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## DEMOCRACY AND DEVELOPMENT: INDO – AMERICAN RELATIONSHIP

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### ABSTRACT

**G**eorge Bernade Shaw once said that England and America were two countries separated by the same language. In a similar light-hearted vein one might say that India and the United States are two countries separated by the same political system.

**KEYWORDS:** Democracy and Development , political system, electoral process.

### INTRODUCTION :

We are both democracies, the two largest in the world, sharing common human values, political principles and free electoral process. But, we are also two democracies that function in geographical, historical, cultural and developmental contexts of India, used to say that the world would look different Washington, Moscow or London. It is, therefore, natural that our perceptions of the world and our approaches to problems may differ, though in the realm of fundamental objectives and is precisely the type of relationship that calls for efforts at interests and objectives, but from bottle-necks in understanding. That is probably why Prime Minister Mrs. Indira Gandhi, during her visit to the United States, emphasized the theme of understanding and described her own visit as “an adventure in friendship and

understanding.”

It is particularly difficult for an advanced, affluent, and powerful nation to understand fully the hopes, the fears, and the sensitivities of a developing nation, struggling to uplift from poverty millions of its people, and seeking to promote around it, and in the wider world, an atmosphere of peace and tranquility, by following a policy of non-alignment and peaceful co-existence. Besides, there are the established images of India to be overcome, images disseminated during the

colonial Period, of an India hopelessly divided into jarring regional, religious and linguistic groups, and an India that is irredeemably poverty-stricken, static, stagnant and backward. These images are too deeply imbedded in the minds of people to be erased easily, especially when much of the reporting in the media is often sensationally negative. In a supplement of India few years ago, the London Economist wrote as follows: India has always been a fashionable object of gloom. Since Independence each



decade has thrown up a new threat to the country's foundations. In the 1940s it was communal violence. In the 1950s secession was supposedly in the air ..... under the strain of regional and linguistic rivalries. In the 1960s the life boat theory of a planet doomed by Malthusian shortages, cast India as the natural candidate for being chucked over-board, the better to save others. In the 1970s, the Emergency seemed to confirm long standing that India could be governed democratically. On all counts, the pessimists have been wrong.

But pessimism about India continues to persist. Some of the problems are still with us, but in minor and manageable forms. What is remarkable is that India, with all its differences, has consolidated itself as a stable and united political entity, and is today a rapidly changing, developing economy. It has weathered successfully many a fissiparous threat to its unity, and demonstrated its age-old genius of accommodating and reconciling differences, and living together in peace and co-existence, notwithstanding occasional eruptions of social, economic or political trouble in one part or another of this vast country. The major fact is that many massive general elections have been held since independence, involving the largest free electorate in the world, and state, district, municipal and village elections are held from time to time, as part of the normal political life of the people. India has managed some very critical transitions in political power, through peaceful democratic means making democracy in India no longer an experiment, but an established fact. Impressed with this phenomenon some perceptive observers have remarked that, for India, diversities are a source of strength rather than of weakness. But the old habit of skepticism and pessimism and democracy are not actual realities, but some kind of an illusory Indian rope-trick.

One may ask what India has really achieved in the economic and social field? We are no doubt still bedeviled by social and economic ills and deprivations, and our progress may not look very impressive in comparison with the high levels of affluence attained by developed countries like the United States. The appropriate comparison is, however, with our own past. During the glorious days of the British Empire, India was the victim of periodic famines every twenty-five or thirty years, Sometimes even more frequently, the last of which in the Province of Bengal took a toll of three million lives in 1942. It is this India that is today self-sufficient in food grains, and is estimated by foreign experts to be capable of becoming even a food exporting nation in the future. This green revolution, as we call it, has been achieved, not by collectivizing farms and dislocating vast numbers of rural people, but peacefully, and by giving greater freedom and initiative to the farmer, and through a scientific-technological breakthrough in agriculture, in which agriculture specialists from the USA played a crucial and beneficial role. We have yet to provide adequate nutritional standards in the diet of our people, but to have attained basic self-sufficiency in food grains production, when population almost doubled since Independence is an achievement that has not made any image making impact in the United States, probably because it was silent and peaceful progress and not a dramatic, and violent revolution.

The industrial development of India has been equally remarkable. From the position of almost an industrial zero at the time of independence. India has now emerged as the 10th largest industrial nation in the world with the third largest pool of scientific-technical-managerial skills in the world. India now produces almost all the consumption goods basically needed by our people, and also manufactures tractors, motor cars, railway locomotives and wagons, electric power stations and transmission lines, fertilizer and steel factories, ships including passenger liner and bulk carriers, aircraft, satellites, etc. The industrial infrastructure that has been built up is sophisticated and variegated. The country nevertheless remains predominantly rural and agricultural. But already the change brought about through industrialization is striking, with appropriate technology spreading to rural areas, with agro-industries, small scale and middle scale enterprises coming up rapidly, giving rise to a new middle class of entrepreneurs and businessmen full of initiative and dynamism. Twenty-five per cent of our domestic product is accounted for by industrial production, and 60 per cent of our commodities and raw materials, is now composed of manufactured goods. There has also emerged a modern sector of the economy 100 million strong with capacity to expand further. There is thus in India an advanced economic base and an expanding sophisticated market of considerable size that provides promising prospects for trade, commerce and investment for American businessmen and industrialists.

Here, attention must be given on two or three general indications of India's social and economic progress. During the last 50 years of British rule the rate of growth of India's GNP was hardly one per cent,

revealing the stagnation in economic development. Since independence we have managed an average annual rate of growth of 3.5 to 4 per cent, touching sometimes to 8 percent and maintaining during the last three years an average of five per cent. The other indicator is the significant increase in the average expectation of life of an Indian from 33 years in 1951 to 53 years in 1981. Robert McNamara described this rate of increase in life expectancy as unprecedented in history. In this piece of statistics is telescoped the very substantial and comprehensive social and economic development of India during the first thirty years- in agricultural, in industry, in science and technology, in education, health, medical and social services. We may add two more indicators. Population growth, which has been established and stands at 1.9 to 2.0 per cent at present with prospect of further lowering of the rate, and that when the death rate has gone down rather significantly. The other point to be noted is the bringing down of inflation from 20 per cent to 4.7 per cent within a period of three years.

The message of this economic development of India has begun to get across to people in the United States. But the image of India as a centrally-controlled socialist economy, where private enterprises is handcuffed and stifled, and where foreign investment is restricted, persists. The fact is that India has throughout followed not doctrinaire but pragmatic policies, while paying heed to the demands of social justice and equity, and the need for the state to manage some of the commanding heights of the economy, like heavy industries and public utilities.

Early in the 1960s, Professor Millikan and Rostow from Harvard wrote as follows in regard to India. "There are situations in which development must already be firmly established, before it is reasonable to except private investment to take primary investments must be wholly or largely privately administered from the start, may prevent preconditions for private investment being established." In fact, the Marxist critique of India's developmental strategy has been that it has enabled the public sector to facilitate the growth of the private sector. Only 20 per cent of India's domestic product is contributed by the public sector, 80 per cent is in private hands including the entire field of agriculture, and small scale and medium scale industries, and experiencing new opportunities for expansion, but within the largest framework of public policy, and in accordance with the basic priorities, combining development with social justice.

The new economic liberalization policy of the Government of India has emerged as an evolution from the totality of India's agricultural and industrial advance, quickened by new needs and circumstances, and responding to the requirements and challenges of the new stage of the development of the economy. It is not a retreat from the country's basic economic philosophy and strategy, but rather a charging forward from an economic base already established and secured. For that reason the new liberalization will be an enduring and expanding phenomenon.

Equally important is the liberalization of the investment climate in India today. Mr. Craig A. Nelen, President of OPIC who led a delegation to India-the largest private enterprise delegation that has ever gone to any country from here-described the investment climate in India as "highly favorable" and the country as "a promising area for US private investment". During the last few years, investment rules, regulations and procedures have been streamlined and simplified in India. Further, in addition to the 40 percent equity participation allowed for foreign investment, there could now be 50 to 70 per cent equity participation in high technology areas, and even up to 100 per cent equity shares in export oriented industries. As a matter of fact, between 1980 and 1982 US investments in India grew from \$396 million to \$500 million. The size of this investment is not large enough, but the recent rates of growth point to the potentialities in the future.

Indo-American joint ventures in India tell a remarkable success story not very well known. A study of 34 Indo-US joint ventures has shown that they have increased their turnover steadily and significantly, earning 20.3 per cent profits after tax, and dividends of 14.8 per cent for the repatriation of which there are absolutely no hindrances. During the last few years, the USA has obtained the largest number of industrial collaboration license overtaking Britain in this respect. A new feature is joint ventures in third countries. Referring to India's new liberalization policy, Mr. Orville Freeman, Chairman of Business International, said: "The implications of the new strategy are staggering. If pursued steadily and vigorously, it could propel India's take-off into the ranks of the major economic power, not in some distant vision, but in the foreseeable future."

The continuance and the success of the new Indian liberalization strategy would depend, however, on



two major external factors. One is that the current trend in developed countries, including the United States, towards protectionism should be arrested so that Indian exports could enter the US and the developed markets of the world. The second is that the confessional financial flows from international multi-lateral banking institutions, of which India has been a major beneficiary, should continue uninterrupted. Any sizeable reduction of this flow will adversely affect India's balance of payments and economic developments and, inevitably, the new liberalization policies as well. It is a question impinging not only upon India but the entire developing world. The great developed countries will have to think in the long term, and in a big way, on the problems of the South where the majority of mankind lives, where much of the discontents and the restlessness of the world are generated, and where the huge markets of the future are.

Democracy is the basis as well as the framework of Indo-US understanding and cooperation. Between us a mere cash nexus, however significant, is not sufficient to sustain our relationship. Even our trade and economic relations are founded on the commonality of values and ideas, and on philosophical and intellectual links connecting us. The educational systems in two countries are very much akin to one another which is one of the reasons why so many Indians have come to this country as students, teachers, professionals, scientists, technologists and businessmen, improving their fortunes and making some contributions to development here. There have been in the past active exchanges of scholars and students between the two countries in a variety of fields. The American Institute of Indian Studies, for example, has created and fostered a network of relationships between India and the United States in the areas of business, the humanities, social sciences and the performing arts. These days industry, commerce and business encompass a wide spectrum of human relations. It is important, therefore, that for the promotions of economic relations, the work of institutions like the American Institute of Indian Studies as well as university studies on India are encouraged. That would provide an intellectual cultural content of economic cooperation, and a deeper and a subtler basis for understanding between two great democracies.

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