changed in the economic system. There is no agreement on the extent of centralisation versus decentralisation, whether the centralised supply should be completely abolished or not; on whether there should be price regulation and, if so, what should be the extent of such regulation; and on what should be the scope for private enterprise; and on many other vital issues. The debates in Soviet economic literature shows the existence of several views on each of these issues. The wide differences on the nature of economic reform required may indicate the usual differences among the economists or lack of clarity among the leaders or these differences may be a reflection of the power struggle. The sharp differences on the reforms proposals indicate a utter state of confusion.

As far as social cohesiveness is concerned, we all know that the reform programme of Gorbachev is bitterly opposed in the Soviet Union. In my view the battle for reform is between the two small sections of reformers and conservatives. Both the reformers and their opponents are to be found in all Soviet institutions, and at all levels. But the vast majority of the people are undecided either in favour or against the reform. The reformers and the opponents seem to be fighting ferociously to get the support of this "silent majority". Whoever ultimately wins their support will be able to influence decisively the reform process. The reformers' success in getting the support of the silent majority will depend critically on whether they could produce results in the form of increased supply of good quality consumer goods and services.

My purpose in focusing on the difficulties, inconsistencies and dilemmas posed by Gorbachev's economic reforms is not to paint a negative picture of the Soviet Union but to highlight the extent to which reform will succeed in improving the existing economic situation, and the prevalent system and to anticipate the direction of future developments so that we can evaluate the contribution of these reforms in achieving the goals of the October Revolution. I am convinced that economic reforms will have a number of positive effects both on the economic system as well as its performance. What I have tried to argue is that neither there would be complete success nor would it be a complete failure. The reform will cause a number of important changes in the existing economic system. In some areas there would be major alterations. The reform would retain centralised control over the large area of commanding heights. It would also allow market forces to operate an important area of the economy, mainly in the consumer goods and service sectors. The enterprise's right to plan and invest, and workers' participation in management, should improve the performance of the enterprise. The growth of private activity

and co-operatives will definitely alter the institutional structure of the Soviet economic system. All these factors should change the existing economic system in a significant way for the better.

There would also be some positive effects on the performance of the economy. However, in the short and medium terms, the results would be far less than what is expected. There would certainly be moderate growth of the economy, significant improvement in the quality of products in selected areas (though not of world standard) and some advances in the technological field. But the reform will not be able to eliminate the shortages, imbalances and the technological gap. There would still be a very wide gap between the reality and expectations. The various failures of the present reform would generate pressures for much more radical reforms after a while. This could be in the middle of the nineties.

The coming radical reforms will definitely be in the direction of expanding the role of the market forces. This is because the dominant thinking among the reformers is to use the market forces to strengthen the Soviet economy. No socialist alternatives are in sight. If this were to happen, how different would be the impact of the October Revolution on civilization?

CHAIRMAN : All of us attend many seminars from time to time. But I must say this was an unusual seminar. The discussion was full, frank and refreshing. I am sure we have all learnt something we did not know or perceive before. Our thanks are due to the Deendayal Research Institute for organising such a valuable discussion.

* * *

In conclusion, Nana Deshmukh, Chairman, Deendayal Research Institute, thanked all the participants for their valuable contribution to the discussion of one of the more historic developments of the century. He said the DRI planned to hold many more seminars on the basic issues facing India and the world.

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