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1. Available on loan from the CIA Library is a transcript of the proceedings of the 25th Institute of the Norman Wait Harris Memorial Foundation, Nationalism and Regionalism in South Asia, Chicago, Illinois, 25-29 May 49. (Note:

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THE UNIVERSITY OF CHICAGO

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Chicago. University. NORMAN WAIT HARRIS MEMORIAL FOUNDATION, 25th Institute, 1949.

IN INTERNATIONAL RELATIONS

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PROCEEDINGS

of the 25th Harris Institute

NATIONALISM AND REGIONALISM IN SOUTH ASIA

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Phillips Talbot
Director

The University of Chicago
May 25 - 29, 1949

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THE

NORMAN WAIT HARRIS MEMORIAL FOUNDATION

The Twenty-fifth Institute

The Harris Foundation Lectures at the University of Chicago have been made possible through the generosity of the heirs of Norman Wait Harris and Emma Gale Harris, who donated to the University a fund to be known as "The Norman Wait Harris Memorial Foundation" on January 27, 1923. The letter of gift contains the following statement:

> "The purpose of the foundation shall be the promotion of a better understanding on the part of American citizens of the other peoples of the world, thus establishing a basis for improved international relations and a more enlightened world-order. The aim shall always be to give accurate information, not to propagate opinion."

Annual Institutes have been held at the University of Chicago since the summer of 1924.

Committee of the Harris Foundation*

Quincy Wright, Professor of International Law, Chairman
Bert F. Hoselitz, Associate Professor of the Social Sciences, Executive Secretary
Charles Carlyle Colby, Professor of Geography
Fred Eggan, Professor of Anthropology
Cyril O. Houle, Associate Professor of Education
Lloyd A. Metzler, Professor of Economics
Hans J. Morgenthau, Professor of Political Science
William Fielding Ogburn, Professor of Sociology
James Fred Rippy, Professor of American History
John A. Wilson, Professor of Egyptology

* which is also the interdepartmental Committee on International Relations at the University of Chicago.

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The 25th Harris Institute brought together some 50 specialists of several nationalities to examine the implications of major wartime and postwar developments in the countries of Southern Asia. As the record of the Institute's proceedings, this volume contains texts of the public lectures and of the panel papers that were presented, along with the transcript of remarks (edited in each case by the person who made them) that were contributed to the general round-table discussions.

Countries included in the Harris Institute's consideration of "Nationalism and Regionalism in South Asia" were: Pakistan, India, Ceylon, Burma, Thailand, Indochina, Malaya, Indonesia, and the Philippines. The Institute met at the University of Chicago, May 25-29, 1949. Its agenda and a list of participants appear on ensuing pages.

In the tradition of a quarter century of Harris Institutes, all proceedings of the 1949 Institute apart from the lectures were private. Participants were encouraged to enter discussions freely with the assurance that their observations would be protected from general dissemination. While the major papers are subsequently to be published, this full report is limited to private distribution among persons particularly concerned with the problems herein treated. Recipients are earnestly asked to honor the classification "Confidential -- Not for Publication."

P.T.

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THE 25TH HARRIS INSTITUTE

PROGRAM

NATIONALISM AND REGIONALISM IN SOUTH ASIA

Wednesday, May 25:

8:30 P.M., Mandel Hall -- Public Lecture, "South Asia in the World Today"
J.S. Furnivall

Thursday, May 26:

9:30 A.M., P. A. C. H.* -- Round Table: Basic Economic Factors

12:30 P.M., Quadrangle Club -- Harris Institute Luncheon

2:30 P.M., P. A. C. H. -- Round Table: Developmental Economic Factors

8:30 P.M., Mandel Hall -- Public Lecture, "Cultural Facets of South Asian Regionalism"
Cora DuBois

Friday, May 27:

9:30 A.M., P. A. C. H. -- Round Table: Cultural Patterns--Toward Unity or Diversity?

2:30 P.M., P. A. C. H. -- Round Table: Political Forces in South Asia

8:30 P.M., Mandel Hall -- Public Lecture, "Co-operation, Competition, and Isolation in the Economic Sphere"
J.S. Furnivall

Saturday, May 28:

9:30 A.M., P. A. C. H. -- Round Table: America's Stake in South Asia

12:30 P.M., Ida Noyes Hall -- Public Luncheon, "Nationalism, Communism, and Regionalism in South Asia"
H.E. Ambassador
Carlos P. Romulo

Sunday, May 29:

9:30 A.M., P. A. C. H. -- Round Table: Summary and Appraisal; Reports of Rapporteurs

* Public Administration Clearing House. For details of Round Table agenda, see Table of Contents.

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Participants

A.C.S. ADAMS, British Consul, Cincinnati (formerly assigned to British Embassy, Bangkok).

R.O. BARR, Standard-Vacuum Oil Company.

KONRAD BEKKER, Economist Division of Research for Far East, Department of State.

GEORGE V. BOBRINSKOY, Associate Professor of Sanskrit, University of Chicago.

HENRY BRODIE, Special Assistant to the Chief, Division of Research for Far East, Department of State.

JAN O. M. BROEK, Professor of Geography, University of Minnesota.

*---

CHESTER R. CHARTRAND, Acting Chief, Near East and African Area, Public Affairs Overseas Program Staff, Department of State.

KINGSLEY DAVIS, Director, Bureau of Applied Social Research, Columbia University.

CORA DU BOIS, Chief, Southeast Areas Branch, Division of Research for Far East, Department of State.

FRED EGGAN, Professor of Anthropology, University of Chicago.

JOHN EMBREE, Associate Professor, Department of Sociology, Southeast Asia Studies Program, Yale University.

EDWARD ESPENSHADE, Associate Professor of Geography, Northwestern University.

J.S. FURNIVALL, Adviser to the Government of the Union of Burma.

NORTON S. GINSBURG, Instructor in Geography, University of Chicago.

A.M. HALPERN, Social Scientist, Rand Corporation.

FRANK HAYES, Reporter, Chicago Daily News.

WILLIAM L. HOLLAND, Secretary-General, Institute of Pacific Relations.

BERT F. HOSELITZ, Associate Professor of the Social Sciences, University of Chicago.

EVERETT C. HUGHES, Associate Professor of Sociology, University of Chicago.

HAROLD ISAACS, Associate Editor, Newsweek Magazine.

MORRIS JANOWITZ, Instructor in the Social Sciences in the College, University of Chicago.

D. GALE JOHNSON, Assistant Professor of Economics, University of Chicago.

PAUL KATTENBURG, Instructor in Political Science and Research Assistant, Institute of International Studies, Southeast Asian Program, Yale University.

* AMIYA CHAKRAVARTY, Department of English, Calcutta University, now Visiting Professor, Howard University, submitted a paper but was unable to attend the Institute.

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WERNER LEVI, Associate Professor of Political Science, University of Minnesota.

DAVID MANDELBAUM, Professor of Anthropology, University of California.

CHARLES E. MERRIAM, Professor Emeritus of Political Science, University of Chicago.

LLOYD A. METZLER, Professor of Economics, University of Chicago.

HANS J. MORGENTHAU, Professor of Political Science, University of Chicago.

CHARLES W. MORRIS, Instructor in Philosophy, University of Chicago.

HAL O'FLAHERTY, Director, Chicago Daily News Foreign Service.

KARL J. PELZER, Associate Professor, Department of Geography, Southeast Asian Program, Yale University.

HARVEY S. PERLOFF, Associate Professor of the Social Sciences, University of Chicago.

B.M. PIPLANI, Food and Agriculture Organization; Deputy Secretary, Ministry of Agriculture, Government of India.

HORACE POLEMAN, Chief, South Asia Section, Orientalia Division, Library of Congress.

LEWIS M. PURNELL, Foreign Service Officer, Department of State.

EDWIN P. REUBENS, Assistant Professor of Economics, Cornell University.

H.E.AMBASSADOR CARLOS P. ROMULO, Philippines Representative to the United Nations.

MILTON SACKS, Foreign Affairs Analyst, Division of Research for Far East, Department of State.

BENOY SARKAR, Professor of Economics, Calcutta University.

THEODORE W. SCHULTZ, Professor of Economics, University of Chicago.

ARTHUR P. SCOTT, Professor of History, University of Chicago.

SOEDJATMOKO, Member, Indonesian Delegation to the U.N.Security Council.

PHILLIPS TALBOT, Senior Associate, Institute of Current World Affairs; Visiting Assistant Professor of Political Science, University of Chicago

DANIEL THORNER, Research Assistant Professor of Economic History, Department of South Asia Regional Studies, University of Pennsylvania.

RALPH W. TYLER, Dean of the Division of Social Sciences, University of Chicago.

AMRY VANDENBOSCH, Professor of Political Science, University of Kentucky.

JOHN A. WILSON, Professor of Egyptology, University of Chicago.

QUINCY WRIGHT, Professor of International Law, University of Chicago.

COLONEL [illegible] SIERTH, Plans and Operations Division, General Staff, United States Army.

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

I

SOUTH ASIA IN THE WORLD TODAY*

J. S. Furnivall

1. The Problem. In this Conference we propose to discuss various aspects of nationalism and regionalism in South Asia, and you have asked me to open the proceedings with a talk on "South Asia in the World Today," -- South Asia, the vast expanse stretching from Pakistan to the Philippines, with all its many lands and multitudinous peoples. I appreciate the honor and I regard it as a privilege to attend the Conference, but, as you will readily understand, it is only with great diffidence and indeed trepidation that I venture on so formidable a task before an audience such as is gathered here under the auspices of the Norman Wait Harris Memorial Foundation, comprising so many who know so much more than I do about particular countries of the region. In such a gathering we may assume a general acquaintance with its geography, the people and the products, and my task, I take it, is to attempt a preliminary survey of the problems that we shall be discussing in the various round tables. These problems are so manifold in their variety and so infinitely complex that I can hope to do little more than suggest for your consideration and criticism certain basic principles which, so far as they are valid, demand recognition if we are to arrive at useful answers to the questions arising out of them.

Three things are implicit in the title of this lecture: that the region as a whole has certain common problems; that it has undergone some change since yesterday; and that all here have a common interest in South Asia and these changes. We are here as students and our interest in affairs is primarily academic. Yet the problems that we shall discuss are by no means solely of academic interest. The other day, while thinking over this lecture, I heppened to come across a little pamphlet that I wrote some twenty-five years ago on the first introduction of quasi-democratic forms of government in Burma. It was entitled "An Introduction to Politics for Burmans," and in the concluding paragraph I ran over what seemed to me already at that time "some of the live political issues in Burma." Here are some of the questions that I put. "Should Burma continue as a dependency, with or without home rule, or should it be independent? Is Burma now capable of independence and, if not capable at present can it be made capable and in what manner, and how soon? Must independence inevitably result in anarchy? Or is anarchy more likely to result from a policy of drift? Would the people be happier or better off if Burma reverted to anarchy? What end has government other

* Lecture delivered at Mandel Hall, Wednesday Evening, May 30, 1949.

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than to stave off anarchy?" I went on to inquire what organization was needed to ascertain the wishes of the people; what apparatus would best serve to ascertain the facts bearing on political problems; what collective intelligence should deliberate on these facts. "Who does this thinking now," I asked, "and where and when, or is it done at all?"; and finally whose will should decide on policy, on what actually to do - "who decides what should be done, and how far do officials, the nationalist party, the large commercial firms and the newspapers contribute to the making of such decisions?" These were live issues in Burma twenty-five years ago; almost all of them are live issues still not only in Burma, but over the greater part of South Asia. They are live issues of great practical importance, and our function, as academic students of international affairs, is to arrive by dispassionate consideration at practical solutions for problems which tend only too readily to inflame passion.

Our attention will be directed especially to the changes which have taken place since yesterday. The conditions have changed rapidly and are still changing daily. Yet despite all changes the fundamental problem is the same today as yesterday, the same that it has been from the beginning of time. It is summarized in the Bible in the first command of God to man to replenish the earth and subdue it. In more modern phraseology, and with special reference to South Asia, the fundamental problem is how to develop the human and material resources of the region for the greatest welfare of the world.

2. Today and Yesterday. The changes since yesterday are conspicuous and profound. These changes fill the headlines and strike the eye and the imagination, so it may be well at this stage to remind ourselves that, despite all changes, much remains unchanged. The turmoil of the recent past has created new relations in the human sphere, it has put down the mighty from their seat and has exalted the humble and meek; but no natural convulsion has transformed the geographical environment. The Malayan peninsula and archipelago are still the only large equatorial region readily accessible to the outer world, with no part of the interior more than a few miles distant from the sea. The neighbouring countries on the mainland still consist effectively of narrow valleys, penetrated throughout their length by navigable rivers which have contributed to history by opening up routes to the interior of China; and every day the newspapers suggest that in the immediate future these routes may once again play a part in world affairs. The natural resources too, the soil, climate, forests and mineral deposits are the same as they have always been, rich in treasures, oil, tin, rubber, rice, and other wealth that all the world desires. And the people is still much the same in point of numbers; even before the war the proportion of foreigners was numerically almost negligible, and the great mass of the population, then as now, was preponderantly mongoloid in racial affinity, with a culture derived throughout most of the area from India.

Another matter, quite apart from geography, in which there has been no change deserves attention on such an occasion as the present. We may all agreethat the fundamental problem is how to develop the human and material resources for the greatest welfare of the world. That is what we ought to want, and what the inhabitants ought to want. Unfortunately people do not always want what they ought to want. In discussing the affairs of other people one is apt to assume too easily that they want what

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they ought to want, and that they ought to want what we want. We may, at least for the duration of the Conference, attain a high level of abstract disinterestedness, and study various problems in the clear light of reason; but the issues will be determined in a world where reason carries much less weight than sentiment, where people do not know what is good for them, or know even what they really want, and where most people, both foreigners and inhabitants, have a keen eye to the main chance. Unless we bear in mind a living picture of the common man in the villages and towns, the fields and market places, and especially perhaps the common man in Western stock markets, our discussions may be interesting as academic exercises but will be of little practical value to the statesman.

Much then is unchanged. Yet even where there has been little or no change the position is not quite the same as it was only a few years ago. There has been a very great change in the degree of interest in South Asia. Until recently it was the concern of a mere handful of specialists; now it has news value for the public. That is a matter of no little importance to us here, as it enhances the need for scientific study that may serve to correct popular misapprehensions. And in the regional geography, physical, economic and human there have been changes which is easier to recognize than to evaluate. South Asia, or at least Southeast Asia as we knew it until quite recently was a child of the Suez Canal. What will happen from the new development of air transport? Again, the natural resources are still what they have been from the beginning of time, yet the availability of these resources depends on the human population which develops them. Before the war commerce and industry were almost exclusively foreign or under foreign control, operating almost everywhere under a foreign government. Now the foreign element is greatly reduced and the remnant is threatened with expulsion. Numerically, quantitatively, the human material is much the same as ever, but qualitatively the change amounts to a revolution, and is indeed the outcome of successive revolutions.

Here certainly we have one main factor, perhaps the dominant factor in the creation of South Asia in the world today. It is the child of revolution, of destructive energy, in contradistinction to the South Asia of yesterday, the child of the Suez Canal and the outcome of constructive effort. Its natural resources are still abundant, but the accumulated capital has been destroyed, and the labor diverted from production. The men of business who formerly developed the material resources and out of their profits set aside the capital for further progress, and the officials who maintained the public order essential to economic progress represented the heart and brain of the prewar social system; they provided the driving force and coordinating genius. Now the structure which they erected has collapsed and they are buried beneath the ruins. On the other hand there are signs of a new dynamic spirit among masses that were formerly inert. Why did the prewar structure crash? Should we, can we, patch it up again. How, if at all, can we replace it with a new building on more secure foundations? What part, if any, remains for those who erected the old building? How far will the new dynamic spirit suffice to equip the people with the capital and labor requisite for the development of their resources, and what can be done to help them? These, in general terms, are some of the chief questions relating to South Asia. But vague questions invite vague answers. We must try to frame exact questions in appropriate terms. This demands an exact knowledge of the circumstances and a firm grasp of general principles. It is with that end that I venture

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to submit for your consideration the following remarks. They relate mostly to Burma; partly because I am best acquainted with the circumstances in Burma and partly because the course of affairs in Burma seems to me, for reasons that I shall explain, especially instructive and the present situation there especially important.

3. Burma: (a) Under Burmese Rule. Burma, cut off from the outside world by mountains and the sea, forms a natural political and economic unit. It has been peopled by successive migrations from central Asia by tribes almost exclusively of indonesian or mongoloid origin. Some have never got further than the border hills, or have been driven back into the hills after settling in the lowlands. The most important hill tribes are the Karens, Chins, and Kachins. Their social organization is tribal and not territorial and the chain of authority is based on the personal relations between chieftain and dependent. In agriculture they have barely advanced beyond shifting cultivation. Their religion is the complex of ritual and superstition usually termed animism, but many have adopted Buddhism especially among the Karens and Chins; the Karens too have taken readily to Christianity, which has also made some progress among the Chins.

Often reckoned with the hill folk are the Shans, close cousins of the Siamese - Shan and Siam are different pronunciations of the same word. They are Buddhists; they have made some progress towards substituting a territorial social organization for one based on kinship, and many have settled down to permanent cultivation. The other chief peoples are the Mons, who long disputed Lower Burma with the Burmese, and the Burmese themselves, for nine centuries the ruling race. They are also Buddhists and agriculturists who have definitely crossed the borderline between a tribal and territorial social organization. Burmese, Mon and Shan, all from time to time made contact with Indian Buddhism and on this basis they built up in seclusion from the outer world a common Buddhist civilization with many attractive features; notably the absence of caste, freedom of the women, a wide diffusion of the elements of literacy and harmony between Church and State. The Burmese king was not only the political suzerain of the hill peoples but the center of the only civilization which they knew and which they tended gradually to absorb. Yet he ruled them indirectly through their own chieftains, and one critical factor in the social evolution of Burma has been the imperfect assimilation of the different racial elements.

Another feature of importance is that even among the Burmese the vestiges of a tribal organization had never been finally eliminated. The supreme authority was vested in the king, regarded with superstitious awe, but assisted by a council of elders which in practice might hold the reins of government. There was an elaborate central administration, organized on quasi-tribal lines, but this came into contact with the people indirectly through hereditary local chieftains who represented government to the common man, and whose authority over their dependents was personal and, superficially, had some resemblance to that exercised by a feudal lord over his vassals. It was the circle or township under this local chieftain comprising some fifteen to fifty villages which gave permanance and stability to the political organization. The chief bond of social union was the conservative influence of the Buddhist religious order, with the Crown as patron and with a representative in every village. The religious order observed what might be termed canon law, but Burmans never reached the stage

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where civil and religious law are sharply differentiated. The whole chain of authority was based on personal relations, regulated by custom which had the sanction of religion. In general custom sufficed for the maintenance of order. There was no regular army, no police force and there were practically no prisons, yet the sufficient force of custom is demonstrated by the fact that for long periods the country was ruled by hereditary dynasties; from 1050 to 1300, from 1600 to 1740 and from 1750 until the advent of the British. The elements of stability were the religious order, the hereditary personal authority of the local chieftains and, above all, the general regard for custom. In normal times these were sufficient to maintain social continuity. But the organization was not strong enough to withstand any great shock, and the government was always in a position of unstable equilibrium.

Through successive generations the people had learned the art of living together and custom ensured a wide diffusion of social welfare in a distinctive national civilization. In its economic aspect this national civilization was self-sufficient and complete within itself. Its activities met not merely the daily requirements of the common man for food, clothes and shelter, but also provided the articles of gaudy luxury that gave a show of splendor to the court. It was primarily an agricultural economy. There was little industry or commerce, and the export of goods was discouraged or prohibited. Social welfare would indeed have been imperilled by economic freedom for it was bound up with the regard for custom. Thus the Burmese social organization protected social welfare, but at the expense of economic progress.

Here then are the essential characters of the Burmese social order: the racial elements were imperfectly assimilated; authority was insecurely based on personal relations, and social obligations were regulated by custom with the sanction of religion. It was both unstable and unproductive, and when challenged by new forces from the West, it inevitably, even if regretably, collapsed.

(b) Under British Rule. The accident of propinquity brought Burma into contact with these forces in the form of British rule in India. In the inevitable conflict it was annexed piecemeal to British India in 1826, 1852, 1886. British rule was based on the principle of economic freedom under the impersonal rule of law. It was a practical application of the liberalism which inspired contemporary liberal philospphy. But in Burma the results were unfortunate, for it cut at the roots of the Burmese social and economic system. The first concern of the new government was of necessity to safeguard the security of British rule and accordingly it disarmed the people and trusted for support to foreign troops, mainly Indian with a stiffening of Europeans. The subordinate officials had to apply Western methods of administration and the Burmese officials of the old regime were therefore replaced by new men, also from India. Official business was conducted in English (or at first in Persian) and even the clerks and menials had to be brought over from India. Burmans knew nothing of Western medicine or engineering and here again Indians had to be employed. Whatever was not English in the new administration was Indian. Not only the administration but the whole economic structure was entirely foreign in practice and in personnel. European, Indian, and Chinese merchants poured in to take advantage of the new opportunities for making money and Burmans, driven from the towns and from industry and commerce, became even more than before, mere cultivators. In course of time the

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government found it expedient to employ Burmans in subordinate posts in the interior but otherwise there was practically no occupation open to them but agriculture, while various groups of foreigners similarly specialized in occupations for which they had particular aptitude or opportunity. Thus, merely by the working of economic forces there came into existence a plural society comprising many distinct racial elements, differing in culture and performing different economic functions and with nothing in common but the desire for gain. What had formerly been a national society was converted into a business concern.

Three factors, one political, one economic, and one social, contributed mainly to the rapid diffusion of economic forces and the disintegration of Burmese social life. The political factor was the transformation and eventual abolition of the hereditary local chieftains. These were at first transformed into nominated officials of the central government; then in 1886 after the third war, they came to be suspected as centers of resistance and disaffection and the historic circles and townships were broken up into their constituent villages. The political structure was disintegrated. Hitherto custom, embodied in the person of the local chieftain, had served to stem the flood of economic forces but now that barrier was destroyed. The economic factor was the method of development. Most tropical dependencies are developed by Western planters, and the people continue to cultivate for home consumption. But in Burma rice, the chief export crop, was cultivated by the people themselves who were thus brought directly into contact with the Western market and within the sphere of Western law. This entailed the disintegration of the village community and "atomization," a characteristic disease of tropical society under Western rule, was especially virulent in Burma. Another result was that many people fell into debt and lost their land to money lenders, who for the most part were Indians with no interest in land except as an investment. The social factor in disintegration was the decline in the influence of the monastic order, a natural consequence of foreign rule.

These conditions however prevailed only in the plains. In the hills, where cultivation yielded no surplus for the market, the people were left, as in Burmese times, under their own rulers. Whereas Burma proper was brought under direct administration on Western principles, the hill folk were governed indirectly. Moreover the hill tribes were recruited for the army, to protect the government against the large Burmese majority. The natural result of governing the hill tribes separately on a different plan, and admitting them to the army while excluding the Burmese, was to accentuate the racial divisions that formerly had tended to disappear. It was especially unfortunate that, at the instance of the Christian missionaries, Karen Christians were recruited to suppress the Burmese rebellion in Lower Burma in 1886 in connection with the third Burmese War, as this fostered civil and religious discord which time has failed to heal.

Almost from the earliest days of British rule, however, it was found possible to recruit the Burmese for civil administration. For a generation or more the Burmese magistrates and judges received no formal education beyond that given in the monastic schools, and few except Karens attended the Western schools established by the Christian missionaries. These Western schools, however, opened up better chances of promotion and as the Burmese demand for Western education grew the government met it by

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providing lay schools. This was in line with the general trend of Western philosophy during the nineteenth century in the direction of socialism and self-government. Here again Britain may claim to have been a pioneer in colonial administration. But here again the results were unfortunate. The new system of education accelerated the decay of the monastic order; the brighter and wealthier lads deserted the monastic schools for the lay schools which offered better prospects of advancement. The official organization gradually grew more elaborate until in 1923 it was crowned with a local university. Meanwhile, however, the alienation of the monastic order proceeded so far that during the later years of British rule one of the chief problems of government was clerical disorder and disaffection. Alongside education the government endeavored to promote public health and other aspects of social welfare. There was no barrier to the advancement of Burmans, and not a few rose to the High Court while one even officiated as Governor. But outside civil administration the environment was unpropitious. There was no opening for them in the sphere of industry and commerce and therefore no demand for a training in natural science or economics. Hardly any Burmans entered either of these two gateways to the modern world and there were hardly any Burman engineers or doctors.

They were however given a place in the seat of government. From 1897 they were represented in a small Legislative Council, and in 1923 a quasi-democratic form of government was devised, with popular election on a wide suffrage. But in a plural society, Western forms of democratic government serve only to aggravate racial and sectional antagonisms and, by weakening the executive, they allow still greater freedom of economic forces; instead of promoting the reintegration of society they accelerate disintegration.

In the purely economic sphere, however, British rule clearly demonstrated its superiority over Burmese rule. The country poured forth a growing abundance of rice, timber, oil, and minerals, and all those connected, as officials or non-officials, looked with legitimate pride on a notable achievement. In this rapid economic progress, however, Burmans, except as cultivators, played a very minor part, while even as cultivators they were declining from a peasantry into a landless proletariat. With every new extension of economic forces into the native world the first result was an increase in material prosperity but, where economic forces have free play, the weakest goes to the wall, and the secondary effect was gradual impoverishment.

The whole process naturally engendered a reaction against British rule, although for many years this did not appear above the surface except in occasional sporadic outbreaks of national sentiment among the peasantry. Not until 1905, with the Japanese victory over Russia, did the men who had been educated in the Western type of school venture to voice their discontent and the modern nationalist movement take shape. The leaders of this movement had absorbed the prevalent liberal philosophy, of which economic freedom was one aspect. At first they looked to Western education as an instrument of liberation. But, in a plural society as in other forms of social organization, the educational system is conditioned by the environment, and Western education did not help them. At a later stage, on the introduction of constitutional reforms, they thought to gain their freedom by using their large numerical majority to weaken the executive. This hope also proved vain, for what the country needed was a strong government able to control and direct economic forces. In the

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economic sphere liberalism leads naturally to capitalism. Burmans, however, failed to recognize the connection and, while pressing for further liberal political reforms, began to denounce capitalism as responsible for their economic disabilities. When confidence in liberal reforms was shaken, the modern fascist and communist reactions against liberalism encouraged the younger generation to look to Japan for aid and Russia for guidance. Meanwhile communal tension between Burman, Indian, and Chinese was growing more acute and the relations between the people and the government more embittered. Each side blamed the other for maladies which were in fact merely the logical result of the unrestrained activity of economic forces. These could only be brought under control by the operation of some motive transcending the economic sphere which all could recognize as of superior validity. The only motive that all could accept was nationalism. But nationalism could not easily be reconciled with capitalism. Thus, under British rule, as formerly under Burmese rule, the political and social organization of the country was in a position of unstable equilibrium. British rule was more effective than Burmese rule as an instrument of economic progress, but the neglect to develop the human as distinct from the material resources of the country contributed to its political instability. On the first challenge by the Japanese the whole structure collapsed.

(c) Under the Japanese. The Japanese made a sharp break with the liberal tradition. On their first arrival in 1942 they ruled the country through a nominated Governor, Burmese, however, and not, as under British rule, a stranger. Then in August 1943 they recognized the independence of Burma under its own President. Although he had the assistance of an Advisory Council, he ruled the country on authoritarian lines. On the British evacuation practically all the Burmese officials stayed behind. These were reinstated in their charges and carried on the administration very much as they had done under the British. But the authority of government rested on the Japanese army and secret police. With their assistance, and using methods that no British government would have tolerated, the new regime was conspicuously successful in suppressing violent crime. It reestablished order.

In many ways Japanese rule contributed to the political, cultural and economic advance of Burmans. By granting at least a show of independence it appealed to popular sentiment as British rule had never done. For the first time Burma had its own Foreign Minister and its own representatives in those foreign lands to which the Japanese had access. Although its foreign policy had to be aligned with Japanese requirements Burmans were for the first time enabled to gain some experience in the handling of foreign affairs. Burma had its own Minister of Defence and its own army, which was no longer, as under British rule, mainly composed of Indian troops who would support the government against the people, along with a few detachments from the tribal hills to foster racial particularism. For the first time Burmans were at least nominally responsible for their own defence and for the first time since the final collapse of the Burmese power in 1886 Burmans were given real chances to acquire experience of arms and military service. And, also for the first time, the whole administrative personnel from top to bottom, general and judicial was wholly Burman; the Japanese were content to occupy the position of advisors - though in most matters, of course, and in any conflict of opinion their advice had to be taken. Burma had not only the show, but in very considerable degree the substance of political independence.

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In cultural life it was not only the practice but the deliberate policy of the Japanese to foster close relatiohs with Burmans. They did not, like the British, stand aloof from the people but mixed freely with them in social intercourse. This had the paradoxical result that Western ways of life made greater headway among Burmans under the Japanese than under British rule.

Economic conditions were likewise favorable to Burman progress. The evacuation of Indian landlords and money lenders cured most of the agrarian trouble, and many cultivators, with no creditors to worry them, resumed possession of their land. At the same time the shortage of imported goods and the absence of foreign competition stimulated and enabled Burmans to engage in industry and commerce.

Yet Burmans found the new order more irksome than the old. Inflation robbed the traders of their profits. Local manufactures could not meet the shortage of clothing and other imported goods. Men preferred unemployment to compulsory labor in the Japanese "sweat corps," and the harsh discipline enforced by the secret police contrasted unfavorably with the personal freedom enjoyed under the rule of law. And although Burmans had formerly complained that British officials were aloof and arrogant, they did not fear them as they learned to fear the suave politeness and calculated brutality of the Japanese. One result of the Japanese occupation was to increase the Burmese impatience of authority and to add the term "fascist" to the vocabulary of political abuse alongside bureaucrat, capitalist, and imperialist. A result of still greater consequence was that Burmans were encouraged in the belief that they could do much that they had never previously had a chance to do. This strengthened their resolve to maintain and consolidate the independence which the Japanese had granted.

Perhaps the most significant feature of the new order was the unification of the plural society that had grown up under British rule; the former alien elements vanished and domestic differences of race and class were forgotten in common opposition to the new authoritarian discipline. On the other hand the war sowed the seed of future internal tension, for it divided those of common stock who fought on opposite sides. The Burmese army included Karens and others but was in the main Burmese, whereas most of those who fought in the allied armies came from the hill tribes. The Burmans remembered that in 1886 Karens had helped the British and now suspected them as traitors to the cause of freedom. During the early disorder consequent on the collapse of civil rule some Burmans in the Delta turned savagely on the Karens and thereby inflamed passions that defied subsequent attempts at reconciliation.

Another consequence of Japanese rule was also pregnant with future trouble. From the very earliest threat of Japanese invasion the Communist leaders were stalwart in resistance and even while still detained in prison by the British government urged the other political prisoners to support the allied cause "without reserve". By thus taking the lead in national resistance to the Japanese, they taught the troops, the militia, the underground army and the common man to identify nationalism with communism.

4. South Asia. Here perhaps, at least for the time being, I had better stop talking about Burma or you may begin to think that I have forgotten the title of my lecture. We have in fact reached a convenient halting place where we may rest a while and survey the world around. I have suggested

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that the course of events in Burma is especially instructive as throwing light on what has happened elsewhere. Now I must try to justify this statement.

Formerly in Burma numerous racial elements were imperfectly assimilated in a quasi-national society exhibiting a complex of tribal and territorial types of social organization, though in all cases the chain of authority was based on personal relations which were regulated by custom endowed with the sanction of religion. This elaborate social organization was unstable, because its stability depended solely on the regard for custom; and it was unproductive because economic progress would involve a breach with custom on which the social fabric rested. These conditions seem to have been much the same over the whole of Southeast Asia, and much the same also in India, though more so, for in India custom had hardened into caste. If this view is generally valid we have dug down to the foundations of South Asia in the world today. It is on these old foundations that a modern Western superstructure has been erected.

This superstructure was erected under Western influence on Western principles. Traders from the West who came to buy and sell found that they could not do business on Western lines unless the lands were ruled on Western lines. Scattered throughout the region there were already foreign orientals but under Western rules these multiplied and in every country there came into existence a plural society dominated by economic forces. The conflict of economic interest was in itself a cause of racial division, and Western rulers instinctively if not deliberately fostered racial particularism. Even in the native group the imperfectly assimilated racial elements tended to fall apart, and this process was stimulated by selective recruitment for the army of occupation. In this plural society there was nothing to withstand the unceasing pressure of economic forces attacking social life on all sides and, as these forces spread through ever widening circles, native cultural life declined and the native social order was broken up into a crowd of individuals, reacting against this system, and demanding national independence; but a plural society can never be a nation, and every fresh encroachment of economic forces rendered the community less capable of independence. Although productive, the social organization was still unstable; crime, disorder, and unrest increased, the tension between the component elements grew more acute and the relations between rulers and ruled were subjected to increasing strain. Here again conditions seem to have been much the same over all the colonial dependencies in South Asia.

What gives special significance to Burma is that here the liberal theory of colonial rule was applied most unreservedly in all its aspects and carried most deeply into native life. In other countries of South Asia, for various reasons and in various ways, the free play of economic forces was halted more or less effectually at the threshold of the native world. Yet the same forces were at work throughout the whole region, even in politically independent Siam. Burma however would seem to typify the manner of their working and to demonstrate most clearly the result.

Finally, in the third stage, when the plural societies built up under Western rule collapsed before the onslaught of the Japanese, it seems that elsewhere, as in Burma, attempts to build up a new national society gave some promise of success. But this new society had to be adapted to

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Japanese requirements and depended on the Japanese army and police system for support. With the defeat of the Japanese, South Asia was brought once more into political and economic contact with the Western world; the new experiments came to a dead end and the old problems came up for solution, but with new complications in a far more difficult environment.

5. South Asia Today. With the defeat of the Japanese we reach at last the subject for discussion: South Asia in the World Today. I hope you will not think I have been too long coming to it, but for my part I hold firmly that we cannot hope to build a better world tomorrow unless we understand the world of yesterday. One fact was obvious - that the whole of Southeast Asia was in ruins, and nowhere was the devastation greater than in Burma.

But there was a choice of plans, in Burma as elsewhere, for reconstruction: either to reconstruct a new building on the old model; or to erect a different building on a new plan and on more secure foundations. Under Western rule peace had been maintained, the people had increased in numbers, new cities had sprung up, agriculture, trade, and industry had flourished, and elaborate provision had been made for education, public health and other welfare services. The former rulers did not see how they could have served the people better or more faithfully, but they saw very clearly that prosperity could not be restored without their help. The demonstrations of welcome for their assistance in driving out the Japanese encouraged them to expect popular cooperation in reconstructing the old building.

This, however, was a vain imagination. Life under the Japanese had confirmed the people in their dislike and distrust of foreign rule. Siam had prospered as an independent state and, by being able to choose its own policy, had suffered least damage from the war. Moreover, the progress of formerly dependent peoples in industry and commerce since the collapse of foreign rule encouraged them to believe that they could manage their own affairs quite well enough if left alone. The stage was set for a sharp conflict between the old order and the new; between imperialism and nationalism, capitalism and socialism, between economic progress as a key to human welfare and human welfare as a condition of economic progress. The capitalists knew that capital would be needed for rapid reconstruction and they thought to get their own terms for providing capital. But the nationalists did not know what help they wanted or how much they needed help, and they were chary of accepting foreign capitalist help on any terms. The issues however were by no means clearly cut. Capitalist and nationalist alike could appeal to liberal principles; and the measures needed to restore authority and order could be denounced with equal plausibility and fervor as Communist and Fascist. Thus, as men trod warily but blindly along the narrow path leading to the goal of human freedom, rising gales from either side threatened to engulf them in the bottomless pit of anarchy.

In Siam the foundations of social life were most secure, for it had never lost its independence and had been least disturbed during the war. In Indonesia and Indo-China the weakness of the Dutch and French encouraged the Nationalists to take up arms. In the former British and American dependencies, however, the forces of occupation were too strong to challenge and there seemed hopes of a peaceful settlement. In the Philippines the United States had made arrangements before the war for an orderly withdrawal.

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in Malaya racial divisions cut so deeply as to preclude the growth of any common nationalism, and only in Burma were the opposing forces nicely balanced. The British government on its return from Simla expected Burman cooperation in reconstructing pre-war Burma, but Burmans looked to the British Labor Government, with socialist ideals and nationalist sympathies, to grant them independence.

For two years Burmans had, nominally at least, been managing their own affairs; the Simla government assumed that they were incapable of doing so. The administration had been wholly Burmese from the President down to the office boys; now the old officials returned to take the higher posts, accompanied by a crowd of new subordinates who knew nothing of Burma or administration. Naturally the Burman politicians and officials were disgruntled. The Simla plans for economic reconstruction appeared to Burmans, not without reason, as plans to reinstate foreign private enterprise with public funds. Foreign enterprise was cautious about investing new capital. Most of the so-called "foreign" capital in Burma before the war represented the accumulated profits of foreign enterprise in Burma; now this would have to be replaced by outside capital freshly raised on the security of prospective profits, and foreign enterprise insisted therefore on safeguards for an adequate return. But the two fatal blunders of the new government were the attempt to reinstate Indian moneylenders and other absentee landlords in the possession of their land, and the neglect to provide employment for the many thousand young men who had joined the Burmese guerilla army during the war. This provided the communist leaders with propaganda and recruits. In these and other ways the Simla government soon wore out its welcome. The Labor Government in England had to choose between facing a nation wide rebellion and granting BBurma independence. The former alternative offered no prospect of success and would certainly give a new stimulus to communism. The Labor Government chose the lesser risk and granted Burma independence.

But nothing had ever been done to train the people for the responsibilities of independence. The whole stock of capital and the machinery of industry and commerce was in foreign hands, and the rehabilitation of agriculture would require an agricultural revolution involving the reintegration of social life from the village upwards. It was certain that the new government would need a strong army to support it but it had no army on which it could rely with confidence. Trouble began almost as soon as the Burmese flag was hoisted.

Burma was in sore need of funds. But within a few days it was faced with claims from foreign firms on account of war damage, for which the Burmese Government denied responsibility, involving huge sums, which it could not possibly disburse. Quite apart from these claims capital was needed for rehabilitation and development. Burma had to raise this capital either by domestic loans, which would necessitate compulsory saving, or by finding some expedient for raising foreign capital on terms that would not endanger its national independence. Moreover, if Burmans were to find a place in industry and commerce, the state would have to show the way and the nationalization of natural resources and various industries was contemplated. This raised delicate and knotty problems with regard to the payment of compensation, and tension between the government and foreign enterprise grew more acute.

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Far more serious however was the domestic friction in connection with the land problem and unemployment. The two main pillars supporting the government were the Cultivators' Union and the Peasants' Volunteer Organization, the former comprising the occupants of land, the latter mainly consisting of men without land or cattle. Between these two sections there was some conflict of interest. The communists were bidding for the support of both sections with promises of land for all, free of rent or revenue and the government had to counter these inducements by pushing on as rapidly as possible with agrarian reforms. Unfortunately it could not provide land for all the landless; the reforms told in favor of the cultivators and tended to alienate the ex-soldiers.

It was indeed impossible to promote welfare in any direction without arousing some opposition from interests adversely affected. This put the Liberal Government in a quandary. It professed democracy and was averse to all forms of compulsion; at the some time it claimed to be socialist and to favor strict control over all forms of economic activity. The brand of socialism which it favored had affinities with communism in recognising the peasants and workers as the ruling and only class, and differed from communism chiefly in trusting to peaceful reform rather than violent revolution, in placing more faith in Buddha than in Marx, and in being more suspicious of Russia and less suspicious of the Western powers. Ideological confusion, however, was not the chief reason for its tolerance of opposition. It was not strong enough to be intolerant. Under British rule the Burmans had been debarred from military service. The Communists had been the spearhead of resistance and the Burmese element in both the army and the People's Volunteer Organization were largely Communist in origin and sympathy. When the government reluctantly decided that the communist menace must be suppressed by force, the People's Volunteer Organization seceded, and before long took up arms against the government. Action against the Volunteers led to mutiny of their sympathizers in the army. This left the government largely dependent on the Karen regiments for the maintenance of order. The Commander-in-Chief of the combined military forces was a Karen, and so also was the head of the Air Force, and there were other Karens in high positions in both these services and also in the Navy. Karens were represented in the government and on the Board of Directors of the Central Bank and there were Karen magistrates in charge of districts where Karens were numerous. But some Karen leaders incited their people to rebel. Thus within a year of attaining independence the country was involved in a desperate struggle against insolvency and anarchy.

The issue of the struggle would seem to be of more than local interest. I have suggested that the case of Burma is of particular importance. It is only too probable that similar troubles will develop in the other countries of South Asia, or at least of Southeast Asia, and for much the same reasons. If we can help Burma to solve its problems, we can hope for a satisfactory issue elsewhere. But if anarchy gains the upper hand in Burma, it is likely to spread over the rest of South Asia. Then what will happen in the other center of colonial rule, the great continent of Africa? And with uproar in Asia and Africa, what will happen in Europe? Burma is a remote and insignificant country, but is it wholly fantastic to see in the issue of the present struggle a critical turning point in world affairs?

6. <u>Isms in South Asia</u>. Once again I feel apologetic for talking all

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about Burma. But have I merely been talking about Burma? I hope not. It is through the welter of "isms" in Burma that I have been trying to blaze a track, and these isms are much the same throughout South Asia. Let us recall them in much the same order as they have forced themselves on our attention: Animism, Tribalism, Racialism, Buddhism, Imperialism, Capitalism, Materialism, Individualism, Liberalism, Nationalism, Socialism, Communism. Going outside Burma we might add Hinduism, Moslemism, Confucianism and perhaps Christianism and Humanism. Is not this a list of the forces which in varying degrees of intensity are boiling and bubbling over throughout South Asia in the world today? They have made South Asia; one might say that they are South Asia, and the bare list of them summarizes its problems, and the solutions attempted in the past. Even if each ism in succession has been found to lead down a blind alley, it is instructive to ascertain what checked further progress.

The fundamental problem, I have suggested, is to develop the human and material resources of the region for the greatest welfare of the world. This statement of it carries two implications. One implication is that we are all living in one world. Now it is true enough that, apart from a few remote and backward peoples, we are all living in one economic world, but we are very far as yet from success in building up one social world. If we are to achieve that we must incorporate the peoples of South Asia as citizens of the modern world. This carries the further implication that to solve the problem we require the assistance and active consent of the people. Mere acquiescence will not suffice; it has been tried and failed. With mere acquiescence we may develop the material, but not the human resources.

Consent implies some manner of popular control over government by the people; it implies some form of democracy. But this need not mean the introduction or imitation of Western forms of democratic machinery. Experience has demonstrated repeatedly that although democratic institutions on a Western pattern fortify still further a strong social organization, feeble societies collapse under the strain. Only too often Western democratic forms of government have been adopted in the hope that they would function on democratic lines, and the result has been very different from that intended. Gradually, however, it is coming to be recognized that in social as in civil engineering form does not determine function, but function determines form. That is a principle which demands close attention in those parts of South Asia where subject peoples have just attained or are on the point of attaining independence. Under foreign rule the people thought to direct economic forces in their favor by control over the government through Western political institutions, but in practice these institutions served only to weaken government and allow still greater power to economic forces. At the present time the countries of South Asia need a strong government in order to build up a new social organization on stable foundations; the people hold rightly that government cannot be strong or stable unless based on popular consent, but few have yet appreciated that in the circumstances of South Asia democratic institutions in their Western form are incompatible with either stability or strength, and that they must design their own pattern of democracy, looking to function rather than to form. Unfortunately, many in the West who sympathize most warmly with such aspirations and ideals are themselves heirs of the great liberal tradition and fail to appreciate its limitations in a social environment other than their own.

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In Burma, and I think in other parts of South Asia, men look to liberal forms and catchwords as a means of achieving socialism. This is rather like taking a ticket from Chicago to New York and setting out in the direction of San Francisco. It may seem to be very much what has happened in England, where socialism has developed out of liberalism. But socialism of this type demands an instructed electorate with a strong social sense, and in South Asia these pre-requisites are absent. Socialism in the West implies conferring great power on the state as the organ and image of society. But in South Asia it implies the reintegration of disintegrated society. For so formidable a task leadership is essential, and socialists in Burma tend therefore to favor government by one party that shall instruct and lead the people. Again society needs to be rebuilt from its basis in the village, the commune. Thus in an Eastern setting socialism tends to absorb the more constructive elements of communism. Much of the so-called communism in the East might in fact be more appropriately termed communalism, and if called that name would be robbed of half its terrors. This, however, is a matter which will come up for discussion in one of our round tables. Here in this preliminary survey it is enough to note that in the East neigher socialism nor communism has the same connotation as in the West, and that in dealing with the problems of South Asia we must have regard to facts and functions rather than to words and forms.

Among the isms that we have noticed racialism is a fact and nationalism is a fact. Both represent a reaction of the human spirit against the purely material economic conception of life implicit alike in capitalism and communism. But racialism divides; nationalism unites. It is important to note that in South Asia nationalism does make for social unity. Racial ties help to hold society together, but they exclude strangers as outcastes. A social organization of the territorial type, based on common residence provides much richer material for social evolution. In the West nationalism is suspect, partly because it is often confounded with racialism, and partly because it sets up a barrier against a still higher form of international social cooperation. Nationalism then, like socialism and communism, has different connotations in the East and West. Even in the West national units may still make a valuable contribution towards a world society, and in the East it is difficult to suggest any motive other than nationalism that every one can admit as of superior validity to purely economic motives. The peoples of South Asia are turning instinctively to nationalism for protection against the disintegrating influence of foreign capitalism and against the devastating attack of foreign communism; they desire passionately th achieve and maintain their national independence. They need our help and, if the conclusions indicated by this preliminary survey are valid, they deserve our help. For it is only on the basis of nationalism that we can develop the human and material resourdes of South Asia for the greatest welfare of the world. Doubtless special cases will require special treatment; backward peoples for example and cities like Singapore. But it should not be impossible to weave these into one general design. How then can we set about building up a new world in South Asia on the principle of nationalism? It is a stupendous problem, and we are unlikely to achieve success if we set about it by drawing blue prints of political machinery before deciding what the machinery will have to do.

For forms of government lettfools contest,
What best performs the function is the best

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What then are the conditions of national independence in the modern

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world, the conditions without which political independence is a mere shibboleth? The first condition is that the nation shall be capable of military independence; it must be able to maintain its independence against all probable external aggression, and able also to maintain an adequate degree of internal security and order without support of foreign troops, except possibly such troops as it may hire. Secondly, it must be capable of economic independence. It must be able to exist without foreign doles, except possibly as a temporary measure; and it must be able to develop its human and material resources without foreign capital, apart from loans on fair terms that it will be able to repay, and without foreign aid in the management of economic enterprise or in the provision of technicians and of skilled and unskilled labor except on terms compatible with its political independence. Thirdly, it must maintain such a minimum standard of human welfare, especially in the control over infectious disease among men, cattle, and crops, as the conditions of the modern world require. Finally, but most important, there must be adequate provision for ascertaining and giving effect to the common social will of the community so far as this is consistent with ordered social and economic progress.

If we translate these conditions into concrete terms the task may well seem impossible. How can a new state replace the former army of occupation with home forces on which it can rely? How can it raise the capital it needs without imperilling its independence? What is to be done about the foreign capital with which it has hitherto been developed? Where is it to obtain the guidance necessary to help it develop its resources, and the necessary supply of managerial skill and technical assistance? What about labor to replace the former immigrant or imported foreign labor? How can we establish a government on popular consent to maintain standards of welfare that the people do not appreciate by methods in which they do not believe? How can we provide the element of continuity in government that in the West we take for granted and that must in some way be created if government is to be effective or even to survive? How can we adapt democracy to such conditions? How, above all, can we convince popular leaders who know little of the modern world and little perhaps even of their own land that these and other like conditions are indeed conditions of maintaining national independence? One might go on asking such questions almost indefinitely but the people concerned do not for the most part even recognize that there is any need to ask them. Siam, they say, is independent; then why not Burma, Indo-China, Indonesia? India, again, although so long dependent on Britain now appears capable of independence; then why not other countries of South Asia? But in Siam the Crown provides the necessary continuity; modern India grew up with the modern world and has been held together by the protective bond of caste. In these two countries social and economic progress on democratic principles may possibly be immune against the vote-catching slogans of the demagogue; elsewhere conditions are more difficult.

Here then are some of the tangled problems that we shall be discussing in this Conference. I have tried to suggest that they are common to the whole of South Asia. From this it would follow that some form of international cooperation between the various countries of the region is required to deal with them. How far is such cooperation possible, and what part can India play as a major partner in such a combination? And this perhaps is as far as I can venture in this preliminary survey. I am only too conscious of its inadequacy, but I hope I have succeeded in formulating with some precision some of the major problems confronting the round tables in which we shall conduct our deliberations.

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

II

Round Table I: BASIC ECONOMIC FACTORS

Thursday morning, May 26, 1949

Presiding: Phillips Talbot

DIRECTOR TALBOT: Good morning, Ladies and Gentlemen, and welcome to the 25th Harris Institute.

We have with us this morning, representing the University of Chicago, Dean Ralph Tyler of the Division of the Social Sciences. Mr. Tyler.

DEAN TYLER: It is a great pleasure on behalf of the University of Chicago to welcome you to this conference of the Harris Institute. For more than three decades the problems of international relations have been having top priority of all problems of social science. During much of this period the Harris Institute has provided an important medium for discussion and for expression of views on the part both of scholars and of practitioners in world affairs.

The University of Chicago is proud to have the opportunity to serve as host to such a significant gathering. I feel sure that this year's Institute, dealing as it does with an emerging area in world affairs, will be of great value to all the participants and on behalf of the University I welcome you. We want you to be comfortable here. We are very glad that you are here with us.

DIRECTOR TALBOT: Thank you, Sir.

In opening the 25th Harris Institute, on "Nationalism and Regionalism in South Asia," I may say that my chore has been very considerably eased by Mr. Furnivall who last night laid out before you a complete justification for holding such a conference. He detailed the new situation in South Asia and described its various roots. We know how the Japanese intrusion into much of the area shattered the European colonial systems which had, much earlier, imposed themselves upon and often twisted out of recognition the indigenous social, economic, and political systems.

Japanese aggression ended, it is very clear, in bitterness and ruin for the Asian peoples who felt its weight. After the collapse of Japan, World War II's more general effects augmented for South Asians the problem of what was to come next. None accepted European efforts to return to the colonial system. In country after country, as Mr. Furnivall so ably pointed out, extreme pressures were generated by new tools and restraints.

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But it is one thing to resist the reimposition of unloved external authority, and another to achieve a new balance and order. This is especially true in what appears to be a bi-polarized world. After the radical changes that have occurred since 1939, where does South Asia now stand? Where is it going? What are its new relations with the rest of the world?

Two considerations have guided our planning for this Institute. The first is that, while the countries of South Asia have historically been outside the purview of major American concern, both internal developments in the area and various developments elsewhere in Asia and the world have now vastly increased its significance. India, Pakistan, Burma, Ceylon and the Philippines are politically independent and have brought new voices into world affairs. Struggles in Indo-China and Indonesia affect not only those countries but Western Europe and the Atlantic community. Siam has enlarged its international personality, and events in Malaya, a major dollar earner for the sterling realm, have had broad repercussions. I need not press the point that the area of South Asia requires much closer study than has yet been given to it, expecially in this country.

The second consideration that went into the planning of this Institute is regionalism. Traditionally the countries of South Asia have been divided by scholars and statesmen into two regions: the India sub-continent, and Southeast Asia. Individuals who have become knowledgeable as to India and Pakistan rarely consider themselves competent in relation to Southeast Asia, and vice versa. Mr. Furnivall, whose career has embraced both the Indian Civil Service and close study of Indonesia, is a shining exception. Yet leaders of the peoples of South Asia have come to recognize the problems and the objectives that they hold in common. They all either have recently emerged from alien rule or are seeking to do so. Their countries are all under-developed, in terms of the modern industrial age. They all see the need to improve standards of living and of education. To a degree they are beginning to think of their area as a region, and--as the Asian conferences at New Delhi have shown--to consider their situations in regional terms. Perhaps this is largely valid, perhaps only slightly so. One of the subjects for our study this week will be an assessment of South Asian regionalism and its prospects.

You will have seen from the agenda that we are approaching these problems of nationalism and of regionalism from several directions: the economic approach, the social approach, and the political approach. To open consideration of economic aspects of our subject, with special emphasis at first on basic economic factors, I shall call on Professor Karl Pelzer, of Yale University, to read the first paper of this Institute. Mr. Pelzer.

THE RESOURCE PATTERN OF SOUTHEAST ASIA

Prof. Karl J. Pelzer

Southeast Asia has a predominantly agricultural economy. Industrialization is still in its infancy, and mining industries are not important enough to alter the agricultural character of the region even in countries like Malaya, Indonesia, and the Philippines. Before World War II Southeast Asia produced almost all of the world's rubber, abaca, kapok, pepper, teak,

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and cinchona, at least three fourths of the tapioca and coconut products, over half of the palm oil, one-third of the sisal, plus a substantial share of cane sugar, tobacco, tea, spices, natural resins, gums, essential oils, and such minerals as tin, iron ore, chrome, manganese, and petroleum.

Despite the fact that Southeast Asia is one of the key economic regions of the tropics and serves as a source of both agricultural and mineral raw materials, greatly in demand in the highly industrialized countries of the mid-latitudes, the decisive characteristic and the most pressing problem of the region is poverty. This characteristic Southeast Asia shares with many under-developed areas in the world. It is poverty which is largely responsible for the tension and unrest that we observe in Southeast Asia today, both in independent and dependent countries. Poverty manifests itself in a great many ways, such as extremely low average income, widespread tenancy, large-scale rural indebtedness, and low nutritional standards, which cause poor health and low resistance to disease.

An analysis of the resource pattern and the agrarian structure of Southeast Asia will throw light on the causes of this poverty. It is not the fault of one particular racial or social group or of a single political or economic institution. A great many cultural, economic and environmental factors play their part.

Whereas during the 16th, 17th and 18th centuries the various European nations active in Southeast Asia had, on the whole, limited themselves to trading and the acquisition of high-priced non-bulky commodities such as spices, the economic policy of the 19th century called for large quantities of bulky goods such as sugar, fibers, oil seeds, coffee, and copra. Since the peasantry of Southeast Asia almost without exception raised only subsistence crops and had only limited surpluses, it became necessary for the colonial powers to increase agricultural production. This was done in two ways: (a) through the application of pressure on the peasantry to produce for export and (b) through the development of large-scale plantation agriculture.

From 1830 to 1870 the peasants of Java were forced to cultivate crops and turn them over to the government in order to meet their tax obligations. In other areas the introduction of taxation to be paid in money forced the peasantry to raise crops for sale. In one way or another the political and economic penetration of Southeast Asia during the 19th and 20th centuries replaced the traditional subsistence and barter economy by a money economy. This was of course a slow process that began in different places at different times. But as various regions became linked with the outside world, people gave up the old pattern of raising crops only for family consumption and began to cultivate export crops. In some instances this meant that they increased the production of traditional food crops, for example rice or coconuts; in other instances they began to cultivate crops that had been introduced by the Europeans. However, the basis pattern of production remained the same as before: little or nothing was done to evolve new and improved types of agricultural implements suited for small holdings; the size of the agricultural units was not increased; nor did the yields increase generally.

To the contrary, in the densely populated regions the farm units tended to shrink in size and the fertility to decline. The change from subsistence

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to money economy found the peasantry unprepared to make the necessary technical and psychological adjustments to cope with the new situation or to benefit from it. It is true that in Indonesia and Malaya in particular the peasantry was engaged in the cultivation of new crops for export, but since their land holdings were so small often they could do this only by reducing the area allocated to subsistence crops and by using the proceeds from the sale of export crops for the purchase of food that had to be imported. This proved at times to be extremely profitable but it also exposed the peasants to the great price fluctuations that characterize world trade. On the whole, however, we can say that one of the chief reasons for the backwardness of the native agricultural economy of Southeast Asia is that it still has the tools, cultivation practices, and small farm units of the days of the closed subsistence economy. Where would we in the mid-latitudes be if we tried to carry on the type of agriculture that was practiced in the 16th and 17th centuries?

The transition from subsistence to money economy brought into the affected areas a new group of peoples, the traders. Almost without exception the retail traders and middlemen of Southeast Asia are either Chinese or Indians. The Indians dominate Burma, while the Chinese control the rural trade in Malaya, Siam, Indonesia, and the Philippines. Almost invariably the Indian or Chinese traders act also as money-lenders. During the agricultural year they make loans to peasants at extremely high interest rates, which may run as much as 50 or 60 percent, and then collect the debt plus interest by buying the crop at harvest time. It is to the advantage ofothe trader to extend unreasonable credits, preferably not for productive purposes but for the purchase of non-essential goods - in order to tie the peasant so that he has no bargaining power at harvest time. A slump in prices, a bad harvest, or some other event over which the peasant has no control, causes hopeless indebtedness, loss of the land which had been pledged as security and it reduces the peasant-owner to a tenant.

Even when a peasant wishes to obtain credit for productive purposes he is forced in most countries to turn to a usurer because of the lack of rural credit institutions. No city bank will give him a loan because he is too poor a risk, his productive capacity is too small, and often he has no title to his land. He is caught in a vicious circle - he who needs aid most urgently in the form of credit at reasonable rates of interest, say 8 to 10 percent, has to pay the excessive rates that he cannot afford and he gets hopelessly in debt to a person who is of different racial stock and may not speak his language. No wonder that there exists so much tension between the rural masses of Southeast Asia and the foreign middlemen from either India or China. The spread of a money economy, brought about by the economic demands of the metropolitan powers without the development of adequate credit institutions and usually without legal restrictions to curtail the predatory activities of the middlemen, caused untold harm and suffering throughout Southeast Asia, bringing in its wake widespread liquidation of peasant holdings, and creating the tenancy problem, which has become extremely serious in many parts of our area.

I am of course aware of the fact that such practices as the pledging of land as security, followed by the loss of land and the necessity of working as a share cropper, were recognized by the customary law of pre-European days, but such arrangements were the exception rather than the rule.

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The Philippines is one of the few areas of Southeast Asia where tenancy on a large scale preceded the growth of a money economy and did not result from foreclosure proceedings against a heavily indebted peasantry but from the Spanish agrarian policy of creating large landed estates.

A peasant who has lost his land and has to eke out a living as a share cropper is still more easily exploited than one who still owns the land that he tills.

It is frequently overlooked that the average agricultural yields of Southeast Asia are very low compared with the yields of other countries. During the period from 1924 to 1938, 62 quintals of paddy, or rough rice, per hectare were harvested in Spain, 53 quintals in Italy, and 36 quintals in Japan, compared with only 15 quintals in Java, 14 in Siam and Burma, 12 in Indochina, and 11 in the Philippines. These striking differences are due primarily to the intensive use of fertilizer and of improved varieties of rice in Spain, Italy, and Japan. The peasantry of Southeast Asia uses insufficient quantities of animal and green manure and almost no commercial fertilizer, and usually plants a poor quality of seed. Still more striking would be the differences were we to compare the production of rice per man-hour in Italy, Spain, am the United States on the one hand with that of the Southeast Asian countries. The small holdings so characteristic for Southeast Asia - split up into tiny parcels, tilled by hand or at the most with simple tools pulled by draft animals - require a great deal of human labor and produce such low yields that any other result than poverty should surprise us.

Such practices as transplanting rice and harvesting rice by hand with a sickle or even with a small knife, and cutting one stalk at a time, demand large quantities of labor during brief periods, while most of the time only a small part of the population is actually usefully employed. Where double cropping is feasible underemployment is not as pronounced as in areas where only one crop is raised each year.

The demand for a large labor force during harvest time is strongly felt in countries where we have service industries or factories and mines, since a large percentage of the laborers will leave their jobs and return to the rural districts to help their relatives with the harvest and to participate in the festive period that follows. This pattern presents quite a problem for the management of industry.

The creation of large-scale plantation agriculture was the second method used by Westerners to increase the production of tropical crops in Southeast Asia. Indonesia, Malaya, and, on a much smaller scale, Indochina proved attractive to Western and other foreign capital. As a result, at the outbreak of the war Malaya, Indonesia, and Indochina had large plantation industries which employed hundreds of thousands of wage laborers, most of whom were recruited at some considerable distance from the plantation areas and could be sent back to the native villages whenever their services were no longer needed. The structure of the haciendas in the Philippines, on the other hand, differs from that of the plantations found in Malaya, Indonesia, and Indochina because of a different historical background. The haciendas created by the Spaniards consist of conglomerations of small tenant farm units worked by the peasants, the original owners of the land. The American administration prevented the growth of the plantation system in the

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Philippines by placing severe restrictions on the amount of public land which could be acquired by individuals or companies. The lack of a sizeable rubber industry in the Philippines, for example, is to be attributed to legal restrictions. Firestone, U.S.Rubber, and Goodyear could not obtain the amount of land they wanted for their plantations, so they had to turn from Mindanao to Liberia, Malaya, and Indonesia.[1]

Many features of the plantation industry in Indonesia can only be explained as results of the agrarian legislation that was developed in the second half of the 19th century. This legislation made it impossible for non-Indonesians to acquire land for agricultural purposes except under lease arrangements. No plantation owns the land it is working. Wet-rice land owned by Indonesians could only be leased for brief periods by foreign planters. The additional rule that the planter could not cultivate more than one-third of the land leased from a village and, furthermore, was not permitted to use the same land twice in succession, forced the sugar plantations to intensify their operations to such a degree that Java surpassed all other cane-sugar-producing areas of the world in yield per acre. The planters were forced to band together to finance experiment stations in order to breed better cane varieties, since the law forbade them to raise ratoon cane. The necessity of planting sugar cane anew every year increased their costs of production, and for this the planters of Java were able to compensate by higher yields. Here again we have an example of the effectiveness of legal restrictions on agriculture. It would be completely misleading to attribute the high yields of cane sugar only or even primarily to the fertility of Java's soil or to the climate of the island. The political climate can be more decisive for an agricultural industry than the physical environment.[2]

The lack of a large plantation industry in Siam is due mainly to Siam's independent political status rather than to geographical factors. Foreign capital preferred the political climate of Malaya and Indonesia to that of Siam, where the government seemed less stable and predictable.

In 1940 Indonesia, the largest and physically most varied country of Southeast Asia, had the most diversified and efficient plantation industry of Southeast Asia or of the tropics as a whole. This industry, almost

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[1] In 1928 Goodyear did, however, acquire the amount of public land permitted by the Philippine land laws and used this small plantation primarily as a repository for high-yielding clones outside the jurisdiction of the Dutch and British colonial governments - a piece of foresight which proved extremely valuable in the 1930's when the exportation of rubber clones from countries participating in the International Rubber Restriction Scheme became unlawful.

[2] A future Indonesian-dominated government of the United States of Indonesia has the legal possibility of either reducing or evicting the plantation industry, should this seem desirable, by not renewing the leases.

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entirely owned and controlled by non-Indonesian entrepreneurs, shared with Indonesian peasants in the production of the large quantities of export crops. A comparison of the two, the plantation industry and peasant export agriculture, is revealing and gives clues as to the direction in which economic development may move in the future. The plantation industry was responsible for the total production of centrifugal sugar, sisal, and palm oil in Indonesia, whereas such commodities as pepper and copra are practically exclusively raised on small peasant farms. Capital requirements for the processing and preparation of the product prior to export is the key to the understanding of this division. The processing of sugar cane into unrefined or refined white sugar, for example, is such a complex process and requires such an expensive industrial plant that centrifugal sugar will never be processed by small peasants. The processing of coconut into copra is so simple and requires so little capital that this industry is perfectly suited to peasant communities. In between these two extremes lie a number of crops which can be raised and processed either by plantations on a large scale or by individual peasants on a small scale because the processing techniques are simple and do not involve costly equipment and the supervision of a staff of technicians and scientists. Rubber offers the best illustration. The industry got its start in Southeast Asia as a plantation industry, but in the 1920's and 1930's the accumulative effect of the rubber production of literally hundreds of thousands of small Asian rubber growers presented the planters with a serious problem. Had it not been for the International Rubber Restriction Agreement of 1934 there can be little doubt that Asian peasant producers would have further increased their share of the world's output of natural rubber at the cost of the plantation industry. P.T.Bauer[3] has presented a large body of evidence showing that the restriction scheme favored the planters and was definitely unfavorable to Asian peasants, with the result that the trend of natural rubber becoming more and more a peasant crop was stopped.

The tea industry of Java proves that the Western entrepreneur and the Asian peasant can work together and divide the industry so that the peasant raises the crop and the Western entrepreneur then processes it in his factory. The pineapple industry provides another example, this time from the Western Hemisphere. The Hawaiian Pineapple Company recently erected a cannery near Vera Cruz, Mexico. The company does not raise the pineapples because the agrarian laws of Mexico prevent it from owning land; instead the company buys the pineapples from the Mexican growers.

A general introduction of such a division of labor wherever possible may do a great deal to reduce the tension in Southeast Asia and to assure its peasants a greater income. It would be in the interest of the factories to aid the growers by supplying them with technical guidance and credit for the purchase of fertilizer.

In its 150 million peoples Southeast Asia possesses a very large potential resource. At present the efficiency of these peoples is low. But that no

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[3] Bauer, P.T.: The Rubber Industry. A Study in Competition and Monopoly, Harvard University Press, Cambridge, 1948.
----------: Report on a Visit to the Rubber Growing Smallholdings of Malaya. Colonial Research Publications No.1, London 1948.

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inherent factors are involved in this inefficiency is brought out by the performance of Indonesians, Filipinos and members of other ethnic groups of the area who have received adequate education and technical training. The efficiency is so low because the peoples are poorly educated, poorly nourished, and often weakened by chronic disease. Their tools, production techniques, and farm units may have been perfectly adequate for a subsistence economy, but they are entirely inadequate for a modern economy. Instead of benefiting from the commercialization of agriculture the people are too often the victims of exploitation by middlemen who profit more from the export of agricultural commodities than do the producers.

The strength of Southeast Asia lies mainly in its agricultural resources, which, however, are at present only partly utilized. Extensive areas which are arable are still awaiting the pioneer. The productivity of the cultivated land can be greatly increased through the application of the results of scientific agricultural research in the form of improved and disease-resistant seeds, and in the form of proper fertilization and improved cultivation. Such an intensification of agriculture leading to greater production per unit of land and unit of manpower would be far more profitable than an attempt to raise production by a further increase in the number of man hours devoted to the tillage of each unit of land.

The history of commercial agriculture in the tropics shows that this industry is unstable and subject to sudden declines and shifts which may be brought about either by natural causes such as plant disease or cultural forces such as political changes, competition from other parts of the tropics, or the development of a synthetic product. At this moment the agricultural economy of Southeast Asia is about to suffer a severe setback through the loss of its practical monopoly on natural rubber.

Tree crops like rubber are of great value in tropical areas of high rain-fall and relatively low soil fertility and have many advantages over annual crops, because trees protect the soil against excessive heat, heavy rains, and accelerated erosion - provided they are not planted too far apart and provided that the spaces between the trees are covered with leguminous or other cover crops. The decay of fallen leaves prevents an exhaustion of the humus content in the topsoil. From an ecological point of view tree crops are thus far better than annual crops, since the latter require repeated cultivation.

The decline of the market for natural rubber will therefore be a serious blow to Southeast Asia, but such a development could be offset by the creation of an integrated forest industry[4] that would make full use of the cellulose and lignin, which are produced by trees of the tropics at a faster rate than, for example, by the southern pine forests of the United States. Timber, wood pulp, cellulose, plastics, and all the other materials that can be extracted by a modern integrated forest industry, can offer a more diversified economic basis than can rubber. It would be possible to create pure stands of commercially valuable fast-growing trees. After all,

[4] "Integration of Forest Industries", Unasylva, Vol. 2, 3, 1948, pp.120-121.

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the extensive rubber forests grew up in areas once covered by the tropical rainforest with its hundreds of different species - a nightmare to the forester and until now a stumbling block to the wood chemist, who has not yet devised a means of feeding many different kinds of trees into the pulp mill at the same time.

Fortunately Southeast Asia on the whole does not have the population problem that confronts India. Certain parts of Southeast Asia such as Java, Tonkin, Central Luzon, and Cebu suffer from high population pressure; but Indonesia, Vietnam, and the Philippines possess a considerable acreage of unutilized arable land and there is room for expansion and for the creation of new farming communities on the pioneer fringe.

Agricultural colonization alone, however, is not enough. What Southeast Asia needs is a multiple attack on the enemy, poverty, through fuller utilization of natural and human resources and through the introduction of such measures as agrarian reforms, where required. Only if agricultural colonization goes hand in hand with agrarian reform, agricultural intensification, and industrialization can we expect a real improvement. There is no single solution. Agrarian reform by itself is not enough, since it cannot add new land nor can it reduce population pressure. Even if the Philippine government were to make every tenant in Central Luzon an owner of the land he now tills as a share cropper, poverty would not be eliminated, since the population density of the central plains of Luzon is too high to make the farms large enough. Furthermore, unless the laws of inheritance should be changed within one or two generations the farms will be subdivided and will shrink to a size to which a haciendero would never reduce the tenant farms. But if an agrarian reform should go hand in hand with agricultural pioneering and industrialization to drain off the surplus rural population then the farms units could be increased in size so as to permit full utilization of the remaining rural manpower and the application of more efficient production methods. Elspeth Huxley has said that the African woman wielding the hoes must give way to the African man cultivating the land with tractor-drawn machinery, in order to increase the productivity of the African tropics. Similar changes are needed in Southeast Asia. They will not come overnight and will not come without aid from the outside - aid in the form of technical guidance and assistance of the type that President Truman called for in his Inaugural Address in January 1949.

Only a "bold new program" will bring about a diversification and intensification of the economy and a better utilization of the human and natural resources for the benefit of the peoples of Southeast Asia. Only a "bold new program" will end poverty and create the economic and political atmosphere in which Communism cannot flourish.

DIRECTOR TALBOT: Thank you very much, Mr. Pelzer. Before I invite discussion on Mr. Pelzer's paper we will hear the next presentation, a paper on "The Economic Demography of India and Pakistan" by Professor Kingsley Davis, of Columbia University. Mr. Davis.

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THE ECONOMIC DEMOGRAPHY OF INDIA AND PAKISTAN[1]

Prof. Kingsley Davis

No one can read the recent literature from India and Pakistan without appreciating its buoyancy and hopefulness. National independence has come to these two nations after a long struggle. Its culmination was marked by the dramatic juxtaposition of unexampled goodwill and unanticipated tragedy (the tactful emancipation of an empire by Lord Mountbatten on the one hand and the bloody uprooting of millions of people on the other); it represented a triumph of the Asiatic against the seemingly invincible European, and it came at a time when new economic and social changes, already in ferment, were pressing for expression. The Indians and Pakistanis now find the future promising; they feel released from the past because, as independent nations, they have no past.

Disillusionment, however, seems sure. Actually the future cannot shake off the past, or hope substitute for probability. One source of sober reality lies in the demographic situation, not only because population trends are important but also because they are slow and difficult to alter. The following discussion attempts the unwelcome task of describing the major population trends south of the Himalayas and assessing their influence on the future development of Pakistan and the Union of India. When space allows, reference is also made to the rest of South Asia, because the demography of India has many features in common with the rest of the region.

Territory and People

Including the Netherlands Indies and the Philippines on the east side, and Pakistan and India on the west, with everything between, South Asia embraces a land area of approximately 3½ million square miles and supports a population at the present moment of about 630 million. With only 6.7 per cent of the world's land surface, it has over a fourth (28 per cent) of the world's population. If it were an industrial area, this fact would be of little importance; but since it is primarily agricultural and extractive, its high average density (184 per square mile as compared with the world average of 44) raises a serious problem.[2] One of the chronic difficulties of large

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[1] From the Division of Population Research, Bureau of Applied Social Research, Columbia University. (Publication No. A 112 of the Bureau.)

[2] Among scholars trained in the humanities it is fashionable to ridicule demographic statistics for backward areas. Actually in the case of South Asia, we are relatively fortunate in both the quantity and quality of the population data. The colonial powers have considered it necessary to take censuses, so that most parts of the region have been covered by several censuses. This does not mean, of course, that our knowledge of the population is completely accurate. It never is. There are certain areas of South Asia that have either had no censuses or have been very poorly censused, such as Borneo and Indo-China. And since censuses are taken only occasionally, and since obviously the whole region has never been censused at any one time, a statement about the population as of a given date must be based on intercensal or postcensal estimates for particular countries, just as would be the

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sections of the region is too many people in relation to developed resources.

In comparison to the rest of the region, Pakistan and India stand out not so much with regard to population density as with regard to their size. The Union of India, with approximately 355 million inhabitants, is today the second most populous nation in the world. Pakistan, with about 79 million, is sixth, with probably slightly more inhabitants than the Netherlands Indies; it is also the world's largest Moslem nation. Both countries are big in territory as well as population. Pakistan has slightly less area than Texas and New Mexico combined, and about twice the area of prewar Germany. The Union of India, without Kashmir, has slightly more than a third as much territory as the United States. Kashmir itself, the territory still in dispute, is half again as large as New York State, though it has only four million inhabitants.

But like most of South Asia, Pakistan and the Indian Union are not so big in territory as they are in people. Embracing together only 3 percent of the world's land surface, they support almost a fifth of its population. With less than half the land area of South Asia, they have 70 percent of its people. They are thus disproportionately populous in comparison both to the world and to South Asia, but the first disproportion is by far the greater.

As between Pakistan and India, the former is not so densely settled as India, though the difference is not great (Table 1). Pakistan, however, is a bifurcate nation, its two divisions (East and West Pakistan) being separated by more than 1000 miles of foreign territory and distinguished by differences in language, culture, and economy. Whereas West Pakistan is a predominantly dry region heavily dependent on irrigation, East Pakistan is an exceedingly wet region. The former grows wheat and cotton primarily, the latter rice and jute. As a consequence of the difference in climate and economy, the population density is extremely different. West Pakistan has six times the territory but only two-thirds the people that East Pakistan has. Indeed, the latter is one of the most densely settled areas of the globe. It is only slightly larger than Java and has almost as many people.[3]

The territory that is now India (excluding Kashmir) exhibited in 1941 a density of 277 per square mile. This may seem low compared to the density at the same date in England and Wales (718) or in Japan (496), but these are small countries. India's average density should be compared only with that

2 (continued)
case in Europe or in North America. Fortunately, the areas that are most poorly enumerated are generally those that have the fewest people, so that the error they introduce is not so great as might at first seem. In the case of India, a census has been taken every decade beginning in 1871-72. Using government personnel as enumerators and building up over the years a census tradition, the administration of these enumerations has been excellent and the results have proved extremely valuable.

[3] Java's population is currently estimated at about 54 million as compared with our estimate of 47 million for East Pakistan. Estimated densities would then be 945 for Java and 870 for East Pakistan.

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of other large areas. For instance, the average density in India is over six times that of the United States; over twice that of China proper; about 17 times that of prewar European Russia; over 11 times that of South Africa; and more than 2½ times that of Europe.

Table 1

AREA, POPULATION, AND DENSITY, 1941 and 1950

	Area/1 (000's)	Population (000's)		Persons per Square Mile	
		1941/2	1950/3	1941	1950
PAKISTAN	361	70,135	79,000	194	219
West Pakistan	307	28,169	32,000	92	104
East Pakistan	54	41,966	47,000	777	870
UNION OF INDIA	1,220	318,863	355,000	261	291
Kashmir	82	4,022	4,400	49	54
Without Kashmir	1,138	314,841	351,000	277	308
SOUTH ASIA	3,411	554,187	628,000	162	184
Without India or Pakistan	1,830	165,189	194,000	90	106

1/For India and Pakistan, adapted from O.H.K. Spate, "The Partition of India and the Prospects of Pakistan," Geographical Review, Vol.38 (Jan. 1948), p.17. For South Asia, Statesman's Year-Book, 1948.

2/Figures for India and Pakistan compiled from Census of India, 1941, Vol.1 (Summary), pp. 56ff and 116ff; Vol. 4 (Bengal), pp. 44-47; Vol. 6 (Punjab), pp. 58-59; and Vol. 9 (Assam) p.36. In cases where districts were split by the new boundary, it was assumed that all Muslims went to Pakistan, all Hindus and Sikhs went to India, and the others were split according to the proportions of Muslims and Hindu-Sikhs in the district population. Figures for South Asia are taken primarily from census figures and estimates given in secondary sources such as the Statesman's Yearbook and brought up to 1950 by rough extrapolation.

3/Estimated for India and Pakistan by assuming that the average annual growth rate prevailing in a given area between 1921 and 1941 will characterize that area between 1941 and 1950. For the rest of South Asia, the latest census figure for each country (in some cases quite recent figures) were advanced to 1950 by roughly taking account of past growth trends. When there have been many years since the last census, the estimates may be considerably in error -- especially the mortality effect of World War II is not fully known.

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Population Growth and Functional Density

The high average densities of India and Pakistan mean little in themselves. But when we realize, as in the case of South Asia as a whole, that both countries are primarily agricultural, the densities take on added significance. Since in the latter case land is the primary instrument of production, a scarcity of it in relation to people spells poverty. Whereas an industrial country can support a dense population at a high level of living, an agricultural country cannot do so. Even among industrial countries, however, those with a smaller ratio of people to resources are proving more prosperous than those with a high ratio; and although no country with over 50 percent of its people engaged in agriculture has a high living standard, those having the most good land per capita seem to be the most prosperous -- so prosperous, indeed, that they tend to climb out of the agricultural class rapidly.[4] As long as an agricultural country still has a sparse population, it has today a good chance of industrializing rapidly. This can be seen in Brazil, Argentina, Australia, and New Zealand, for example. But relatively few areas in South Asia are this fortunate. Burma, which is often thought to be sparsely settled, has about 70 persons per square mile, which is half again the number in the United States (48).

Since the Indian subcontinent is one of the oldest regions of Neolithic culture, its good agricultural areas have virtually all been long since put to the plow. The village type of subsistence agriculture spreads with extreme slowness, and there are still a few parts of India not yet or only recently penetrated, but there is evidence that India was already rather fully settled before the Christian era.[5] Up until 1600 its population hardly grew at all, being held down by famines, warfare, and disease. After the British came the number of people began to increase sharply. In 1871-72 the census, when corrected for areas not enumerated at the time, shows a population of approximately 255 million. By modern standards the growth was still not rapid, however, because mortality remained very high. However, after the influenza epidemic in 1918, the subcontinent was free from major disasters, with the result that the Indian population grew by 32 million (11 percent) between 1921 and 1931 and by 51 million (13 percent) between 1931 and 1941. This 83 million increase in two decades gave the country in 1941 a total of 390 million, and for 1950 our estimate places the total for Pakistan and the Indian Union combined at 434 million, an estimate that should not be in error by more than 6 million.

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[4] An "agricultural country" is here understood to be one whose male labor force is more than 50 percent engaged in cultivation, forestry, fishing, and herding. By this definition such a country as Denmark, for example, is not agricultural although it is commonly thought to be. In 1945 over 65 percent of the Danish population lived in towns, and 23 percent lived in Copenhagen, a city of nearly a million people. In India in 1941 only 13 percent of the population was defined as urban. If more than 50 percent of the population is engaged in agriculture it is a sign that the per capita yield is very low -- i.e. that the standard of living cannot be high. This may be due to poor techniques and low capitalization, but it may also be due to overpopulation with respect both to land and capital.

[5] Pran Nath, A Study in the Economic Condition of Ancient India (London : Royal Asiatic Society, 1929), Chap. 5, estimates the population around 300 B.C. at between 100 and 150 million.

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Since much of the subcontinent is dry, the huge population means great concentration in certain areas. The districts having more than the average density virtually all fall in one solid belt that begins on the irrigated plains of West Punjab, descends the Ganges valley, comes down the Eastern Coast, goes around the tip of India, and ascends the Western Coast to the Gulf of Cambay. Here, in an area that is only 32 percent of all India, are found 69 percent of the people. In 1941 the Ganges valley (as large as Germany and four times the size of Java and Madura) had an average density of 686 per square mile. In the Bengal portion it averaged 829. If the districts having a density of 500 or more are grouped together, they included nearly half the population but less than a seventh of the area of India. Those with 700 or more contained nearly a quarter of the population but only one-eighteenth of the area. Such concentration is not due primarily to cities. The results are much the same when the cities are eliminated. The high densities represent the piling up of agriculturalists on the land. In some almost purely agricultural districts the general density rises above 1,000 per square mile. India is like Java, Egypt, Japan, and China in having large areas of extremely heavy rural concentration.

If density is measured functionally in terms of the number of farm people per square mile of cultivated land (Table 2), it can be seen that the British Indian figure (432 in 1931 and 535 in 1941 was higher than the figures for European countries having a comparable percentage of their population dependent on agriculture, but lower than the figures for some other Asiatic countries. India and Pakistan therefore exhibit two basic conditions associated with extreme poverty -- first, a preponderance of their people dependent on agriculture, and second, a large number of agriculturalists per square mile of cultivable land. These circumstances explain why, in an area rich in agricultural resources, millions of people are close to starvation.

Effects of Population Pressure in Agriculture

For a rural economy, some of the major consequences of an already excessive and yet increasing agricultural population are as follows: A reduction in the average size of farm unit below the point of optimum efficiency; a consequent inability to save, accumulate capital, and improve the land; a resulting failure to increase productivity per acre; an inability to use efficiently the increasing number of farm people, with the result that there is underemployment and unemployment; and finally the development of certain rural problems such as chronic indebtedness and elaborate subinfeudation, which help to strengthen the circle of poverty, inefficiency, and debility.

In the case of the Indian region it is possible to document certain of these effects. For instance, with respect to size of farm unit, there has been in British India a steady diminution in the number of acres per farm person. The number fell from 2.23 in 1891-92 to 1.90 in 1939-40 -- a 15 percent decline. This drop in the amount of farm land per farmer would have little significance if agricultural productivity had risen correspondingly, but it did not. The statistics of yield per acre indicate that the average yield has not risen much since the turn of the century. Some of the commercial crops, such as coffee, tea, and sugar, have shown a substantial rise, but the big crops such as rice, wheat, and cotton have not improved. A weighted index shows a rise from 1901-02 until 1920-21, and a decline after that.

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Table 2

PERSONS DEPENDENT ON AGRICULTURE PER SQUARE MILE OF CULTIVATED LAND

	Date	Percent of Population Dependent on Agriculture/a	Persons Dependent on Agriculture per Square Mile of Cultivated Land/b
Korea/c	1930	79	981
Java and Madura/d	1930	63	826
Philippine Islands/e	1939	70	573
Puerto Rico/f	1930	66	533
BRITISH INDIA/g	1931	68	422
Yugoslavia/h	1931	76	344
Rumania/i	1930	72	240
Chile/j	1940	38	162
Mexico/k	1930	74	88
United States/l	1930	25	48
Argentina/m	1930	30	32

a/ Figures on occupation distribution are hard to standardize. Many of these are estimated in one way or another and are only roughly accurate. In many instances the percentage of all occupied males engaged in agriculture has been used, by means of a regression line, to estimate the population dependent on agriculture.

b/ "Cultivated land" is defined as that actually sown or lying fallow. It does not include raw pasture, forest, or land that is potentially cultivable. Again, however, standardization is difficult.

c/ Statesman's Year-Book, 1933, p.1074. Résumé statistique de l'Empire du Japon, 45 année, 1931, p.4.

d/ Indisch Verslag, 1937, Parts 1-2. Netherlands Indian Report 1937, II, Statistical Abstract for the Year 1936, pp. 221-223, 229.

e/ Census of the Philippines, 1939, Vol. II, pp.53, 496, 906.

f/ Fifteenth Census of the United States, 1930, Outlying Territories and Possessions, pp. 183, 207.

g/ Census of India, 1931, Vol.1, Part II, pp.3, 206. India, Department of Commercial Intelligence, Statistical Abstract for British India, 15th No. of New Series, 1927-37 (Delhi), p.458.

h/ Yugoslavia, Statistique Générale d'Etat, Annuaire Statistique, 1934-1935, pp. 74-75. Statisticki Godisnjah, 1937, pp. 18ff.

i/ Census of Rumania, 1930, Vol.X, pp.xcvi-ciii. Estimated from number of persons not engaged in agriculture. Institut de Statistica Generala, Bulotinul Statistic al Romaniei, 1931-1932, pp.60-63.

j/ Chile, Ministerio de Agricultura, Almanaque 1940, pp.17, 310, and Anexo No.1.

k/ International Institute of Agriculture, The First World Agricultural Census, 1930, Vol. IV, p.391. Mexico, Direccion General de Estadistica, Quinto Censo de Poblacion, 1930, Parts 1-9, 11, 14-19, 21-22, 24-27, 29-32, Cuadro in each

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(Table 2 continued)

l/ International Institute of Agriculture, op.cit. p.136. United States, Census of 1930, Population, Vol.V, General Report on Occupations, p.39.

m/ Argentina, Ministerio de Agricultura, Almanaque, 1940, p.310. Percent dependent on agriculture estimated by writer. Total population to which percentage applied is an official estimate.

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Not only has there been a failure to improve per-acre yields, but it is well known that these yields are below those for most other areas, as suggested by Table 3. India's comparatively low agricultural productivity is not due to any natural deficiency in the land itself, for the subcontinent includes great tracts of rich alluvial soil; rather it is due to the way the land is handled -- to the low proportion of capital invested in it.[6]

The deficiency of capital investment in farming is shown in numerous ways -- in the primitive techniques utilized, in the non-use of both natural and artificial fertilizers, in the failure to improve the breeds of plants and animals. In order to help his land maintain its fertility, the Indian farmer takes the way that requires least immediate capital but which in the long run is wasteful: he lets the land lie fallow. In 1930-31 nearly a fifth of the land under cultivation was current fallow; fields were taking rest to regain their natural fertility. [7] Even so, there are evidences that the quality of the Indian land is deteriorating under continued use without compensatory investment. Nearly all of the subcontinent has a tropical climate with alternating strong sunshine, torrential rains, and wind. This kind of climate is hard on cultivated soil.[8] Pasture land is overgrazed. Few forests are left. What saves the region from disaster is the fact that most of the erosion is taking place in the high Himalayan mountains, the silt of which is deposited in the heavily peopled river valleys. Yet the soil is in a depleted state.

> In spite of the increasing use of improved seeds, the yield per acre does not seem to improve permanently---It has been a common experience that after a few years the yield per acre from improved varieties begins to decline rapidly.[9]

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[6]The low average yields may also be due to the inclusion of more marginal land under cultivation than in the case of many other countries, but this again is an expression of India's poverty and the tendency to use land intead of capital.

[7]D. Ghosh, Pressure of Population and Economic Efficiency in India (New Delhi: Indian Council of World Affairs, 1936), p.29.

[8]See Wm.Vogt, Road to Survival (New York: Sloane, 1948), pp.225-226; and Sir Harold Glover, Soil Erosion, Oxford Pamphlets on Indian Affairs, No.23 (Bombay: Humphrey Milford, 1944).

[9]Ghosh, op.cit., p.46

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Table 3

INDICES OF COMPARATIVE YIELDS IN SIX CROPS, VARIOUS COUNTRIES (BRITISH INDIA = 100)

	Rice	Wheat	Barley	Maize	Potatoes	Cotton
British India	100	100	100	100	100	100
Siam	116/b	112/b	...	...	...	...
Egypt	241/c	...	...	...	...	500/c
China	293/c	152/c	...	...	...	...
Japan	256/b 277/c	180/b	...	...	...	...
Italy	337/b 361/c	154/b	...	...	...	...
United Kingdom	...	313/a	257/a	...	276/a	...
Australia	292/a	116/a 109/c	106/a	189/a	134/a	...
Canada	...	141/a 150/c	153/a	241/a	142/a	...
United States	155/a 161/b 181/c	140/a 133/b 131/c	131/a	230/a	146/a	167/c

a/ Figures marked with "a" indicate percentages calculated on the basis of data given in Baljit Singh, Population and Food Planning in India (Bombay: Hind Kitabs, 1947), p.59. The data were computed from the Statistical Year-Book of the League of Nations 1942-44 and refer to the year 1943-44.

b/Figures marked with "b" indicate percentages calculated from D.Ghosh, Pressure of Population and Economic Efficiency in India (New Delhi: Indian Council of World Affairs, 1936), p.29. The data on rice production refer to an average for the years 1931-32 to 1935-36, and those for wheat production to an average for the years 1924 to 1933.

c/Figures marked with "c" indicate percentages calculated on the basis of data given in P.C. Malhotra, "Agricultural Possibilities in India," Indian Journal of Economics, Vol.25 (April 1945), p.559. Malhotra took his data from a report of the Post-War Reconstruction Committee of the Government of India, entitled "The Technological Possibilities of Agricultural Development," by W. Burns.

Heavier-yielding varieties remove nutrients from the soil at a higher rate. Unless the soil is reinforced somehow, the net result is to reduce its fertility to the point where the new variety no longer yields a greater return than did the old variety.[10] In short, the productivity of the Indian soil cannot be increased without investing capital in the soil itself.

[10] Cf. Balgit Singh, Population and Food Planning in India (Bombay : Hind Kitabs, 1947), pp. 57-58.

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With per-acre productivity in a static condition, Indian agriculture cannot produce enough of a surplus to finance an exodus from agriculture. In countries that have made the fastest economic advance, a shift in the occupational structure has occurred. An increasing proportion of the people have found their living in manufacturing, transportation, merchandising, and professional services. This shift has enabled these countries, even when their exports remained agricultural, to experience a rapid growth of population without increasing the ratio of farm people to farm land. Hence there is today an inverse correlation between the density of agricultural workers on agricultural land and the per capita real income.[11] At the bottom of the scale are countries like India and Pakistan where, without any change in the occupational structure, the farm population has grown as fast as the general population[12] and where no corresponding expansion in the total supply of cultivated land has occurred. The inevitable result is an oversupply of farmers who are only partly employed, with a consequent tendency for per capita productivity to decline. Between 1920 and 1941 in British India the population grew by 27 percent while the net area sown increased by only 8 percent.[13] Some expansion of agricultural land is still possible in India and Pakistan by opening up remote areas (such as still exist in Assam) and by extending irrigation, but not at a rate that will match the growth of population. Because of deforestation, overgrazing, and water-logging from irrigation, future losses may almost equal future gains. In the meantime the rural villages have far more farmers than they need for efficient tillage.

The elimination of the surplus agricultural population would increase the per capita product without seriously reducing the total agricultural output. How big the surplus is depends on how much capitalization one assumes. Under present conditions of low capital investment, the surplus can be roughly estimated by assuming the average size holding to be one conveniently tillable by a farmer and his family, using one bullock team and one plow.[14] Let us say it is half again as great as the present holding. This would mean a one-third reduction in the population dependent on agriculture -- that is, in 1941, a withdrawal of something like 91 million people from farms over all of India. In the United States in 1940 the average per capita number of farm acres for the farming population was approximately 35, as compared with India's approximate 2. This suggests that the India-Pakistan area might, with a high degree of capitalization, do without some 200 million of its farm population.

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[11] Colin Clark, The Economics of 1960 (London: Macmillan, 1944), Chap. 4.

[12] B.G. Ghate, Changes in the Occupational Distribution of the Population, (Delhi: Manager of Publications, 1940), p.21.

[13] Much of this increase was at the expense of cultivable waste and fallow, for the total cultivable land increased by only 4 percent.

[14] The economic holding for an Indian farm family is discussed in G.B. Jathar and S.G. Beri, Indian Economics (London: Oxford University Press, 5th ed., 1937), pp.217-221.

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Since the average Indian farmer tills a plot too small to live on, he can accumulate no capital and is forced to borrow. Since his collateral is poor, he must borrow from a money-lender, who, perforce, must charge him high interest rates. The farmer borrows for non-productive purposes -- weddings, funerals, pilgrimages, litigation, and feasts -- because if he is to live socially as well as physically, he must find the money that his farm does not give him.

With a rising agricultural population on a limited area, agricultural land tends to increase in value. This means that proprietary rights become more valuable and that the possessors of these rights can get a return by letting someone else work the land. Everywhere in the Indian region there have been complaints against subinfeudation, or the multiplication of subtenancies. It is said that in Eastern Bengal "proprietary rights are quite commonly found seven and eight deep and in some cases 12, 15, or 17."[15] In many areas the ryot, the "legal peasant," has been transformed into a petty landlord or middleman. In zamindari areas the powerful landlord class has managed to increase its revenues from the tenants by exacting illegal rent through nazarana (payment in kind), begar (payment in labor), fines, fees, etc. It has also encouraged subletting by tenants. In spite of the exactions of the zamindars, the tenants' rights have been of sufficient value that they could sublet the land, and the subtenants could sublet it again. Nothing illustrates so clearly the bottom man's desperate necessity of finding some scrap of land on which to try to make a living.[16]

In short, the general picture in India and Pakistan is that of an oriental agricultural people long settled in its territory and exploiting that territory intensively but inefficiently. The most fertile areas are filled to capacity by peasants who, despite the soil's richness, barely eke out a livelihood. As the rural population has grown, plots have diminished in size, underemployment has become chronic, indebtedness has gripped the cultivator, and subinfeudation has increased. The poverty of the farmer means undercapitalization, and this in turn means low productivity.

Industrialization and Population

The agricultural situation, for which the Indians were not chiefly responsible, represents the bootstrap by which India and Pakistan must now

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[15] Radhakamal Mukerjee, "Land Tenures and Legislation" in Economic Problems of Modern India, Vol.1 (London: Macmillan, 1939), pp.237-38. Cf.C.G.Chevix-Trench, "The Rural Community" in Sir Edward Blunt (ed.), Social Service in India (London: His Majesty's Stationery Office, 1938), pp. 93-94.

[16] Theoretically, if landlordism led to the accumulation of capital in the hands of landlords and this in turn were expended on agricultural improvement and industrial expansion, subinfeudation would do no economic harm. But in practice it seems to lead to neglect of the land, because the landlord is short-sightedly interested in revenue for consumption purposes and the tenant has no incentive to improve someone else's property.

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pull themselves out of that situation. Both countries are in much the same boat. Much has been made of Pakistan's normal food surplus, but future population growth can easily absorb any food surplus that may now exist. East Bengal has long been one of India's most impoverished areas, just as the Punjab has long been one of its richest; the balance of the two does not give Pakistan a favorable point of departure. The Union of India has not been greatly changed by partition. Although she has lost part of her bread-basket, she has retained most of the industry and most of the industrial resources. Both nations must now accomplish a belated and herculean task of industrialization. They are feverishly planning for that task, are making some progress, and will surely eventually succeed, but in the meantime the obstacles are many.

A puzzling historical fact about India is that it was "the first of the oriental countries to feel the impact of industrialism"[17] and yet never completed the industrial revolution, whereas another oriental country, Japan, starting later and with fewer resources, did complete it. The reasons seem to lie in the nature of British control and in the character of Indian culture. But whatever they were, independence now finds both India and Pakistan with little industry in comparison to their large populations. This is true despite the fact that prior to partition industrialism was gradually moving ahead.

Evidences of past industrial growth are many. Despite foreign trade setbacks during the depression and World War II, the per capita volume of both imports and exports tended to rise. Also, the character of the imports and exports was changing. Manufactured goods played an increasing part in exports, a decreasing part in imports (Table 4). There was a large increase in the importation of machinery and chemicals required by industry.[18] Industrial production itself grew faster than population, as did cities and literacy.[19] Between 1920-21 and 1943-44 in India as a whole (excluding Burma) the output, by weight, of cotton piecegoods increased 223 percent, and of cotton yarn by 152 percent. Between 1920-21 and 1939-40 the number of textile looms (cotton, jute, and woollen mills combined) increased by 66 percent and the number of spindles by 47 percent. Iron ore production gained more than 300 percent after 1921. Almost any other index of economic activity, such as freight-car loadings, postal receipts, urban growth, will show the same upward trend.[20] The impetus behind industrialization is shown

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[17]Hubert Heaton, "Industrial Revolution," Encyclopedia of the Social Sciences, p.9.

[18]John Matthai, Tariffs and Industry, Oxford Pamphlets on Indian Affairs, No.20 (London: Oxford University Press, 1944), p.18.

[19]Kingsley Davis, "Demographic Fact and Policy in India" in Demographic Studies of Selected Areas of Rapid Growth (New York: Milbank Memorial Fund, 1944), pp. 52-53.

[20]Economic Advisor; Government of India, Statistical Summary of the Social and Economic Trends in India (Washington, D.C.: Government of India Information Services, 1945), pp. 15-17. See also Daniel H. Buchanan, Development of Capitalist Enterprise in India (New York: Macmillan, 1934), especially Chaps. 7-13; and P.S.Lokanathan, Industrialization, Oxford Pamphlets on Indian Affairs, No.10 (Bombay: Oxford University Press, 3rd ed., 1946).

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Table 4

COMPOSITION OF INDIAN EXPORTS AND IMPORTS /a

	Before World War I		After World War I		1940-41	
	Exports	Imports	Exports	Imports	Exports	Imports
Food, drink and tobacco	29%	15%	21%	20%	22%	15%
Raw materials	47	7	50	33	33	26
Manufactured articles /b	23	76	27	43	43	57
Miscellaneous	1	2	2	4	2	2
Totals	100%	100%	100%	100%	100%	100%

a/ General Motors India, Economic Survey of India (New York: 1945), p.115.

b/ Articles mainly or wholly manufactured.

by the "remarkable fact that while industrial production in most countries showed a heavy decline during the period of the great depression which started in 1929, the output of the principal industries in India showed a steady and, in some cases, a marked increase."[21]

Despite the transitory character of much Indian labor in the past, there is now growing up a settled working population in manufacturing cities like Jamshedpur, Madras, Nagpur, and Ahmedabad. This new stability has facilitated the growth of skills and a modern type of vertical social mobility.[22] It also appears, though on incomplete evidence, that the habit of industrial investment is growing among the Indian people.

The evidence appears clear that industrialization has moved ahead in India. Yet no one seems satisfied with the rate at which it has moved. This feeling arises from three considerations: First, the urgency is great. India and Pakistan need industrialization as badly as any countries in the world, and they need it quickly. Second, the potentialities of this region for industrial development are enormous, so that the actual performance seems tragically below what could be expected. And third, comparison with recently industrialized countries -- Japan, Russia, Australia, Argentina -- suggests that India's rate has been abnormally slow.

[21] Matthai, op.cit., pp.12-13.

[22] Tulsi Ram Sharma, Location of Industries in India (Bombay: Hind Kitabs, 1946), pp. 191-193.

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If India's population had not grown during her relatively long period of gradual industrial growth, the economic prospects of Pakistan and the Indian Union might now be brighter. Actually the population grew more slowly than it would have done with rapid industrialization (as comparison with industrial countries shows),[23] but its growth has borne a higher ratio to industrial growth than in most countries, and its period of growth has been prolonged. The same factors that retarded industrialization also kept fertility high, yet at least one of these factors -- a colonial economy -- also helped to reduce the mortality below what the actual industrialization would normally have reduced it to. As a consequence we find that the Union of India and, to a lesser degree, Pakistan are at the threshold of huge potential industrialization with a population possibly more crowded than that of any country of the past which subsequently achieved the industrial revolution.[24] This fact means not only that complete industrialization will be more difficult to achieve than it otherwise would have been, but also that when industrialization is achieved it will not raise the standard of living as much as it did in the Western industrial nations.[25]

How does population pressure obstruct industrialization? The question is not an easy one, but the following points seem relevant: (1) Population pressure tends to focus economic effort on consumption goods rather than production goods. The swollen masses are so deprived of immediate necessities that sheer maintenance becomes the dominant aim. As bare necessities are met, the population continues to grow and to require more necessities. This makes difficult the accumulation of an economic surplus for investment in long-run heavy industries, even though ultimately the heavy industries, if installed, would yield an enormously increased output of consumer goods. One concrete expression of this difficulty, as already noted, is that the ordinary individual is so near the subsistence point that he cannot save but must borrow for consumption purposes. Even when he can save, he often prefers a high liquidity to a modest return through investment. The business firm finds the demand for food and clothing so insistent that there is greater profit in immediately satisfying this demand with inefficient equipment than in making long-run expenditures on basic equipment. Finally, the government feels the same pressure; if democratic, it cannot ignore the sustenance needs of its citizens in order to build a heavy industry for the future.

(2) In a primarily agricultural country the means for industrialization have to be paid for by agriculture. An excess population, as we have seen, leads to agricultural inefficiency by producing underemployment, unproductive

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[23] Davis, "Demographic Fact and Policy in India," loc.cit., pp. 37-39.

[24] Japan is the only possible exception. At the beginning of its industrial expansion (say 1870) Japan, with approximately 35 million, had a density of about 235 per square mile. This is less than that in the Indian Union today, but the ratio of farm population to agricultural land was probably greater than in the latter country.

[25] Again Japan affords an illustration. She started with an initial handicap of high population density and continued to be plagued by population growth. As a consequence she had to use more ingenuity and control than Western countries have used in gaining growth in industrialization, and her people got less out of it.

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indebtedness, small holdings, low capitalization, subinfeudation, and low productivity. Being caught in this vicious circle, the crowded farm population is in no condition to furnish the economic surplus for building an industrial system, despite the fact that this system would help the farm situation more than anything else.

(3) Rural population pressure means that most of the land is devoted to food crops for sustenance rather than to commercial crops for the accumulation of an investment surplus. The country thus has few exports to pay for the importation of machinery, technicians, and other necessities of heavy industry. Also, it cannot compete successfully in world markets with other agricultural countries where the amount of land, of equipment, and of developed technique is much greater per worker. The situation reaches its ultimate futility when the food requirements become so great that the agricultural country becomes an importer of agricultural produce -- that is, when the total value of agricultural imports exceeds the total value of agricultural exports. This condition cannot be reached except through charity from the rest of the world. The Union of India has by no means reached this point and Pakistan certainly not, but the Union is an importer of food, which is a danger signal unless industrialization is hastened.

(4) In an overpopulated country labor is thought to be cheaper than machinery. "The results for the economy as a whole are poor; the low amount of capital employed per labourer reduces output per head and lowers national income, and the low wage, in its turn, reduces the efficiency of the worker, ..."[26] Mechanization is apparently fostered when labor is dear-- e.g. under frontier conditions, as in the United States, Argentina, and Australia-- not when labor is plentiful.

(5) A population whose growth is due to high fertility and a high but somewhat lower death rate, has several disadvantages. First, it wastes much energy in reproduction, because its women produce millions of babies each year who will die before reaching a productive age. Second, the high mortality of such a population--high, but not high enough to cancel the traditional birth rate--is necessarily associated with excessive morbidity, which tends to reduce the productivity per worker. And finally, as a result of both the high birth rate and the high death rate, this type of population is characterized by an unusual burden of young-age dependency. Comparing the 1941 age distribution of India (estimated on the basis of returns from certain provinces and states) with that of the United States for 1940, we discover the following fact: although the total Indian population was three times that of the United States, it had only the same number of people aged 65 and over, and approximately six times as many children aged 0-4.[27] The net result was that only 47 percent of the Indian people were in the most productive period of life (20-60), whereas 55 percent of the American people were in it. In the absence of a high living standard, an excessive proportion in the young ages means child labor, poor education, and less economic efficiency.

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[26] Ghosh, op. cit., p. 40.

[27] This was true in spite of the fact that there is much more underenumeration of children in India than in the United States.

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The preceding five paragraphs summarize what appear to be the main ways in which heavy density combined with potentially rapid population growth impedes industrialization.[28] Such a situation is not confined to India and Pakistan alone but is characteristic of several other areas as well. Particularly, there is a general drift in this direction in all of South Asia, primarily because this area has so long had a colonial economy. Our argument is not intended, however, to claim that population alone impedes industrialization. The demographic aspect is only one variable in a complex equilibrium; it is as much a consequence as a cause, nor is the argument intended to suggest that industrialization in India, Pakistan, or the rest of South Asia is impossible. In the case of India and Pakistan, we have already cited evidence that industrialization is on the way. Such industrialization will come, however, not <u>because</u> of India's dense and growing population but <u>in spite</u> of it. In fact, the question is not so much whether or not India and Pakistan will eventually become industrialized, but how soon. The quicker industrialization comes, the greater will be its long-run benefit. Even at highest speed it will probably tend to double the population. At a slower pace, it might triple the population. How fast the process of modernization can be accelerated depends on the role of India and Pakistan in the world economy, on the ruthlessness and effectiveness of the economic controls, and on the absence of political strife. It seems doubtful that the industrial revolution can be accomplished in time to stave off a population growth that will make the fruits of industrialism less beneficial than would otherwise be the case.

Population Policy

Any attempt to compensate indefinitely for perpetual population increase by using economic measures alone is bound to fail, because human beings live in a finite world. Unless the economic measures eventually cause the growth of population to decline-- that is, unless they eventually have a demographic effect --they will in the long run prove incapable of raising the level of living.

The question naturally arises as to whether a faster and greater rise in the level of living would be achieved if, along with economic measures, direct demographic policies were also adopted. In other words, should not a program of rapid industrialization be also accompanied by other measures designed to reduce the rate of population growth that normally accompanies industrialization?

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[28] A redundant and growing population is sometimes alleged to aid industrialization for two reasons: (a) it provides an abundance of cheap labor to man new industrial enterprises, and (b) it affords a large and expanding internal market that encourages heavy investment and therefore an increasing tempo of economic activity. While there is probably some validity in these contentions, it is nevertheless worth noting with reference to the first argument that a cheap labor supply is usually an inefficient one; and with reference to the second argument, that in a region such as the Indian subcontinent the growth of population is aggravating an already unfavorable situation. It tends to make the business outlook pessimistic rather than optimistic.

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In this matter there seem to be only two possibilities, neither of which will be adopted or pushed to the point of effectiveness. One is mass emigration, which is not feasible in the modern world. The other is birth control, which no government has yet found the courage to pursue in an all-out and effective manner. Ideally, in order to maximize real income, these demographic policies would be pursued along with rapid industrialization. Emigration would be encouraged with a view to losing as little as possible in terms of skills and capital and gaining as much as possible in terms of remittances. Birth control would be diffused with the help of films, radio, ambulatory clinics, and free services and materials; aided by research on both techniques of contraception and methods of mass persuasion; and linked clearly to the public health and child welfare movements.

The skillful and vigorous pursuit of all three major measures -- rapid industrialization, strategic emigration, and family limitation -- would probably mean that the demographic transition would be accomplished earlier than otherwise and thus make possible a higher standard of living for future generations.

Ironically, the one measure that has the best chance of being pushed is rapid industrialization, but not for demographic reasons. Both Pakistan and India will try hard to improve their economies without encouraging lower fertility or greater emigration. The irony comes from the fact that although economic change seems more acceptable than birth control measures because it interferes less with the mores, the truth is that any policy that would rapidly industrialize Pakistan and India would be a far greater shock to the basic social institutions than would any policy that attacked fertility directly. Fast industrialization would sweep both the ryot and the zamindar from their moorings, transforming them into workers in a collectivized, mechanized agriculture utterly foreign to their habits. The people would not undergo this transformation willingly. Judged by events in Russia, the cost of this transformation and of resistance to it would be tremendous in loss of human lives, loss of livestock, and loss of food production. Also, the existing industrial and business organization, with its vested interests, would have to be completely overhauled. Production schedules, prices, profits, wages, raw materials, location of industries, flow of capital, and mobility of labor would all have to be controlled. How otherwise could a retarded agricultural region be rapidly industrialized?

When, therefore, it is said that rapid industrialization is an easier policy than direct birth control, all that is meant is that the statement of policy is easier. It cannot mean that the execution is easier. In the execution of the policy, a program of forced industrialization would violate far more taboos and arouse more resistance than would the dissemination of birth control education and propaganda. This suggests that a good bit of the talk about rapid industrialization is just talk. It sounds good and elicits a favorable reaction. But whether enough official action will be taken to speed the industrial process beyond what ordinary capitalistic laissez-faire would bring is a moot question.

It seems likely the two countries will eventually succeed in industrializing, but because the obstacles are so great (including excessive population) they may not succeed until they have established totalitarian regimes, acquired almost completely planned economies, and experienced sharp temporary rises in mortality. After the economic revolution, be it fast or slow, the conditions of life for the individual should, as in Europe,

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North America, Australia, and Japan, be of such type as to give a powerful personal incentive for limiting births. A modern demographic balance should then be achieved. The ultimate population will likely be much larger than it would have been had a full-scale population policy been carried out in the first place.

Thus the effect of a full population policy would be not to prevent perpetual population growth (such growth is impossible anyway)but to balance the demographic books at an earlier time. Industrialization does not everywhere yield the same standard of living. The contrast between Japan and Europe, between Europe and America, suggests that real income in industrial countries is strongly influenced by the point at which demographic growth is stabilized with reference to resources. Even if the whole world becomes industrial, the countries with excessive numbers will still be penalized.

In short, if we look candidly at the probable future, we must admit that the demographic situation in Pakistan and India will get worse before it gets better. The current discrepancy between births and deaths which is causing the rapid population growth is artificial. Eventually the birth rate must drop or the death rate rise. Strife, famine, and epidemic disease are an ever-present threat in the Indian peninsula. They are capable of sending mortality suddenly back to its pre-modern level. With a high density in relation to developed resources and with the virtual impossibility of solving the problem quickly by sheer economic measures or by emigration, the two countries can achieve the maximum standard of living and national strength which their situation allows only if they control fertility by a specific program in that direction. The fact that they probably will not do this does not detract from its advisability. Their unwillingness will not necessarily result in perpetual poverty for their citizens or in absolute catastrophe. But it will result in greater poverty than would otherwise be the case.

What is said here about Pakistan and India applies substantially to the rest of South Asia, but with one important qualification. Omitting Java, the rest of the area has not yet reached the degree of population pressure that the Indian subcontinent is under. The poverty of these other areas is due primarily to other causes. It follows that, if extremely effective economic measures are undertaken soon enough, the population factor may be controlled before it becomes a formidable cause of stagnation in its own right. India, Pakistan, and Java should serve as warnings of what is in store for the rest of the region if a policy of drifting agriculturalism is pursued. Fortunately, the end of colonialism in the region may speed a change from such drifting agriculturalism, but perhaps not without political and economic disturbances of shocking dimensions.

DIRECTOR TALBOT: Thank you very much, Mr. Davis.

I am sure that no one can accuse us of having organized a conference that would avoid hard problems. May I make a comment or two before we begin our discussion.

In order to reduce overlapping as much as possible, I should appreciate your taking care to direct your comments to the subject of this round table session. We shall get to social and political discussions later.

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Some members of our group are officials of governmental agencies; for them and for everyone I want to say that the conditions of this discussion are: There are no members of the working press present, and there will be no report in the press of what is said at the round table sessions. A transcript of our discussion is being made but each individual will have the opportunity to edit his own remarks before they are published. So I ask all of you, the officials as well as the non-officials, to feel completely free to participate to the fullest extent in this discussion.

And now may I ask for your questions and observations on the papers given by Mr. Pelzer and Mr. Davis.

GENERAL DISCUSSION

MR. HAROLD ISAACS (Newsweek Magazine): I would like to ask both gentlemen, whether they think that taking India and Southeast Asia as a region means that we simply would multiply and accumulate those problems or whether we would thereby through the pooling of the problems possibly arrive at some channels that would ease their solution.

MR. DAVIS: It seems to me the answer is this: If there were any way that an economic integration of the area could be achieved, I think it would make much more sense. The great calamity of India in my opinion is the partition, simply because there are now two economic and political systems with their resultant difficulties and conflicts.

PROF. FRED EGGAN (University of Chicago): The splitting off of Burma had the effect of making one instead of two.

MR. PELZER: No doubt we are confronted by the fact that although in Southeast Asia the problems are very similar, historical and other factors have created sufficient differences so that I don't think one can work out a plan which would solve the problem in all of Southeast Asia. I think within an overall plan one would have to permit of sufficient variations to take care of the specific situation in the various parts of Southeast Asia.

PROF. BERT F. HOSELITZ (University of Chicago): I think that in order to intelligently approach the problem we might subdivide it in the following ways: First, I think, it becomes quite clear from the two papers that what is needed in the whole region is an importation of two things - capital and skills. Capital is easier to import than skills. Second, the question that arises in the whole region is the necessity of exporting people from where they are now, either into industry or into the other parts of the varicus countries. The population densities, especially if we had them subdivided by districts, would show great differences. For example, the outer parts of Indonesia are considerably much less densely populated than, let us say, India and Pakistan on the one hand or Java on the other. One of the questions we might possibly ask is whether the problem of migration within the area offers any solution whatsoever, and if it does, whether it is feasible socially and politically.

So the general question is: (1) What is the relationship of all the countries with the rest of the world as concerns importation of capital and skills, (2) what is the relationship with the rest of the world as far as concerns exportation of goods and people, and (3)what are the possibilities

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of readjustment within the area, either by means of trade or by means of migration?

PROF. EDWIN P. REUBENS (Cornell University): Mr. Chairman, this matter of establishing regional entities has a great vogue nowadays but there is serious question as to whether the region will be properly chosen or not. We have addressed ourselves to Southeast Asia which is one kind of nominal region, and to India-Pakistan which is another kind of nominal region. Now the question is whether it is possible to combine these into an economic unit.

If we ask ourselves what is a proper geographic area for regional integration, I would suggest that we inquire whether a regional organization is to be founded on similarity of its components or upon complementarity. It seems to me that the countries of Southeast Asia particularly are similar in the sense that they are mainly engaged in exporting mineral and agricultural products to the Western world, at least outside their own group of countries. India to a considerable extent is engaged in the same sort of thing. Both of these groups of countries import capital goods, various cheap manufactures and the more highly fabricated products, as well as investment capital and foreign technicians. It appears, then, that the countries of Southeast Asia are not complementary among themselves, and Pakistan closely resembles them. India as related to Southeast Asia shows some complementarity on certain foods and textiles, but by and large these countries too are similar. In fact, the similarity leads not merely to parallelism but often also to competition for the same market or source of supply. Therefore complementarity must be sought in larger spheres than these countries themselves. We must think of them in the world-wide network of trade. We must particularly think in this connection of the trading role of Japan.

MR. PELZER: And Australia. Japan, Australia and India are the three areas one can think of first when one thinks of this point of complementarity. I think India may develop very rapidly and change its economic structure. She has a great demand for food, and in order to pay for the food she may have to export at a rate which may not permit a raising of the consumption levels.

MR. REUBENS: One of the interesting implications of that is the fact that in the attempt to build a regional integration, which in itself might offer hope of raising the levels for everybody ultimately, it is probably necessary to impose various kinds of restraints on the level of consumption, and to require a uniform degree of "austerity" among the participant countries. This will raise further political difficulties in countries which are clamoring for raising the level of consumption. Particularly would that be true in the case of India.

PROF. T. W. SCHULTZ (University of Chicago): You may wish to examine the latent advantages of the regional grouping of the people of the countries, but the thesis you have just stated, it seems to me, is not valid. To foster this region as being self contained I think runs squarely against fact. The opposite is probably true and it will be necessary for this area to find its complementarity with other parts of the world.

This raises a question which has two or three aspects. One aspect I shall leave aside; that is, the sources of capital available from outside of this area. I would put the two remaining aspects as questions. The two

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questions are these: How are the people of these areas to acquire capital? Can they get loans from the outside in order to acquire capital goods, or will they have to propose an export surplus to acquire the capital goods from the outside? To acquire capital from the outside are they not very poor economic risks? In considering the political question you will have to face up to the question: Will they in order to acquire the capital they need, find it necessary to forego their national political independence?

It all comes back to this -- how important is it to push forward a bit by acquiring capital. How are you going to acquire capital externally in view of the unsettled political situation? Who will furnish capital from the outside, or must it actually be raised on paying-as-you-go bases by exports? Secondly, for a long time to come there will exist a high premium for developing enterprises which absorb a lot of labor, or to put it the other way around, which require little capital.

Mr. Pelzer has emphasized the development of forestry. Forestry in this context has a very low rating because forestry as an economic process requires relatively little labor whereas it involves considerable capital tied up for a long, long time. It is the kind of an enterprise that does not belong to this kind of a population. Should India proceed to grow wood for the world rather than letting the Finns, the Swedes, the Norwegians and Canadians do this? It simply does not make sense to import capital to grow wood in India!

Some enterprises in this region that have absorbed a lot of labor are playing out, for example, the growing of rubber. This is also true of fats and oils, and possibly of fiber and sisal. Where are the enterprises that can be taken on which will absorb a lot of labor relative to the amount of capital required? This query focuses upon the necessity under which people in the region find themselves. I don't see how they can escape it. It is dictated by their economic environment.

Mr. Chairman, I have formulated two questions: First, how are people in this region going to acquire capital? I might say that it is my own belief that for the most part additional capital is going to come by a further tightening of belts, which seems virtually inconceivable in view of the low standards of living. Second, which enterprises will be financed in view of the high premium on capital saving combinations in that region?

MR. DAVIS: Demographically, you translate this into higher mortality.

MR. PELZER: When I was thinking about my paper I realized that perhaps I was asked to give the first paper because I am a geographer and a geographer ought to know the facts, but geographers are usually not expected to give the answers....(Laughter)....I also noticed that this afternoon's session is devoted exactly to the problem Mr. Schultz raised. I was really in a dilemma. I tried to say something which might set the stage for a discussion without stealing the thunder from the speakers who are going to give the answers this afternoon.

With regard to your point on forestry, its slowness and so on, are you not impressed by the fact that oak forests in these latitudes may require 120 to 150 years to mature, and some other kinds of forest may take 180 years before you can get a return? But I had in mind something entirely different. I had in mind in the first place a tropical growth rate, and I have been

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impressed by the dimension of trees that one can cut after eight or ten years. In other words, I am concerned with the utilization of a resource which renews itself at a much faster rate than foresters in these latitudes are accustomed to. Furthermore, I had in mind the possibility of utilizing some of the fastest growing trees and I was trying to point out the fact that a spread of annual crops at the cost of rubber for example may be exactly the thing we do not want.

MR. SCHULTZ: Why?

MR. PELZER: Because we are dealing here with areas of high rainfall. In most instances, erosion is a terrific problem.

MR. SCHULTZ: But you have lots of labor to stop this.

MR. PELZER: That is the point: you do not have the labor in the areas where you have the bulk of the erosion. Where is the bulk of the rubber? Western Malaya, Western Borneo, large parts of Sumatra, Ceylon. But I for one think it might be a serious mistake to create in Sumatra or Western Malaya the population densities and abundance of labor that we have in Java. I think this was the basic weakness of the colonization scheme used by the Netherlands government in Sumatra, in which they created in Sumatra the very conditions that they were trying to cure in Java. I think to establish farm units of one hectare, or 2.471 acres, is the wrong approach to the problem of South Asia. Larger units are what we need, a larger return for labor, and the possibility of higher consumption in those newly developed areas, which in turn will give employment possibilities in the old areas from where the settlers had come. The effect on the Javanese economy of the creation of new settlement areas in Sumatra was quite marked. For example, exports of batiks, cigarettes, and other goods manufactured in Central Java rose very markedly.

MR. SCHULTZ: Your goal is excellent. To get the productivity per head up you have to provide more capital, and it would be fine if the same amount of capital per person were available as exists in Australia, New Zealand, Canada and the United States, but you have to begin and move through a series of processes at which at least at the outset and for decades you will have to operate with a much higher ratio of labor to capital. To bring in any technology which would not absorb labor would create an unbalanced and indefensible situation. All this is quite evident from what Kingsley Davis has said, namely that if you were to achieve a ratio of labor to capital that now exists in this country it would be necessary to transfer 200 million people now living in the agricultural sections of India into industry. If you put it that way it becomes in the short run fantastic. It seems to me that all the time you have to ask where are your jobs, your enterprises which will use a little more capital, a little better technology to get each of them to absorb a lot of labor in its own right?

PROF. QUINCY WRIGHT (University of Chicago): Mr. Chairman, I was impressed by the differential in the population density in these different areas. Kashmir, for instance, has a relatively small density, 49, and it is looked upon as an area of expansion. Suppose Kashmir is integrated with Pakistan or India. It may presently be just as badly off as they from the standpoint of population. One could raise the question whether Kashmir ought not to be saved from this sad fate. The policy of developing types

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of industries in Kashmir which could produce a livelihood for the four million people, raise them to a higher standard of living, and keep out the flodd of population that would tend to move in from the surrounding areas might be a good thing. I thought that was in Mr. Pelzer's suggestion, that perhaps some areas that were not quite as seriously affected by the large population as others ought to develop industries like forestry where they can maintain their population and at the same time keep other populations from coming in.

That raises the question that Mr. Hoselitz referred to about internal distribution of population. Instead of having the effect of elevating the standards of the entire area, might not a more equal distribution have the effect of lowering the standards of the entire area? There may be an argument for making dykes in this area against the distribution of population so that those sections within the entire area which are the best off will not presently be reduced to the general low standard.

Fundamentally, is not the problem that you have a potential of population increase which, no matter how much skill you develop or how much capital you introduce, can keep living down to the very lowest level of subsistence? Haven't you got to try to save those areas which are capable of being saved, first?

DIRECTOR TALBOT: May I ask whether Mr. Barr has a question?

MR. R. O. BARR (Standard-Vacuum Oil Company): On the question of India's capital - I speak only of India, because I speak from personal knowledge - I think Professor Sarkar will go along with me on the statement that India does not need capital; she has plenty of capital at the present time. What she needs is dollars, or foreign exchange, any way you choose to put it, and her problem is that she has to spend all her foreign exchange on her present food imports, which are estimated at six million tons for 1949, and that is where the money goes. Were it not for that she could import all the capital goods she needs. She does need know-how, and she is getting know-how as fast as she can. But the capital is there.

DIRECTOR TALBOT: We will carry on with that a bit later.

MR. DAVIS: On the migration question, I would agree perfectly that there is not much point in simply transferring people somewhere else to practice the same kind of life they have led where they were before. Moving people around in the region would not be of any great advantage, and might be a disadvantage not only in an economic sense but also in a political sense from the standpoint of creating new minority problems. But if I were in India, if I were thinking of an integrated population and economic policy, I think I would give some consideration to "strategic emigration." That strategic emigration would have some incompatibilities in it. It would be so organized that a maximum number of remittances would come from the emigrants while a minimum number of skills and a minimum amount of capital would be removed from India. It would not help much. I think this would be just a drop in the bucket to India's problem because it is such a big problem. In small countries, from a demographic point of view - in the case of Porto Rico - for example, emigration coming at a strategic moment may help the economy get over the hump so that once it gets started on the modern level then the demographic problem will really solve itself. For big countries, however, emigration cannot accomplish enough [illegible]

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PROF. BENOY SARKAR (Calcutta University): What you mean by "strategic emigration" has been taking place for the last thirty or forty years; as "internal colonization" it has been a feature of Indian economy. Even in big cities it occurs. Bengal has been receiving a very large number of people from the entire area of India, from Delhi and from Madras. So strategic emigration or what we call internal colonization is a reality.

MR. B. M. PIPLANI (Food and Agriculture Organization; Ministry of Agriculture, Government of India): Mr. Chairman, there are a few facts made by Prof. Kingsley Davis which I would like to question. Firstly, to start with Kashmir, I do not think it is at all a true statement to make that Kashmir is today the only unexploited area in India and Pakistan; in fact, the cultivable areas in Kashmir are relatively very small in proportion to the total area.

Then Professor Davis has forgotten that in India itself there are very large areas previously within Princely States which have undergone a process almost of complete integration. You must remember that the Princely States in the Union of India represent one-third in area of land, a fact which is not perhaps well known outside, and areas which have very vast potentialities of development as compared to the other provinces. It is in those areas that the government of India is likely to concentrate its future land reclamation programs and development of certain factories.

This was just to controvert the statement that Kashmir remains the only unexploited area and because of that, both the Dominions are anxious to have it.

MR. DAVIS: I feel morally confident that I did not say that Kashmir was the "only", but "one of the few remaining", unexploited areas, and if you want to put "relatively" there you can. After all, from a sheer density figure alone the story is pretty clear. Kashmir has a density a little bit greater than the United States; we know it is a mountainous area, it can not have much agricultural acreage. Therefore it is not a vacant or rich land at present, but it has potentialities.

MR. PIPLANI: I happen to belong to the area which is very near Kashmir; I am from the Indian Dominion. There are certain special demographic reasons for very low population pressure in Kashmir and the reasons are of a sociological character. Kashmir is an important place only from the point of view of earning some exchange from tourist traffic future, and so far as its going to one Dominion or the other is concerned, it is largely a question of politics - I mean we need not at all discuss it here - but from the economic point of view, in fact, Kashmir from every point of view is going to be a future liability to the Dominion, whichever way it goes.

MR. DAVIS: I dispute that. Not only do you have potentialities of water power there but you have mineral resources already which probably exceed those of Pakistan, at least West Pakistan. It is a pretty unexplored area geologically but there are indications of more coal than is to be found in Pakistan.

MR. SARKAR: Mr. Chairman, I should like to confine myself to these two papers. On the whole, both of these papers are with slight doses of optimism and I think this position can be substantiated.

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The indices, generally speaking, of the entire area are those of poverty as well as of social, cultural and political backwardness. The fundamental problem consists in trying to detect the indices of progress within the framework of poverty and backwardness. And perhaps, if we proceed from 1885 down to 1915, it is possible, decade by decade, or at least every thirty years, to detect slight improvements in the indices. These improvements are so small that for all practical purposes, especially from the standard and in an atmosphere like that of Chicago, these indices are likely to be overlooked. But in any case the indices of progress are there and it may be said at least that statistically they are mentionable, although factually, and from the standpoint of human values they are inconsiderable.

In regard to the paper of Professor Pelzer, I think his fundamental thesis of multiple attack on the problem of poverty is very acceptable. In regard to the question of fact, is the transition from subsistence economy to money economy to be regarded as an exclusive or peculiar feature of the South Asian region? I should think no. It is a universal phenomenon in the evolution from the mediaeval to the modern, down to 1850 and even 1870, in very many regions of Europe. In the second place, Professor Pelzer contrasts the subsistence economy with money economy. I should rather say that money economy ought to be contrasted with the barter economy, as is usually done, because money economy is really market economy. A subsistence economy might be contrasted really, if we are to be very precise and logical, with diversified economy for a subsistence economy is in reality equivalent to a domestic autarchic economy. In other words, I should not make any special case about the explanation of the poverty of Southeast Asia on the score of transition from subsistence economy to money economy, to use his language. In any case the emphasis on money-economy appears to be rather too monistic.

MR. PELZER: In the first place, I would not deny for a moment that the same development occurred in other parts of the world; that is, subsistence economy was of course the original type of economy in all parts of the world and so the fact that a subsistence economy is today still important in parts of Southeast Asia is no unique problem. What I tried to bring out was that a great many of the difficulties today are due to the fact that the modern situation was superimposed over an old structure. In Western Europe or in North America or other parts where a similar development has taken place the striking thing that has occurred are the changes in the structure. The system of production, the size of units, and so on, have undergone considerable changes, and these changes have made it possible for the people participating in the economy to benefit fully from the new possibilities. I think the problem in Southeast Asia is really one of a carry-over of ancient tools, practices and agricultural units into the modern day.

MR. PIPLANI: I have a very simple question to ask Professor Davis which I think is basic to the whole demographic study because it ignores something which is fundamental. How does the Indian net population growth rate compare to the same rate in this country today?

MR. DAVIS: Currently, the growth rate in this country is pretty high, but this does not mean much because on analysis of the births by order of birth one finds it is mainly first, second and third births that are contributing to a relatively high birth rate coming from a recently high marriage rate. So I would say that our gross reproduction rate - that is actually what present fertility trends are meaning - is considerably less than half that of India.

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MR. PIPLANI: My question has been misunderstood. I did not ask the reproduction rate. The reproduction rate in India is definitely far higher because the mortality rate is also far higher, but the net rate of population increase is about the same in both countries today. That is my basic point.

MR. DAVIS: You say it is a basic point. What does it mean now?

MR. PIPLANI: It means this: This country has been developed over a period of two centuries, largely with people that migrated from other continents; vast new areas, uninhabited, have been taken over; whereas in the demographic studies relating at least to countries in Southeast Asia this factor is ignored, that they are nations of two thousand years old, with continuous eking out of subsistence from the present land with no new opening of continents that have been experienced in other areas. In fact, the process has been the other way around, where larger political units have become smaller and smaller. It was that aspect that does not apparently come under proper appreciation in any demographic studies of areas like South Asia that I wanted to draw the attention of the group.

MR. DAVIS: I referred to India as an old area of neolithic culture where agriculture has been practiced for centuries. Her growth rate added to an old and dense settlement without much change in the basic economy creates her population problem.

MR. PIPLANI: My point is that any demographic study must consider the rate at which new lands are acquired and the rate at which the population growth goes on. One by itself just proves nothing. Nobody denies that the whole of South Asia is a miserably over-populated area as it stands today and the consequent low standard of living is true.

MR. SARKAR: I had not finished asking my questions on Professor Davis' paper. The density average is hardly to be treated as an economic phenomenon. To what extent is the density as a category which is purely mathematical to be treated necessarily as an index to prosperity or poverty? That is an important question not only as regards India, but for other countries as well.

MR. DAVIS: A "functional" density makes much more sense than an "average" density. An average density isn't worth much; but a functional density in a country with a high proportion of its population dependent on agriculture - the number of people in relation to the amount of land, which is their main instrument of production - is a meaningful figure.

MR. SARKAR: What I consider important is an intensive and diversified economic development in regard to every region, no matter whether the region appears to be autarchic in food supply or not. That should be a fundamental thesis in regard to the study of agriculture because the importation of food is not necessarily bad economics or a mark of adversity. The index of productivity has proven to be low. But isn't it a statistical reality that since 1885, no matter how low the indices of productivity, the productions have increased? Take rice, for instance. It is a fact that the productivity of rice in India is one of the lowest in the world, and countries like Italy and Spain exhibit the highest indices. But all the same, the output of rice in India has been on the increase.

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DIRECTOR TALBOT: I think Mr. Davis has already stated his position on economic development.

MR. SARKAR: From 1840 to 1910, the growth rate in every country of Europe was much higher than it ever has been in India. Even from 1920 to 1930 the growth rate of 10 percent for India - the highest recorded in India's shatistical history - is quite low by the European standard. Higher than 10 percent has been the experience of every country in Europe, (excluding France). The result is that the total rate of growth from, say, 1870 to 1880 down to 1930 in most of the countries of Europe has been much higher than the rate of growth in India. That is an actual fact, and therefore the rate of growth has to be studied for every region in a dynamic manner with respect to objective realities of the past few decades.

MR. DAVIS: It would be miraculous if the populations of India had grown as fast as Europe because in comparing growth rates you must have regard to the kind of economic, political and social conditions.

PROF. WERNER LEVI (University of Minnesota): I am wondering in all these discussions when we think about solutions to the problem if we have purposely left out the difficulty created by the mentality in all these areas. It seems to me no matter how much we ship out of that area or how many capital goods we ship in it is the cultural pattern that makes possible the use of machines. Even if these people are trained to know how to tighten a bolt, which so far most of them don't know, they may not want to use machines.

MR. PELZER: I think in many instances we have made museum pieces out of the people. I recall a very interesting conversation with Hadji Agus Salim. I wanted to know what he felt about the agrarian laws as they were developed in Indonesia in the last century, and his answer startled me. He said: "It was the worst thing that could happen to us to have those laws passed. Those laws made museum pieces out of us, and if those laws had not solidified the situation, we would be in an entirely different position today."

I don't agree with you that these people cannot tighten bolts; they can do a little bit more; as a matter of fact, I think the French and the Dutch have learned that Indonesians and people of Vietnam can handle machine-guns and other tools of modern warfare.

MR. SCHULTZ: We ought to take one useful building stone out of the exchange between Sarkar and Davis. Let me make my point by drawing upon Lattimore's recent book, The Situation in Asia. He compares America's industrial absolute level and the little gain that has been made by Russia in coming up to this absolute. He points out however that if you were to live along the long border of Russia and see the progress Russia has made against the static position of most of the people along the border outside of Russia and were to realize they do not know about the U.S. performance, the impressiveness of what has occurred in Russia can be understood.

I think, Mr. Davis, you and I might be missing what is really in a simple sense relevant when we make the comparison between the productivity of rice, say, in Russia and Texas and the productivity of rice in China.

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What Professor Sarkar is attempting to say, if people believe and if people were in fact during the next decade to achieve a 5 percent or 10 percent or 15 percent greater output per head, that achievement in itself would properly give rise to very hopeful expections in economic progress, and it is this little subtle change we have to find and make room for.

MR. DAVIS: That is what greatly bothers me because with this gradual change I think you will have an enormous increase of population, and I don't see how this area can take a doubling or tripling of its numbers. My feeling is that industrialization can do most good in ultimately raising the standard of living of the country if it comes rapidly. Obviously, any industrialization is going to raise living levels some or it could not take place, but to achieve the maximum standard it must come so fast that it reacts on the population and results in a lowered fertility very quickly. This to me raises some profound questions. It raises the question of available capital, and my feeling is that only by the most rigid controls over the economy can you raise sufficient capital in the country itself.

MR. SCHULTZ: You agree with Sarkar that small improvements may realize that?

MR. DAVIS: Sure! I visualize that ultimately this area is going through the industrial revolution, that it will have a balanced demography eventually, and the sole question is how long it takes.

MR. SCHULTZ: The disagreement is that little gain, the 10 percent rise.

MR. DAVIS: A 10 percent rise in the standard of living is nothing that can be dissipated, it will be there, but the question is this: When you have finished your industrialization have you had as much rise by the slow process as you would have had if you had done it quickly? I feel, and this is of course speculation, that you won't have as much rise.

MR. HOSELITZ: Rise of what?

MR. DAVIS: Standard of living, or per capita productivity, if you prefer. I don't think the pattern is the same in all industrial countries. Levels of living differ greatly in these countries. One strong factor is how many people the country finally has when it has completed its industrialization.

MR. SCHULTZ: I have a question, implied in what you are saying now. As you have studied the populations of that part of the world, do you see the bending of the population curves under the impact of industrialization as one has seen it in other parts of the world, or does it come slower?

MR. DAVIS: You mean a bending upwards? The growth rate has increased since 1918.

MR. PIPLANI: I would question that. Pardon me! Have you seen the United Nations' statistics on population growth in India?

MR. DAVIS: I am talking about a long period, but there is no evidence that fertility has seriously declined or mortality risen in many years. A 1951 census will very probably reveal a great increase of population since 1941.

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MR. SCHULTZ: Let me put it another way. Looking at the Japanese developments before the war, the population growth was similar to that of the U.K. at a certain stage in her industrialization. Is there a parallel to the impact of industrialization in parts of India as had occurred in Japan?

MR. DAVIS: I can't detect any tendency of industrialization in India to lower fertility yet. There has been some decline in mortality, and that gives me the feeling that the first stages of what has been in the past the enormous growth of population in the industrializing period is beginning in India now.

MR. SARKAR: That is quite right; that is the correct position.

MR. DAVIS: That to most of us is rather appalling because, to come back to my statement, with the possible exception of Japan which had some advantages at the time when it began its industrialization, this region has a far greater density of population in relation to its resources than other countries had at a similar stage of development. If you compare India's density with that of Europe at the beginning of industrialization there, the difference is very marked. Recently, the countries that have been developing most rapidly - Australia, Argentina, and Brazil - have been these with sparse populations.

DIRECTOR TALBOT: Mr. Holland.

MR. WILLIAM L. HOLLAND (Institute of Pacific Relations): I want to reenforce the point that the great contrast which we face in considering population problems of South Asia today and those of Western Europe is the absence in South Asia of "turn-around room," the margin in which to maneuver while long-term forces work themselves out. These countries, to use Tawney's expression, are "up to their neck in water." For that very reason I suggest that we have neglected here one of the qualitative aspects of the social changes which come about in improvements of agricultural technique and those improvements which come about through industrialization. In the industrial process you get in a much higher degree those changes in social attitudes and standards of values which in the long run produce the new set of "consumer preferences," if you want to call them that, which make people eventually decide it is better to have a bicycle or icebox or whatever it may be than a fourth child, however poorly defined those preferences may be in practice.

In most of these areas where habits (whether regarding size of families or concerning the social regard which is given to children) are very strong and deep-rooted in mores and tradition it seems to me that we need to do a great deal more than simply to provide cheap and suitable contraceptives. There must be far more than that. There must be a mobilization of psychological skills (such as we now put to good or bad effect in the advertising industry in this country) in order to give to the idea of small, healthy families the same kind of social prestige and esteem which by Asian tradition now is given to large families in disregard of the fact that very often three or four children die in infancy. To do that of course is an immense job, but unless that social and psychological aspect of the problem is kept in mind our analysis will go very far astray.

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I note here one rather ominous and striking fact. It is a strange piece of irony but on this one point it so happens that the official point of view on population and birth control which is held by the extreme traditionalist groups in, say, India or China happens to coincide pretty much with the view which is held by the Marxists for a totally different reason. In overall population policy there is a reluctance on the part of both of these important groups to face this problem in what I think is its stark reality. The Marxists dismiss the argument for contraceptions on the ground that it is a cover-up for capitalist propaganda; the traditional groups often say it is an argument put forward by Western imperialists to disguise ulterior motives. Moreover, the Western analysts have very often disregarded the extremely heavy needs for labor in Asian economic systems, largely agricultural. In such economies children are a necessity for the simple purpose of providing labor for operating even a small farm. One of the seldom recognized facts of the Chinese economic situation in recent years has been that the civil war has withdrawn immense quantities of able-bodied laborers from agriculture and probably produced an actual decline in agricultural productivity; although to our way of thinking such a transfer ought to have been in a sense an improvement. The fact is that until you achieve a psychological and technological and social change the mere reduction of numbers may not effect the kind of advance that we have been discussing here.

MR. SARKAR: Don't you think this psychological change has come in Europe and America as a result of the slow process of industrial development covering two or three generations? Don't you think therefore that the same kind is likely to develop in Asia, South Asia especially, after at least one generation?

MR. HOLLAND: Yes, I think it can, and we have seen that it can be speeded up as in the case of Japan despite heavy traditionalism. The big question is, is there time? It happens by the accident of history that in Asia which is already densely populated we do not have the time to allow for these long term developments to operate. There is a real need from the point of view of the world, as well as of the Asian countries, that the process be speeded up by the most drastic means.

DIRECTOR TALBOT: Mr. Holland has given us our signal: Is there time? I think before lunch there is just time for a comment by Mr. Furnivall.

MR. J. S. FURNIVALL (Adviser to the Government of the Union of Burma): I feel that I have very little to contribute. There are just one or two points that struck me in the course of these papers. I was rather surprised by some of the figures given by Mr. Davis, the poor yield of rice, for example, in India, and especially by the figure he gave for Siam - 938 lbs. per acre.

MR. DAVIS: I got those from D. Ghosh's book on Pressure of Population and Economic Efficiency in India.

MR. FURNIVALL: One point that has not been brought out in connection with the yield in places like Burma and Siam, especially in Burma, is that there is what you may call large-scale production. My impression is that the yield per acre of wheat in Canada is considerably lower than in England - I am open to correction on that point but that is my impression....

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MR. HOSELITZ: That is correct.

MR. FURNIVALL: ...and in comparing Siam and Spain or Burma and Spain you are making a very similar comparison between an area that has been rapidly brought under cultivation for export like the large areas of Canada, and a closely populated area where the conditions are entirely different. You have also another difference, that in places like Siam and Burma rice is the one crop over large areas while in countries like Spain it is only grown on places that are more or less suitable for it. It is competing with many other crops, so that if rice gave a lower yield in those countries it would not be cultivated at all.

MR. DAVIS: I agree with you that ideally we should take account of soil conditions and general cultivation conditions, etc.

MR. FURNIVALL: When you talk of low yield in India, rice is from many points of view such an important crop that it is cultivated on the poorest land, and, although the land may be potentially very fertile, rice is grown over large areas where the rainfall is fairly low and it is the low rainfall, I would suggest, that is largely responsible for the poor yield of rice in India.

There was one particular point Mr. Davis raised that came home to me very forcibly and that was the increase in the fallow area. I happened myself for three or four years to be responsible for the figures relating to the fallow area in Burma and they went up and up and up. What was happening was that new areas were brought onto the revenue map and any area that had once got onto the map remained there even if not cultivated again, so the growth in fallow was artificial.

MR. DAVIS: I did not mention it as increasing, I meant one year as to the large amount of fallow, but there has been much less expansion of agricultural land in India than in Burma.

MR. FURNIVALL: Another thing is that those statistics, especially in regard to the cultivable area, have to be taken with a very considerable degree of caution. My impression is that as regards land under revenue survey in Burma, apart from land classified as forest, everything except rivers and railways is classed as "cultivable."

There have been many suggestions this morning that the great cause of poverty in these areas is the increase of population in relation to the area of land available with a continual decrease in the area of holdings. But in the rice area of Burma the size of the holdings has gradually increased. In 1880 and 1890 they were 10 or 12 acres; now they are 30 or 40 acres. I imagine the same conditions apply to a considerable extent in Siam and possibly in Indochina, though I am not certain about Indochina. But the point is that that part of the world was brought under cultivation in relation to the export market. In other parts of Burma and in India as a whole the population had already taken shape before it came into contact, really, with the outside world.

You have got a very marked contrast in some parts of Burma. Arakan in the west of Burma came under British rule in 1826. In some parts of Arakan the holdings are very minute though probably one family owns several of these

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little plots all scattered about. That is because the land in such places was brought under cultivation before the opening of the export market. You have a similar condition in one of the richest areas in Burma, Kyaukse, which is the granary of Upper Burma; there again you have very small holdings. In general, however, holdings in Burma are not very small. But it appears to me that much too much weight is often attached to the size of holdings. In relation to the connection between population and poverty, I should be glad to believe that there had been an increase in the wealth of the people in Burma such as Dr. Sarkar has noted in India. But I know of no data to support such a view. The figures I do know tend in the other direction.

MR. DAVIS: How small would the average plot have to get for you to begin to worry about its size? It is down pretty low in India it seems to me. If that does not worry you, what would?

MR. FURNIVALL: That depends pretty largely on the use that is made of it. Within my own personal experience there was one plot of rice land of one or two acres that yielded 120 baskets and each basket 50 lbs., 6000 lbs. an acre. It was cultivated in turn by different members of the same family, and the other members, while awaiting their turn made money somewhere else; but just a few miles away you had a holding which was so large and so infrequently cultivated that no one knew the exact boundaries. Within twenty or thirty miles you have these extreme contrasts.

But the point I am particularly interested in is the emphasis that is usually laid on the size of population in relation to the area of holdings. It is suggested that poverty is due to the increase in population in comparison with the land available. Particularly in Java the Dutch say, "What can be done?". These people will go on increasing in numbers, but in Burma, where the increase in population is comparatively small in relation to Java and where the holding areas have been increasing, one also finds agricultural poverty. You have very similar problems arising in Burma with entirely different conditions of population. I quite agree that beyond certain limits the size of holdings must have some bearing on the problem of poverty, but I feel that a great deal too much attention is given to this one aspect of the problem. There are other aspects that I think will perhaps be more relevant this afternoon.

DIRECTOR TALBOT: Fine!

We will proceed to luncheon.

... The conference recessed at 12 o'clock noon ...

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

III

Round Table II: DEVELOPMENTAL ECONOMIC FACTORS

Thursday afternoon, May 26, 1949

Presiding: Phillips Talbot

MODERATOR TALBOT: The questions raised this morning were very closely related to the discussion this afternoon. To bring the whole subject of economic aspects of South Asian nationalism and regionalism into focus, let me start immediately by introducing Dr. B.M. Piplani, an official of the Food and Agriculture Organization and Deputy Secretary, Ministry of Agriculture, Government of India, who will read the first paper of this session. Dr. Piplani.

AGRICULTURAL AND INDUSTRIAL PLANS AND PROBLEMS IN SOUTH ASIA

B. M. Piplani

I am an officer of the Government of India seconded for the present to the Food and Agriculture Organization of the United Nations. The following analysis of agricultural and industrial plans in South Asia and the views expressed on their problems are my own and do not in any way represent the ideas or policy of my government or my present employers.

I. In spite of considerable differences in social institutions, economic conditions and political developments of the countries in this region, it is quite possible to analyze their development plans and discuss the major problems in an integrated manner. We must start with the basic prewar features of the economy of these countries:-

1. Malaya, Indo-China, Siam, Indonesia and the Philippines had a highly specialized foreign trade - tin, rubber, rice, tea, petroleum and sugar. They had an aggregate adverse balance of trade with Europe offset by an export surplus to U.S.A.

2. India, Pakistan, Burma and Ceylon was a large free trade area exporting chiefly jute, rice, oilseeks, tea, rubber, manganese ore, and hides and skins. Over 1/4 of its trade was with Europe with whom, alike with U.S.A., it had export surpluses.

3. Japanese trade - imports of raw materials and exports of consumer

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goods and small scale capital equipment - was an important element in the economic well being of these countries, and provided the basic balance in regional economy.

Except in India, Pakistan and Ceylon war destroyed a good deal of production equipment in agriculture, industry, and transport. But nearly everywhere equipment was over-worked, replacements had to be deferred, and import of production materials severely restricted. The conduct of the war also brought inflation all round. This has retarded recovery of production all over. The regional index of food production, textiles, and forest products for 1947-48 was 95, 71, and 68 respectively. The index of export trade is still lower - for India it is about 66. Imports generally exceed exports in the whole of the region, and excluding Philippines and Pakistan - former because of special U.S. grants - the region has a current deficit of about 1/4 billion dollars in the balance of payments, about half of it against U.S. transactions. Alone for maintaining life and avoiding starvation deaths, the region imported in 1947-48 about 2 million tons of cereals over and above its rice exports - the cost being some 1/2 billion dollars. This is something similar to the phenomenon that explains 40 percent of first years' Marshall aid to Europe being used in foodstuffs and fertilizers.

II. The reconstruction and development plans of the countries have to be examined in this background.

A. First with regard to the scope and nature of the specific projects:

1) In agriculture these countries have schemes for increasing the production of rice and cereals, oilseeks, fruits and vegetables. Some, although few, schemes cover tobacco, tea, silk and rubber. The specific projects cover irrigation including minor works in flow irrigation, and ground-water projects, drainage, land reclamation, fertilizer distribution and the development of indigenous manures, better seed varieties and improved tools and implements, control of crop and livestock diseases, improved transport, processing and storage.

A number of important points arise from the nature and scope of agricultural projects. Firstly, the agricultural plans relate almost exclusively to food production and ignore the international raw materials. Food production and distribution has, in view of large imports and the consequent effects on the balance of payments and national economy, been the most important question since the end of the war in India, Ceylon, Malaya, and the Philippines. In the rice exporting countries of Siam, Burma, Indo-China and to some extent Pakistan, rice production offers the most lucrative field because of high prevailing prices. Further with dwindling markets for raw materials like rubber and copra and the uncertainty about their future, countries like Ceylon and Malaya prefer, in spite of higher ultimate real costs, to increase local food production. Secondly, even in food production the plans are inadequate. In one of the publications of the FAO it was calculated that on the basis of a maximum energy value in calories per person per day an increase of 40 percent in per caput food supplies was necessary in underdeveloped countries. This is without taking into account the needs of the increasing population (at a minimum rate of 1 percent per annum). With about 85 million tons of rice and cereals production in the area the present plans, even if fully carried out will not raise the basic

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food grain production by more than 10 percent. Moreover, the deficiency in milk and meats, tuber crops and fruits and vegetables will continue to be as large as it is today. Finally, is the question of the effects of the above mentioned increase in food production on the rural and industrial sectors of the national economies. The per capita national income of countries in this region varies between $60-90 per annum. A ten percent increase in food production, even with the existing low standards of nutrition, can only be absorbed if real incomes in the area rise about 12-1/2 percent. This underlines the urgency of developing industries and agriculture simultaneously. In the absence of large capital equipments, industrial development cannot be carried out unless large labor force is freed from the land by the use of improved agricultural technique. From the point of view of some economic stability and of guaranteeing the basic industrial commodities of common day use, diversification of economic life, however limited in scope, is the only safeguard for failure in international arrangements in ensuring the disposal of the staples of world commerce. Judged on the basis of real costs this may be considered as a backward step. But unless common problems are resolved on an international basis it is difficult to envision any other alternative. Moreover, these developments are obviously of transitory nature necessitated by structural adjustments, and the benefits of international exchanges on an expanded basis should accrue in due course under different settings.

2) The industrial projects either cover the replacement of worn-out plants and equipment or envision the setting up of new production units. They include transportation, electric power, textile production, fertilizer manufacture, iron and steel, coal and other minerals. The smaller industries covered are sugar, glass, cement, paper, chemicals, tanneries, rubber goods, etc. The latest plans in India also include some advanced manufactures, e.g., machine tool, telephone manufacture, ship-building, manufacture of electrical machinery, pre-fabricated houses, and production of penicillin and sulpha drugs.

B. Now the magnitude of the finances involved to accomplish the projects. For the agricultural plans the information available shows that the total expenditure for the next 3-1/2 years will be about 3/4 to 1 billion dollars. Most of this will be incurred on local materials and resources. I estimate the extent of foreign equipment at 1/3 of the total. For the industrial plans the Industrial Working Party of the Economic Commission for Asia and the Far East made an estimate end of last year. Expenditure for industrial reconstruction and development for the next five years is likely to be some $7 billion, of this, foreign exchange requirements are $3.8 billion. These figures do not include costs of industrial plans in Siam and Pakistan. Making a rough allowance for them the total cost of agricultural and industrial plans in the South Asia area for the next five years can be taken at some $8.5 billion, with less than half of that being in terms of foreign currencies. This latter will be shared between the dollar, sterling, guilder and the franc.

III. Three separate sets of problems have to be considered in judging the feasibility of these plans:

The basic conditions of political stability and the soundness of socio-economic institutions.

The supply of technical and managerial ability.

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The supply of capital.

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Establishment of peace and the continuance of law and order under strong governments is the most urgent need in Indonesia, Indo-China, Burma and Malya. In the remaining countries the basic condition of political stability has been established. Above that, however, creation of the climatic conditions is necessary to provide local and foreign enterprise with sufficient incentive for new industrial ventures. In this connection recent socio-economic policy needs examination.

i) In some countries there was a tendency for a time to modify by legislation the ownership rights in land and some industries. On the whole, however, there has recently been a more realistic appreciation of economic needs. In industry and in central banking organization, the form, pace, and the limits of state ownership or regulation have been clarified or are in the process of clear definition. Policy regarding abolition of land-lordism, though accepted, is being followed gradually because of the need to ensure payment of adequate compensation.

ii) Heavy taxation imposed during the war by super-taxes, excess profits and capital gains taxes, and the limitation of dividends has affected the growth of industry and trade over the last couple of years. Latest budgets in India, Pakistan, Ceylon and Siam seem to appreciate this fact and due concessions have been made to private enterprise.

iii) Owing to a variety of reasons the labor force has been rather restive since the war. The wise and firm regulation of labor-owners relationship so far in most of the countries provides good ground for future optimism in this connection.

iv) Most of the countries have been battling against inflation. In the countries named above, through food distribution subsidies, general economic controls and import restrictions, prices have been prevented from rising further. But the urgent need is to increase agricultural and industrial production.

To conclude, socio-economic policy during the last 1-1/2 years has, on the whole, attempted to provide the essential conditions of confidence for private enterprise.

Regarding technical ability standards in agriculture, industry and transport are poor in comparison with Europe and this country. But there has been a considerable improvement since this war, and with extensive arrangements for technical training abroad chiefly under government scholarship schemes, further progress can be envisioned in the near future in raising general standards of technical efficiency. The problem of highly experienced technical experts at the top in different lines must be solved by direct government employment or by negotiations with the interested foreign firms. There has been a certain amount of confusion of thought in this country regarding the proposed application of Point 4. Some amount of technical advice is being furnished by the United Nations specialized agencies. Hundred times more, however, is being furnished concurrently by experts invited by governments to report or advise on specific projects. High level technical aid and development of projects under conditions satisfactory both to the aided country and the foreign enterprise are two facets of the same thing. This point has only recently been clarified for the first time by the U.S. Committee of the International Chamber of Commerce.

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Managerial ability to my mind is not much of a problem at this stage of economic development in most of these countries.

Lastly, capital supply. Total requirements for the next five years are $8-1/2 billion, more than half to come from internal resources. The projects which are mostly government schemes represent the basic minimum needed to prevent current standards of living from deteriorating. Available data on internal savings shows that throughout the area capital formation and investments during the last couple of years have been most inadequate. For one thing during the last 15 years, but particularly since the end of the war, large savings have been used for taking over foreign industrial assets (some $4-5 billion). Moreover, some $8 million dollars of national savings have been immobilised in sterling balances. Further, since the war most of the countries in this region have worked with very unfavorable terms of trade, though somewhat less so recently. For example one ton of foodgrains imported in India in 1938-39 was paid for by the export of 1/4 ton of jute manufactures or 100 lbs. of tea. Today it is necessary to export for it 1/3 ton of jute manufactures or about 300 lbs. of tea. These among other reasons explain the present state of internal savings. In spite of incentives recently offered and the efforts that are being made to encourage local capital formation and to canalize savings for developmental purposes, local savings are going to be inadequate for the magnitudes mentioned above leaving alone the financial requirements of an accelerated rate of development.

The position though serious is capable of a solution. Prewar flow of investments from Britain, France, and Holland ceased some 10 years ago. As mentioned above large funds in fact moved in the reverse direction. There is now some evidence of reflow of foreign investments into Ceylon, Pakistan, India, Malaya, Siam, and the Philippines. But it is chiefly the extent to which their sterling credits are made available during the next 2-3 years that will determine the pace of economic advance. Sterling balances which are their hard-earned savings during inflation, have been available since the war only at the rate of 1 percent per annum for developmental and reconstruction needs. With rapid progress in British recovery larger supplies of capital equipment have become available since mid-1948. Under the Sterling Group Agreement, Japanese industry is also making its contribution, though its scope is limited by the supply of raw materials. For certain projects of urgent nature, however, - perhaps up to $2-1/2 billion, physical equipment can only be obtained from this country. The problem thus narrows down to whether some arrangements can be made immediately between Britain, U.S.A., India, Pakistan and Ceylon whereby against sterling balances equivalent dollar funds could be made available for financing the required capital equipment. The mechanism could be something along the following lines. Sterling balances transferred to U.S.A. in payment of supplies will not be convertible for say a 5 year period. Part of the supplies could be supplied through the Japanese industry which will to some extent reduce SCAP's expenditure. Unless arrangements of this character are made quickly, there is a real danger of temporary trade measures undertaken to meet dollar balance of payment difficulties developing into permanently detrimental economic alignments all around. To take an example, India has during the last couple of months entered into bilateral trade agreements with Argentina, Belgium, France, Allied zone of Germany, Russia, Poland, Hungary, Czechoslovakia, Finland, Egypt, Siam and others. Now most of the import equipment negotiated is to overcome dollar payment difficulties. But manufacturing costs being generally higher in those countries, the terms of trade have moved further against

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ndia. What is the solution under these conditions when the choice for a country is either to reduce the pace of development or to pay a higher price in terms of real effort to attain some progress?

IV. My analysis so far has been confined to minimum governmental projects. The rate of development of this area will be much quicker and the whole picture different if flow of investments on private account begins on the basis of straight assurances given by more progressive of the younger nations regarding adequate arrangements for earning and transferring of profits as the normal reward of risks, and regarding orderly repatriation of capital if necessary at a later stage. Since the war, total world investments in foreign countries have been of the order of some $10 billion; 1/5 of it being from this country. With the end of the seller's market, fields for internal investments to maintain the current high levels of production are going to be restricted in the years to come. There is also the likely re-emergence of countries like Belgium, Switzerland, and Britain once again as creditor countries. It is to be hoped that in the interest of general economic expansion and international peace the next few years will see the resumption of the 19th century free international flow of capital.

MODERATOR TALBOT: Thank you, Dr. Piplani.

Dr. Piplani has come in spite of a grievous cold which might have kept him in bed or at home but for a sense of obligation to be with us.

The second paper this afternoon is to be read by Mr. Henry Brodie, Special Assistant to the Chief of the Division of Research for the Far East in the Department of State. Mr. Brodie will state the substance of his prepared paper on the post-war pattern of trade in South Asia.*

*The full text of this paper, including tables, is here reproduced. (Ed.)

POSTWAR PATTERN OF TRADE IN SOUTH ASIA

Henry Brodie

The extensive war damages, postwar economic maladjustments, and internal political disturbances that afflict most countries of South Asia[1] in varying degrees have brought about significant changes in the levels and direction of the foreign trade of the area as compared with before the war. The usual pattern of South Asia's foreign commerce has been affected further by Japan's reduced economic position in the Far East and to a lesser extent by the civil war in China. An additional element making for change has been the impaired economic capacity of continental Europe, which has cut South Asia off from traditional and important sources of imports. This paper attempts to examine statistically the over-all effects of these factors on South Asia's foreign trade.

[1] South Asia is defined to include India (including Pakistan), Burma, Ceylon, Indonesia, the Philippines, Malaya, Siam, and Indochina.

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For the purposes of this analysis South Asia's foreign trade is compared for 1947 and 1936, in value terms. Reasonably accurate statistics for 1948 are as yet available for only a few South Asia countries. Even the 1947 official trade returns for some countries are incomplete and the gaps had to be filled in by estimates. Accordingly, certain of the 1947 statistics presented in this study are only approximately correct. The year 1936 was selected as a fairly representative prewar year. By that time South Asia's trade had achieved a considerable measure of recovery from the depression lows and had more or less adjusted itself to the widespread currency depreciation of the 1930's as well as the various systems of empire preferences that were introduced during the first half of the decade.

1. Magnitude of South Asia's Foreign Trade

As a result of inflated prices, South Asia's total foreign trade in 1947 of $6.5 billion was more than twice the 1936 figure. [2] (See Appendix Table A). Imports of $3.6 billion in 1947 represented almost three times the value of imports in 1936, while exports of $2.9 billion were one and one-half times the prewar figure. India, to an even greater degree than before the war, dominated the trade of the region, accounting for more than 40 percent of the total. Malaya, the Philippines, and Ceylon followed India in that order of importance. Indonesia, which before the war had only slightly less trade than Malaya, ranked below Ceylon in 1947.

In real terms, however, South Asia's foreign trade in 1947 was substantially less than before the war. As a rough approximation it is estimated that the value of the area's 1947 trade expressed in 1936 prices was 70 percent of the 1936 figure. Exports were off more sharply than imports, equaling 58 percent of the prewar amount when expressed in 1936 prices. Imports in 1936 prices were 95 percent of the prewar figure. Estimated exports and imports of individual countries in 1947, expressed in 1936 prices, and the percentages that these estimates represent of the prewar amounts are as follows:

[2] The difference between the 1947 and 1936 values is magnified by the fact that in 1936 India and Burma were treated as a single trading unit.

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Country	Exports[a]		Imports[b]	
	Value (in 1,000,000 US $)	Percentage of 1936 Exports	Value (in 1,000,000 US $)	Percentage of 1936 Imports
Philippines	79	54	169	167
Indonesia	93	29	96	52
India	349	( ) 51	483	( ) 116
Burma	34		54	
Ceylon	115	122	96	119
Malaya	340	92	213	72
Siam	42	50	23	46
Indochina	26	25	46	73
	1,096		1,180	

From the above figures it is apparent that, with the exception of Ceylon and Malaya, all South Asia countries had considerably smaller quantities of exports in 1947 than in 1936. In the case of imports, only the Philippines, India (including Burma), and Ceylon showed larger volumes in 1947 than in 1936.

In 1947 South Asia had an over-all trade deficit of $675 million, in contrast to an export surplus of roughly the same amount in 1936. Much of the deficit was with the United States. Only Siam showed a positive balance of trade. Before the war all South Asia countries traditionally exported more than they imported. Their trade surpluses provided the means whereby they financed their invisible obligations to the metropolitan powers. In 1947, the Philippines financed its trade deficit out of US aid and other payments, while the other South Asia countries met their deficits by drawing on foreign exchange holdings or by means of contributions from the Western European metropolitan countries.

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[a]Derived by deflating 1947 export values by a unit value index of export prices computed for each country, except India, and designed to measure the relative price changes of its principal exports from 1936 to 1947. For India, the official index of the unit value of exports was used. Individual price relatives used in computing the indexes were weighted by 1947 quantities. Accordingly, to the extent that the composition of exports of some South Asia countries in 1947 differs from what it was in 1936, the indexes do not accurately measure over-all changes in the value of their exports.

[b]Derived by deflating 1947 import values for each country by the increase in India's unit value index of import prices between 1936 and 1947. India is the only South Asia country that computes a unit value import index, and it is believed that the index is reasonably representative for other countries of the area. Although food, which has had a relatively greater increase in price than most other imports except textiles, represented a greater proportion of India's imports in 1947 than of Burma's, Siam's, or Indochina's, this distortion is probably offset by the fact that the latter three countries had a larger proportion of textile imports than India. Textiles experienced roughly the same relative increase as food between 1936 and 1947.

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2. Geographic Distribution of Trade.

The geographic pattern of South Asia's foreign trade in 1947 shows marked differences from the prewar pattern. These differences are reflected primarily in South Asia's trade with other areas rather than in trade among South Asia countries themselves. As before the war, trade within South Asia represented only a small percentage of the total trade of the region; 16 percent in 1947 as against 17.5 percent in 1936. In 1947, 18 percent of South Asia's exports and 15 percent of its imports were intra-regional, as compared with 13 percent and 25 percent respectively in 1936. Even these percentages exaggerate the importance of trade among South Asia countries because they include considerable entrepot trade, particularly in rubber and tin through Malaya. It is apparent, therefore, that South Asia is not an integrated economic region in the same sense as the European Recovery Program countries, which before the war conducted 44 percent of their foreign trade among themselves. The percentages of their total trade that the individual countries conducted with other countries of South Asia in 1947 and in 1936 were as follows:

Country	Exports to other countries of South Asia as a Percentage of Total Exports		Imports from other countries of South Asia as a Percentage of Total Imports	
	1947	1936	1947	1936
Philippines	6	1	2	6
Indonesia	47	16	12	16
India	9	(8	7	(6
Burma	77	)	37	)
Ceylon	5	6	21	47
Malaya	19	15	38	62
Siam	51	63	18	30
Indochina	17	11	4	14

The percentages that exports with South Asia constituted of total exports for individual countries in 1947 ranged from a low of 5 percent in the case of Ceylon to a high of 77 percent for Burma. Countries with high ratios either were large rice exporters, such as Burma or Siam, or else had substantial re-exports through Malaya, like Indonesia. The percentages that imports within South Asia constituted of total imports for individual countries in 1947 varied from a low of 2 percent for the Philippines to 38 percent of Malaya. The high ratio for Malaya reflected large imports for re-export. The percentages for Burma and Ceylon were primarily a result of the fairly considerable imports of these countries from India.

The relatively limited amount of intra-regional trade results from the fact that exports of all countries in the area consist predominantly of raw materials and foodstuffs. Since South Asia has little industrial development, most of its raw material exports go to markets outside of the area. Exclusive of re-export traffic, trade within South Asia consists principally of rice shipment from the surplus areas of Burma, Siam, and Indochina to the rice and cereal deficit countries of Malaya, India, Ceylon, and Indonesia. The limited intra-regional trade in indigenous finished manufactures was represented by Indian exports of jute products and textile fabrics and manufactures.

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One of the most marked changes in South Asia's post war trade pattern has been the reduced role of Japan both as a market for exports and as a supplier of imports. In 1947 Japan took less than 1 percent of South Asia's exports, as compared with almost 10 percent in 1936. This decline reflected in part Japan's diminished need for South Asia's raw materials because of the low level of its industrial output and in part the inability of South Asia to supply Japan with needed foodstuffs and raw cotton on anything like the pre-war scale. On the import side, South Asia obtained only slightly more than 1 percent of the value of its imports from Japan in 1947 as compared with almost 15 percent in 1936. The decline in South Asia's imports from Japan was particularly marked in the case of textiles and to a lesser extent in capital and consumers' goods.

No less significant than the reduced importance of Japan in the foreign trade of South Asia since the war has been the increased importance of the United States. In 1947, 28 percent of South Asia's total trade was with the United States, as against 18 percent in 1936. All of this increase was accounted for by greater imports from the United States. In 1947, the United States supplied South Asia with more than 30 percent of its imports as against less than 10 percent in 1936. South Asia's imports from the United States would have been even larger than they were had not import controls been imposed to conserve dollar exchange. United States' inroads into South Asia markets were particularly marked in textiles and capital equipment, two major categories of imports for the area.

The relative importance of South Asia's trade with the United Kingdom in 1947 remained roughly the same as before the war, accounting for about one-fifth of the total. South Asia's trade with the Netherlands and France was somewhat less important than before the war, although Indonesia and Indochina traded with the metropolitan powers at roughly the prewar proportions.

3. Terms of Trade

In 1947, South Asia's terms of trade were less favorable than in 1936. As a rough approximation, it is estimated that the index of the terms of trade (ratio of the average unit value index of export prices to the average unit value index of import prices) for South Asia as a whole in 1947 was 87 (1936=100). In short, every dollar of exports from South Asia purchased 13 percent less imports in 1947 than in 1936. The terms of trade of individual countries differed widely from the average, as indicated by the estimates shown below:

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Country	(1) Index of Export Prices[a] (1936=100)	(2) Index of Import Prices[b] (1936=100)	(1) as a Percentage of (2)
Philippines	335	303	110
Indonesia	210	303	69
India	365	310	118
Burma	420	303	139
Ceylon	227	303	75
Malaya	180	303	59
Siam	288	303	95
Indochina	260	303	86

The terms of trade were most adverse for areas such as Malaya, Indonesia, and Indochina, the exports of which in 1947 consisted largely of rubber and/or tin, and for Ceylon, which exported principally tea and rubber. The average export price of rubber in 1947 was only 113 percent of the 1936 price; of tin, 162 percent of the 1936 price; and of tea, 227 percent of the 1936 price. Prices of such major imports as textiles and grains, however, were roughly 400 percent and 425 percent higher in 1947 than in 1936. The favorable terms of trade of the Philippines reflected the high world market prices for copra and abaca; of Burma, the high export prices for rice; and of India, inflated prices for jute.

4. Composition of Trade

a. Exports. A comparison of South Asia's exports in 1947 and 1936 (see Appendix Table B) shows only moderate changes in the relative importance of the principal categories of exports for the two years. In 1947, as in 1936, foodstuffs (including tobacco) and raw materials accounted for approximately 35 percent and 30 percent respectively of the value of all exports. Textiles (chiefly raw cotton and industrial fibers and products), which represented roughly one-quarter of the value of all exports in 1947, were slightly more important than before the war. In 1947, South Asia's exports showed even greater concentration on a relatively few commodities than before the war. Rice, tea, copra, rubber, ores and metals (chiefly tin), raw cotton, and industrial fiber and fiber products accounted for 70 percent of the total value of exports, as compared with 65 percent in 1936. For most South Asia countries, this dependence on a relatively few export products was greater than the over-all figures for the area indicate. In 1947, copra and abaca accounted for 84 percent of the value of Philippine exports; rice for 78 percent of the value of Burma's exports; tea and rubber, 96 percent of the value of Ceylon's exports; rice, rubber, and tin, 58 percent of the value of Siam's exports; and tea, hides and skins, raw cotton, and jute and jute manufactures, 64 percent of the value of India's exports.

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[a] See footnote a to tabulation on page 72

[b] See footnote b to tabulation on page 72 . The figure 303 is the arithmetic average of India's monthly import index of unit values for calendar year 1947; the figure 310, the same average for the period from April 1, 1947 to March 31, 1948. For Ceylon, trade statistics are for fiscal year 1948.

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i. Foodstuffs. A major change in the foodstuffs category in 1947 was the reduced relative importance or rice and cereal exports. Rice and cereals represented less than one-fifth of all exports of foodstuffs, as compared with more than one-quarter in 1936. This decline resulted primarily from the fact that, because of reduced production and increased domestic requirements, Burma, Siam, and Indochina, the rice surplus areas of South Asia, exported only about 1.3 million metric tons of rice (rice and paddy in terms of milled rice) in 1947 as compared with approximately 6 million metric tons before the war. The negligible value of sugar exports in 1947 as compared with 1936 resulted primarily from the sharp reduction of combined Philippine and Indonesian exports to about 10 percent of the 1936 amount. Tea exports in 1947 increased to one-third of the value of all exports of foodstuffs, largely as a result of the increased supplies available from Ceylon and India rather than favorable prices. The substantial relative and absolute increase in the value of copra exports in 1947 reflected in part the very favorable export prices (3¼ times 1936) and in part increased physical exports (10 percent above 1936).

ii. Raw Materials. Raw material exports in 1947 were distinguished chiefly by the substantial increase in the relative importance of rubber. The value of rubber exports in 1947 represented 64 percent of the value of all raw material exports, as compared with 46 percent in 1936. A 40 percent rise in the physical volume of exports of rubber largely accounted for its increased relative importance. Ores and metals, the next most important raw material exports, were much less important both absolutely and relatively in 1947 than in 1936, largely because of lower Indonesian and Malayan tin exports and reduced Philippine gold exports.

iii. Textiles. The substantial reduction in the absolute and relative importance of raw cotton exports was a major change in the 1947 textile export picture. The decline in raw cotton to 16 percent of the value of all textile exports in 1947, as compared with 40 percent in 1936, reflected the drop in Indian cotton exports. In 1947 India exported less than one-third of the 1936 amount of 3.3 million bales. Part of this reduction in exports was a result of increased consumption by Indian cotton mills, but even more important was the reduction in plantings of cotton for purposes of increasing food production. Industrial fibers and industrial fiber products (mostly Indian jute) accounted for 70 percent of all textile exports for 1947, as against less than 50 percent in 1936. The improved relative position of fiber exports reflected both very favorable export prices and relatively favorable export volume for jute.

iv. Other exports. The postwar decline in the absolute and relative importance of fuel exports was due largely to the limited recovery of the Indonesian petroleum industry. Exports of petroleum products from Indonesia in 1947 aggregated less than 800,000 metric tons, as against more than 5.5 million metric tons in 1936.

b. Imports. In 1947, as before the war, foodstuffs, capital goods, and textiles accounted for the bulk of South Asia's imports. (See Appendix Table B). Approximately 70 percent of the total value of imports fell into these three main categories in 1947, as compared with 62 percent in 1936. The most significant change in the over-all South Asian import picture was the increase in the relative importance of imports of foodstuffs. Foodstuffs represented 30 percent of the value of all imports in 1947, as against

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22 percent in 1936. As in the case of exports, numerous changes occurred in the relative importance of individual imports within the principal commodity groups.

i. Foodstuffs. The increased relative importance of foodstuff imports in 1947, as compared with before the war, was accounted for almost entirely by the expansion of rice, flour, and cereal imports. India, with net rice and cereal imports of more than 2.5 million metric tons in 1947 as compared with 1.3 million tons before the war, was responsible for most of this increase. The increased relative importance of imports of rice and cereals was reflected principally in a large increase in imports from outside South Asia. In 1947 South Asia derived 70 percent of its imports of rice, flour and cereals from sources outside South Asia, as compared with only 15 percent in 1936. Reduced production in the principal cereal-growing countries of South Asia and population increases accounted for this increase. Rice and cereal production of South Asia in 1947 was roughly 5 percent below the 1936-39 average, while the population had grown by about 10 percent.

South Asia's increased dependence on outside sources for foodstuffs in 1947 was reflected in a large expansion of imports from the United States. In 1947 South Asia derived 25 percent of the value of its food imports from the United States, as against 6 percent in 1936.

ii. Capital goods. Capital goods imports in 1947, as in 1936, accounted for roughly one-fifth of the total value of imports. As before the war, the United Kingdom was the principal source of South Asia's capital goods imports, supplying half of the total. The United States filled in most of the gap that resulted from the inability of Japan and Western Europe to supply capital equipment to their former markets in the area. In 1947 South Asia obtained 36 percent of its capital goods imports from the United States, as compared with 17 percent in 1936.

iii. Textiles. Textile imports represented about one-fifth of the total value of imports in 1947, as before the war. No significant changes occurred in the distribution of imports as between different types of textile products. Most important were the shifts in the sources of imports. In 1947 South Asia derived less than one-tenth of the value of its imports of textile fibers and manufactures from Japan, as against 50 percent in 1936. The reduced importance of Japan as a supplier of textiles was accompanied by a sharp increase in the importance of the United States. In 1947 South Asia obtained 40 percent of the value of its imports of textile manufactures from the United States, as compared with only 4 percent in 1936.

iv. Other imports. Imports of fuels, principally petroleum products, representing 6 percent of the value of all imports in 1947, were somewhat less important relatively than in 1936. However, South Asia was much more dependent on other regions for its fuel in 1947 than in 1936. In 1947, more than 80 percent of South Asia's imports of fuel came from outside of the area, as compared with only 40 percent in 1936.

The reduced role of Japan as a source of South Asia's imports is significantly marked in the case of other consumers' goods as well as textiles. In 1947, South Asia obtained only a negligible share of such consumers' goods from Japan, in contrast with 20 percent in 1936.

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5. Commodity Surpluses and Deficits

The most significant postwar change in South Asia's net trade position has been the area's shift from a food surplus to a food deficit area. Before the war South Asia not only was self-sufficient in the production of all essential foodstuffs but also had substantial export surpluses of rice and cereals, pulses, fats and oils, and sugar. In contrast, in 1947 it had a large rice and cereal deficit, a sugar deficit, and only a small pulse and oilseed surplus. The rice and cereal deficit alone accounted for more than half of the total trade deficit of the area. Only in the case of copra, tea, and vegetable and fish oils were South Asia's food surpluses equal to or greater in value than in 1936.

Whereas before the war South Asia's fuel exports and imports roughly balanced, in 1947 the area had a large fuel deficit. As in 1936, large export surpluses were shown for raw materials and a moderate over-all surplus for textiles, despite the usual large deficit for textile fabrics and manufactures. South Asia was a large deficit area for all types of consumer and capital goods in 1947 as in 1936.

6. Future Trade Patterns.

It is not the intention of this paper to give careful consideration to the question of future South Asia trade patterns. Nonetheless, certain broad generalizations can reasonably be made regarding the outlook for the area's trade, at least over the next few years.

The physical volume of South Asia's trade can be expected to show continued limited expansion above present levels. However, recovery of trade, particularly exports, to even prewar quantities will not be possibe as long as civil disorders inhibit production over much of the area. The indications are that South Asia will remain a rice and cereal deficit area unless major efforts are taken to step up output to compensate for population growth.

Certain significant postwar changes in the geographic distribution of South Asia's trade are likely to be of fairly long-run duration. While a gradual growth in South Asia's trade with Japan from the present low levels is to be expected, trade on the prewar scale appears unlikely for some time in the future. As long as South Asia is limited in its ability to supply Japan with needed foodstuffs, raw cotton, and petroleum products, the possibilities of expanding trade between the two areas necessarily are limited. South Asia's trade with the United States, particularly its imports, has already declined in relative importance from the postwar highs of 1947 and is likely to decline still further as Japan and other prewar suppliers expand their trade. However, it is reasonable to expect that the United States will retain a substantial share of its postwar gains in South Asia markets. Factors supporting these gains are the changes in the colonial and debtor status of much of South Asia and the competitive advantages that accrued to the United States as a result of its being able to exploit the markets of the area ahead of other sellers immediately after the war.

The prospects are that trade within South Asia will remain at existing relatively low levels until greater economic complementariness among the individual countries is achieved by increased industrialization in the area.

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APPENDIX

Table A. VALUE AND DIRECTION OF SOUTH ASIA'S TRADE, 1947 AND 1936[a]

(In 1,000,000 US dollars)

Country of Origin or Destination

Country	TOTAL		SOUTHERN ASIA		OTHER FAR EAST		JAPAN		UNITED STATES		UNITED KINGDOM		OTHER COUNTRIES	
	1947 Value	1936 Value	1947 Value	1936 Value	1947 Value	1936 Value	1947 Value	1936 Value	1947 Value	1936 Value	1947 Value	1936 Value	1947 Value	1936 Value
Philippines														
Exports	265.3	147.7	14.9	1.1	6.2	10.0	2.1	8.4	150.5	118.7	8.4	4.2	85.3	13.7
Imports	511.3	101.1	11.9	6.4	14.8	17.0	1.0	13.3	426.0	61.5	1.3	2.5	57.3	13.7
Net	-246.0	46.6	3.0	- 5.3	- 8.6	- 7.0	1.1	- 4.9	-275.5	57.2	7.1	1.7	28.0	0.0
Indonesia														
Exports	194.4[b]	346.7	91.3	56.6	4.7	36.1	1.7	19.4	23.9	61.5	3.3	17.6	71.2	174.9
Imports	290.9	181.7	34.8	28.6	45.1	56.1	22.8	48.4	116.8	14.0	22.9	14.3	71.3	68.7
Net	- 96.5	165.0	56.5	28.0	- 40.4	- 20.0	- 21.1	- 29.0	- 92.9	47.5	- 19.6	3.3	- 0.1	106.2
India [c]														
Exports	1,275.0	748.8	115.5	59.8	49.5	119.7	8.0	112.2	255.0	70.9	330.0	246.1	525.0	252.3
Imports	1,500.0	463.4	104.2	28.8	25.8	86.0	9.4	78.7	435.0	30.2	400.0	177.8	535.0	140.6
Net	-225.0	285.4	11.3	31.0	23.7	33.7	- 1.4	33.5	-180.0	40.7	- 70.0	68.3	- 10.0	111.7
Burma														
Exports	140.8		108.2		22.3		---		0.4		6.5		3.4	
Imports	162.6		59.9		3.2		6.1		4.4		75.2		19.9	
Net	- 21.8		48.3		19.1		- 6.1		- 4.0		- 68.7		- 16.5	
Ceylon														
Exports	259.6	94.0	12.5	5.8	33.4	2.0	0.1	0.7	36.3	14.9	93.2	45.1	84.2	26.2
Imports	290.4	80.4	60.4	38.0	44.8	9.3	1.9	5.2	34.0	1.8	51.0	17.0	100.2	14.3
Net	- 30.8	13.6	- 47.9	- 32.2	- 11.4	- 7.3	- 1.8	- 4.5	2.3	13.1	42.2	28.1	- 16.0	11.9

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Table A Continued
(In 1,000,000 US dollars)

Country	Country of Origin or Destination: TOTAL 1947 Value	TOTAL 1936 Value	SOUTHERN ASIA 1947 Value	SOUTHERN ASIA 1936 Value	OTHER FAR EAST 1947 Value	OTHER FAR EAST 1936 Value	JAPAN 1947 Value	JAPAN 1936 Value	UNITED STATES 1947 Value	UNITED STATES 1936 Value	UNITED KINGDOM 1947 Value	UNITED KINGDOM 1936 Value	OTHER COUNTRIES 1947 Value	OTHER COUNTRIES 1936 Value
Malaya														
Exports	612.5	364.1	115.2	54.0	34.9	30.3	6.8	27.0	207.6	171.4	98.5	31.3	156.3	77.1
Imports	646.8	294.7	243.5	181.5	98.3	35.5	3.2	18.9	65.6	5.4	131.7	44.7	107.7	27.6
Net	- 34.3	69.4	-128.3	-127.5	- 63.4	- 5.2	3.2	8.1	142.0	166.0	- 33.2	- 13.4	48.6	49.5
Siam														
Exports	120.0	83.7	61.8	53.2	27.4	15.0		2.3	22.7	6.3	2.1	1.8	6.0	13.4
Imports	70.0	50.0	12.7	15.2	31.3	21.8	7.0	12.8	15.2	1.8	7.4	5.1	3.4	6.1
Net	50.0	33.7	49.1	38.0	- 3.9	- 6.8	- 7.0	- 10.5	7.5	- 1.5	- 5.3	- 3.3	2.6	7.3
Indochina														
Exports	68.1	105.9	11.4	11.2	16.9	16.0	---	4.7	5.4	6.4	0.1	0.9	34.3	71.4
Imports	139.1	62.9	6.2	8.5	13.5	10.6	---	2.1	26.7	1.4	4.0	1.4	88.7	41.0
Net	- 71.0	43.0	5.2	2.7	3.4	5.4	---	2.6	- 21.3	5.0	- 3.9	- 0.5	- 54.4	30.4
Totals														
Exports	2,935.7	1,890.9	530.8	241.7	195.3	229.1	18.3	174.7	701.8	444.1	542.1	347.0	965.7	629.0
Imports	3,611.1	1,234.2	533.6	307.0	276.8	236.3	51.4	179.4	1,123.7	116.1	693.5	262.8	983.5	312.0
Net	- 675.4	656.7	- 2.8	- 65.3	- 81.5	- 7.2	- 33.1	- 4.7	-421.9	328.0	-151.4	84.2	- 17.8	317.0

a. The figures shown in this table for 1947 are based only partly on the official trade returns of individual countries. Because of certain obvious gaps in the official returns --i.e., India's food imports and Indonesia's rubber exports -- numerous adjustments in the official data were made largely on the basis of more reliable second country figures. Since these adjustments involved some element of guesswork, the figures in the table should be considered only approximate. All exports are on an f.o.b. basis, and all imports except those of the Philippines are on a c.i.f. basis. Exports include reexports. Bullion and specie transactions have been excluded as far as possible. Data are on a calendar year basis except for India and Burma. India statistics for 1936 cover the fiscal year ending March 31, 1937 and for 1947 the fiscal year ending March 31, 1948; Burma data are for the period from October 1, 1946 to September 30, 1947. Except in the case of Siam, official rates of exchange were used in converting local currencies to US dollars.

b. Includes estimated value of rubber shipped from non-Dutch-controlled territories to Malaya, which is not shown in official Indonesia export returns but is given in official Malayan import returns.

c. India statistics for 1936 include Burma. Imports for 1947 have been adjusted to take account of cereal imports not shown in official statistics.

d. Adjusted for discrepancy between free market and official rates of exchange for baht, which resulted in over-valuation of dollars and under-valuation of exports, and also because official statistics excluded known large shipments of rubber and tin.

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Table B. SOUTH ASIA'S EXPORTS, IMPORTS, AND NET TRADE POSITION BY PRINCIPAL COMMODITIES, 1947 AND 1936
(In 1,000,000 US dollars)

Commodity	Exports		Imports		Net Surplus or Deficit	
	1947	1936	1947	1936	1947	1936
Foodstuffs and Tobacco	**1,017.5**	**703.7**	**1,079.2**	**267.1**	**-61.7**	**436.6**
Rice, flours, and cereals	188.8	184.0	545.7	75.1	-356.9	108.9
Pulses, oilseeds	28.3	57.1	22.1	10.2	6.2	46.9
Vegetable and fish oils	58.3	42.7	19.1	7.4	39.2	35.3
Sugar	6.3	85.4	36.9	10.3	-30.6	75.1
Vegetables and fruits	23.7	9.5	65.2	20.7	-41.5	-11.2
Tobacco	35.1	35.1	84.7	23.6	-49.6	11.5
Alcoholic beverages	2.3	0.9	45.9	18.9	-43.6	-18.0
Tea	341.3	160.3	8.0	2.6	333.3	157.7
Copra	233.4	66.6	8.0	6.3	225.4	60.3
Miscellaneous	100.0	62.1	243.6	92.0	-143.6	-29.9
Raw Materials	**850.4**	**604.2**	**304.8**	**177.6**	**545.6**	**426.6**
Ores and metals	111.7	178.2	26.5	36.6	85.2	141.6
Chemicals	9.9	5.1	119.9	41.9	-110.0	-36.8
Rubber	544.3	280.5	87.3	56.9	457.0	223.6
Wood, lumber, pulp	20.6	20.1	17.1	7.0	3.5	13.1
Hides and skins	70.5	58.8	11.1	3.5	59.4	55.3
Fertilizers	2.7	13.5	24.3	11.5	-21.6	2.0
Miscellaneous	90.7	48.0	18.6	20.2	72.1	27.8
Capital Goods	**35.5**	**9.2**	**688.3**	**224.4**	**-652.8**	**-215.2**
Steel mill products	6.2	0.6	87.4	49.0	-81.2	-48.4
Other metal manufactures	1.9	2.0	67.6	18.3	-65.7	-16.3
Transport equipment	16.7	3.3	209.8	64.1	-193.1	-60.8
Machinery and motors	7.3	1.3	303.9	84.4	-296.6	-83.1
Building materials	3.4	2.0	19.6	8.6	-16.2	-6.6
Fuels	**43.3**	**94.0**	**210.1**	**96.8**	**-166.8**	**-2.8**
Petroleum and products	37.7	87.9	198.1	89.4	-160.4	-1.5
Coal	5.6	6.1	12.0	7.4	-6.4	-1.3
Consumers' Goods	**17.4**	**13.6**	**283.9**	**112.2**	**-266.5**	**-98.6**
Metalware	3.2	1.3	37.4	10.1	-34.2	-8.8
Soaps, cosmetics, drugs	10.8	9.7	88.6	27.6	-77.8	-17.9
Machines (clocks, radios, etc)	0.2	1.2	44.7	32.8	-44.5	-31.6
Paper	2.0	1.1	84.3	27.7	-82.3	-26.6
Glass and pottery	1.2	0.3	28.9	14.0	-27.7	-13.7
Textiles	**769.9**	**414.7**	**724.7**	**272.5**	**45.2**	**142.2**
Raw cotton and waste	119.7	167.5	100.2	24.0	19.5	143.5
Raw silk	0.3	0.2	4.8	4.0	-4.5	-3.8
Raw wool	9.6	12.0	9.6	2.2	---	9.8
Industrial fibers	129.6	88.8	4.0	6.9	125.6	81.9
Industrial fiber products	404.4	111.2	30.3	10.9	374.1	100.3
Clothing yarn	1.1	2.4	67.5	26.8	-66.4	-24.4
Fabrics and manufactures	105.2	32.6	508.3	197.7	-403.1	-165.1
Miscellaneous	**201.7**	**51.5**	**320.1**	**83.6**	**-118.4**	**-32.1**
TOTALS	**2,935.7**	**1,890.9**	**3,611.1**	**1,234.2**	**-675.4**	**656.7**

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GENERAL DISCUSSION

MODERATOR TALBOT: Thank you very much, Mr. Brodie.

Now we have had the problems laid out. We were started with a statement of the pressure of population coupled with basic poverty -- what was aptly described this morning as the lack of turn-around room. This afternoon we have been told of agricultural and industrial plans which, as at present organized, and if they go well, may just barely keep pace with the needs. Mr. Brodie turned to the trade situation, the change in colonial and debtor status, and the effects of order and disorder on economic relations.

Dr. Piplani struck a note which will doubtless be repeated in our discussions, a note of urgency. I suggest that we try to organize some general economic propositions by the end of the afternoon to carry with us to future sessions when we consider social and political factors.

Who has the first question?

MR. LEVI: What was the purpose behind your not mentioning Australia in this picture, Mr. Brodie? Australians themselves have very great hopes for arranging new and flourishing trade with Southeast Asia and with India. Of course they are small for the time being, but they hope to grow and to industrialize very greatly. I wonder if you thought it was insignificant or if you felt it does not belong here.

MR. BRODIE: I had not given it too much consideration but the possibilities of expanding this trade I believe are limited at least over the near future because of the difficulties that India is experiencing in raising the level of its exports. India now has a favorable world market for its products and can quite readily sell almost anything it can make available for export. The physical quantities of India's exports are now only 65 percent of prewar and until they can be stepped up the prospects of stimulating Indian trade with Australia or elsewhere for that matter are limited.

MR. LEVI: Would you foresee, at least as the Australians themselves hope, that the Australian industrialization will replace trade that had taken place before with Southeast Asian countries?

MR. BRODIE: That is a possibility, but a long-range one.

MR. N. S. GINSBURG (University of Chicago): On that very point, in 1936, if I remember correctly, 6 percent of Australia's overseas trade was with Southeast Asia. Even thirteen or fourteen years ago there was a great deal of concern about expanding Australian trade in that part of the world; it was believed also that Australia had the industrialization to handle demands for some manufactured goods in exchange for vegetable oils and petroleum and so on. I think the point made by Mr. Levi should not be glossed over.

MR. PELZER: Isn't Australia's great disadvantage that she is an exporter of agricultural commodities herself and she offers only a limited market for commodities coming out of Southeast Asia? She is obviously not going to buy sugar from Southeast Asia, or furnish a great rice market. Japan and Korea certainly offer greater possibilities for Southeast Asia than Australia does.

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MR. BRODIE: I would agree that the possibilities of expanding intra-Asiatic trade are much greater, particularly if Southeast Asia can step up its food production so as to meet the needs of major food deficit areas like India and Japan which since the war have had to draw on non-Far East sources for the bulk of their import requirements of cereals. India and Japan in return could supply Southeast Asia with needed industrial equipment and consumers goods.

MISS CORA DUBOIS (Department of State): Are you suggesting there a three-way picture of Australian surpluses to Japan and Japanese manufactured goods to Southeast Asia?

MR. BRODIE: No. Southeast Asia's food and raw materials to Japan and Japan's industrial equipment and other manufactures to Southeast Asia.

MR. LEVI: Certainly Mr. Pelzer's point is very important; nevertheless, the Australians already have established a considerable number of new industries. They say they have created forty comparatively new major industries, and that may open possibilities anyway in spite of the fact that, as you say both areas provide the same type of raw materials. Nevertheless, they have great hopes to replace, almost, Japan as the industrial country in that general area and that is why they are so opposed to the reconstruction of Japan along the lines we are pursuing in Japan.

MODERATOR TALBOT: Australian industrialization developed, did it not, out of the Eastern Supply Mission activities during the war?

MR. LEVI: Partly; and partly through transfer of industries from Great Britain to Australia, and partly through rather considerable investments of American firms in Australia. There are a large number of American firms that have established new industries in Australia, some of them I know of apparently with a view to taking Australia as a base for doing their trade in the Far East rather than from here direct.

MR. MILTON SACKS (Department of State): Both Mr. Brodie and Mr. Piplani have totaled up the figures for the whole area and treated them on an area basis, indicating certain patterns that emerge. However, I don't detect one of the problems that we are concerned with. What can be done on a regional basis with these trade patterns and further developmental schemes to deal with the area in question?

For example, price fluctuations and other economic problems were discussed this morning and now by Mr. Brodie. Is there anything which already established and emergent States can do, acting regionally, which will make possible better steps towards industrialization and the solution of some of their problems? It is one thing to add up the individual totals; it is another thing to discuss the problems from the viewpoint of what can be done collectively and on a regional basis.

MR. PIPLANI: My own feeling is that the question of developmental plans can be approached if you take two or three groups of countries within this region. Take, for example, a more or less co-ordinated group of the Indian subcontinent, Pakistan, Ceylon and India. As I pointed out in my paper, the future feasibility of their plans largely depends on how far and how quickly their blocked credits become available in order to enable them to

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finance the increased capital equipment, or if the blocked credits are not available what international financial machinery can be brought into motion whereby against those credits at least some accomodation is provided for. That will strictly apply to this group only, India, Pakistan and Ceylon.

On the other hand, take countries like Siam and the Philippines. My own feeling is that the degree to which the actual agricultural and industrial projects have been worked out could probably be explored a little further, more minutely. The amounts, as I have shown, are very small so far as these two countries are concerned; Siam and the Philippines could probably be covered under the Point Four arrangements as envisioned so far. This leaves a very important group of countries still further: Malaya, Indonesia, Burma, Indochina. I am afraid I am not in position to pronounce very much on the immediate developmental potentialities in those areas because there the problem to my mind is largely of political stability during the next couple of years. Unless the whole position clarifies I think it is futile to talk about the actual implementation of some paper plans or the feasibility of their financing and so on.

MR. ISAACS: Isn't it true, though, that the question of meeting these problems is directly related to political clarification in those areas? I was very much struck by the fact that both papers, instead of concentrating on the new situations which have been created, both appeared in different time perspectives to go backward. Mr. Brodie suggested that the necessity of the moment required returning to some of the patterns before the war. Returning Japan into prewar position is not something many of these countries in Southeast Asia would relish. Mr. Piplani, if I understood him correctly, saw a free flow of capital. He cited in that connection - and I assume he could only be talking about India - a return to policies in the matter of nationalization, landlord compensation and taxation which would permit the free flow of capital in the 19th century manner. He also went so far as to say that there are grounds for optimism on labor-management relations. I have just come back from a trip around the area and I failed to see any grounds for such optimism.

MR. BRODIE: I agree that what I am saying sounds very much as you interpret it but I believe my views are consistent with the realities of the situation. South Asia is probably going to have trouble mobilizing capital, either from domestic or foreign sources for development purposes and therefore should for the time being concentrate on those economic projects which will yield the largest and quickest return per unit of investment. If foreign capital on a considerable scale is forthcoming this pattern of investment can be changed; but in the case of India, for example - this was a point that I wanted to bring up this morning - I cannot see that country making much progress on the road to industrialization as long as it is a major food deficit area. I know of no country that has undertaken an effective program of industrialization starting on a large food deficit base and until India makes considerable progress in solving its present food problems I think it is unrealistic to talk of large-scale industrialization programs for the country,

MR. ISAACS: Isn't it a much larger problem in our thinking than going back to either 1936 or to the 19th century? It seems to me that all these problems, including the food deficit, require the multiple attack on the problem which was mentioned this morning. This seems to me to call for

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bolder and more heroic measures than we have heard about so far.

Prof. Jan O.M. BROEK (University of Minnesota): Until recently these areas have been largely dependencies. The baffling problem is now that they are, or are going to be, politically independent, but that their economic dependence is still there. The colonial powers have been severely criticized for what they have done or not done in South Asia, but practically all suggestions I have heard here regarding future economic development can be duplicated from enlightened proposals or actual policy of the colonial regimes in the past twenty years. I am thinking of the points raised by Mr. Pelzer this morning. For example, that the peasants should grow the crops and the Western enterprises should process them; whether that would bring a higher return to the peasants is doubtful, but it certainly is not a new idea. Then the question of capital resources. Of course capital is needed, but how are we going to provide it in new ways compared with the past? As to industrialization, it was tried in the past, perhaps not enough, but I cannot see a really new approach to this problem in the remarks made here thus far. The matter of migration has come up, but again the proposals contain nothing new. In short, it seems that the different political situation has not changed the fundamental economic problems one bit.

The great question is therefore: Can we think of new ways in which these now or presently independent countries can meet their problems in a different way than one which makes them practically as much dependent as before on foreign capital, foreign management, technology etc.? Frankly, I do not see such a new and entirely different solution. These countries -- at least Southeast Asia -- will remain for quite a time "dependent" in an economic sense, the question being on whom they will depend. From the Western point of view, we must obviously strive for creating a system of co-operation with the West.

MR. PIPLANI: I will try to answer that question. I think my thesis has not been properly understood. I have tried to show that since the beginning of the war these three countries at least, Pakistan, India and Ceylon, have accumulated very large credit balances outside. It is true that they are now separate political countries, but that fact by itself does not completely sever the old economic ties. The amount that is in my head for India, Pakistan and Ceylon is of the nature of $8 billion; it is an amount that would finance for the next five years all their needed foreign capital requirements from abroad.

MR. HOLLAND: Is it 99 percent in sterling?

MR. PIPLANI: It is all sterling. Besides that and as Mr. Brodie has mentioned, since 1936 for most of the countries from this area the export trade that has gone out has gone out at very unfavorable terms because of the inter-world price relationships. I do not think anybody has tried to estimate how much in terms of dollars those areas have lost; nor would there be any purpose to do any estimate of that character. But the fact does remain that for the last twelve years the whole area has traded with the world at very unfavorable conditions.

MR. SCHULTZ: May I interrupt there because we are putting this in different time sequences? Mr. Brodie in a sense has thrown us off, as your

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comment now may, if we don't think of it in its right timing. During the period when India acquired these large assets in sterling the terms of trade were highly favorable to India.

MR. PIPLANI: They were not. That is the whole point.

MR. SCHULTZ: Just a moment! The services and the products that were sold were largely agricultural. You see we have lived through a decade now when the manufacturing sectors of the world have been squeezed and during the war they found their terms of trade very adverse. There has been a transferring of income from urban to rural people - in Japan, within Great Britain, Germany, and within the United States.

MR. PIPLANI: I quite see the point that for a period of two or three years at the beginning of the war probably the terms of trade were not so favorable from the point of view of the sterling purchases, but there is in fact a good deal of evidence available in government reports; if I remember, on the basis of some questions in the Parliament an Inquiry Committee was appointed in the United Kingdom to inquire into the allegations that purchases - in India, Pakistan and Ceylon - that purchases were being made at exorbitant prices, and the report of that committee was completely against those allegations.

MR. SARKAR: With regard to the fair prices that were alleged to have been charged by India for goods delivered to England during the war, I happen to have a rather different view. Even the British committee which sat in judgment and which said that the prices charged by India were fair was perhaps more a political committee than economic. That is my impression, but of course I am here as elsewhere in the minority of one. Perhaps one would be justified in rejudging that whole problem, from the standpoint of international finance.

MR. SCHULTZ: I do not want to becloud this issue but I want to take the discussion now over to where it was when I interrupted. It seems to me that in considering the realities you have to see the shift in supply in the different parts of the world. It is true, the U.K. including Western Germany and Japan are coming into the production of many manufactured goods including capital goods, the volume is increasing at a very rapid rate. This has an implication to all the countries that want capital goods, and it seems to me, Mr. Brodie, you have to consider not only Japan but also the impact of the surplus of such products of the U.K. on Japan and of the total supply on the rest of the world. In this sense you may say that a buyer's market of capital goods is coming rapidly.

Then there is the question: Which are the countries that have surplus capital? Certainly the United States; it may be true also of Sweden. She may find ways of extending credits. At that point I do think we should not think any more of the region as a whole, we have got to think of the difference between India on the one hand, which it seems to me is a completely different situation than the countries in between and perhaps until you get to the Philippines. Isn't it true, taking the point of view that goes along with the loaning of capital, particularly if it is on private account, that India is almost a "perfect setup" to get capital from the outside? The government is "conservative"; it is trying to protect property rights, it looks like it is trying to hold labor in check. Whether

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you look at these developments as being either good or bad, they are an open invitation to capital. Isn't that almost as different as black is from white until you cross over and get back to the Philippines?

MR. PIPLANI: I think what you have said applies equally to India and Pakistan, not to Burma. Personally, I think Siam has also fairly favorable conditions for foreign investments.

MR. PELZER: The impact of the changes that Professor Schultz and Dr. Piplani were referring to may mean a great deal for the area in between, that is, Southeast Asia. We may see the development of a Grossraumwirtschaft. On the one hand you have Japan; on the other hand you have a rapidly industrializing India, competing at a rate greater than before for the raw materials and food surpluses of Southeast Asia. Europe for one reason or another may shift, and I think the indications are there, shift at a much faster rate than before toward Africa, and some American capital, too, seems to prefer the political climate of Africa and may want to keep out of Southeast Asia. But from a Southeast Asian point of view you have the chance of utilizing the marketing possibilities represented by an inner ring formed by Japan, Australia, and India; in the outer ring you have North America and Western Europe. I think a great deal will depend upon the political development in Southeast Asia. Development in Japan seems to be rather stable, development in India rather stable, but Southeast Asia is really the area in which a great many of these ideas will be fought out. I have the impression that because of the proximity of the area to Communist China part of the capital will not, in following Truman's Fourth Point, go into Southeast Asia but will go into Africa - Tanganyika, and so on.

MR. SCHULTZ: But go into India and Japan, by your own argument as you just put it.

MR. PELZER: One may put it this way: There are too many tropics. There is always the possibility of shifting if the price in one area is too high. If a certain area tries to hold up the world you promptly get a shift. Take the sisal monopoly of Yucatan in World War I; the answer was sisal production in East Africa and Sumatra. If Southeast Asia tries to hold up anybody, the answer on the part, let us say, of North American and Western European capital will be economic expansion in Africa.

MR. SOEDJATMOKO (Indonesian Delegation to the U.N. Security Council): I would like to take strong exception to Mr. Piplani's statement to the effect that what is needed in South Asia is a 19th century's free flow of capital. My remarks will also refer to Mr. Pelzer's reply to Mr. Isaacs' question.

It should not be forgotten that the flow of capital such as has happened in the 19th century and the function of capital in the social and economic structure of colonial Asia, while raising the total production in comparison with previous centuries, at the same time has brought about one of the worst aspects of colonialism.

Under the impetus of this flow of capital, protected and stimulated by the colonial government, the production was so organized that it resulted in an uneven distribution of the social wealth and national income. It was

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this organization of production that was one of the foundations of the colonial structure of which the colonial people have been the victim.

The fundamental problem faced by the Southeast Asian countries now is the raising of the general standard of living. Among the most important means to achieve that objective are industrialization, intensification and diversification of agricultural production, development of transportation and communications, and even distribution of population. In view of the heritage of a colonial structure, all this would have to be done within the framework of an active government policy of a just distribution of the social product, of social insurance and, in many cases, of a solution of the landlord problem. Fundamentally, all these problems are common to all the countries of Southern Asia. Therefore, it seems highly advisable if not imperative that the countries of Southeast Asia find a common approach in their efforts to overcome the difficulties of the present and the future and to avoid the danger of chaos and unnecessary competition as economic development progresses within the Southeast Asian region. On the other hand, the difficulties Western Europe has had in dealing with regional arrangements is a clear warning against the oversimplification of the problem of regionalism in Southeast Asia.

The accumulation of capital on the basis of internal savings will prove to be very difficult in view of the fact that the population lives on a bare margin of subsistence. The dependency, therefore, of this region upon foreign capital will probably continue to exist despite the transition from colonial status to political independence. Hence, the basic issue is to find a balance between the function and remuneration of foreign capital and the economic and social development of Southeast Asia.

In this concept, there can never be a 19th century free flow of capital because the function of capital and capital investment in the future will have a somewhat different character, although it continues to work on the basis of profits and reasonable compensation.

Capital in the production and development of Southeast Asia should be directed to those fields mapped out in the regional planning, with the ultimate objective of raising the standard of living of the people involved. Within these limits the conditions can be set forth which will make it conducive to foreign capital so that it will find a remunerative scope of operation.

I do not think that India could with a reasonable prospect of permanent success follow the direction as indicated by Mr. Piplani. It may very well prove to be impossible for any country in Southern Asia to set its economic pattern independently of other countries in that area, if harmful, competitive and disruptive tendencies are to be avoided. Political and economic stability in Southern Asia is one and indivisible. The conditions under which foreign capital will have to work will be set by the general political climate in that region. Transgression of the boundaties set by this political climate will inevitably create political instability and political opposition to the extent that foreign capital could not operate at all, to the detriment of all concerned. After all, it should not be overlooked that this question cannot be answered from theoretical considerations only, but that Southeast Asia is a political arena in the great changes in the world, and especially in the areas north of it, will make their influence felt.

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MODERATOR TALBOT: You are working on the theory that outside capital is required in Southeast Asia; that the countries of Southeast Asia will set the conditions on which that capital would be admitted.

MR. SOEDJATMOKO: They would have to set them in accordance with the general political temper in order to maintain their political stability.

MODERATOR TALBOT: Does that include the possibility that outside capital won't offer itself for that region?

MR. SOEDJATMOKO: Also taking that into consideration, although I have not here specifically dealt with what seems to be a reluctance of private capital, and maybe especially American private capital, to invest abroad.

MODERATOR TALBOT: Would that not require consideration of a certain amount of encouragement?

MR. SOEDJATMOKO: Certainly. That encouragement could be given on the part of the Southeast Asian countries, for instance, by commitments against overtaxation and partial convertability of profits. In the long run, this will be more beneficial to the interests of capital itself and of the highly developed countries from which the capital is derived. As development in the underdeveloped countries progresses, a larger volume of trade and exchange of goods can be expected between these areas and those countries already industrialized. Experience and history of industrialized countries has proved that trade between highly industrialized parts of the world does not decrease but increases although there is a shift in the kind of goods being exchanged by the countries. But it should be realized that such a balance of interests can only be worked out on the basis of a full recognition of the political temper prevailing in Southeast Asia. And certainly not on the basis of a 19th century free flow of capital.

MR. PIPLANI: In reply to this question, we in India have gone through that process for the last ten or fifteen years. The whole question of the foreign investments is obviously bound up with the question of national prestige and international politics. There are obviously very clear-cut phases in this question in any new, young nation which has just come to political independence. As I said, we have gone through that process and I am convinced more or less that as newer and younger independent units come out in Asia they also will go through the same process of evolution, because if there are going to be any responsible governments worth the name in those countries they will have to ponder hard on how to reconcile the needs of political independence and national prestige with the most imperative task of raising the standards of living, and some solution will have to be found somewhere in between. I have absolutely no doubt that as the other younger nations come up in stature and political maturity they will have to go through the same process of evolution.

MR. LEVI: I noticed this morning and now again once in a while the term of "regional" pops up because that is supposed to be our topic. All the regional organizations that I can think of offhand have been created as a result of outside political pressure and not primarily as a result of economic factors, and I am just asking whether there is any evidence in this whole region that the leaders or the peoples in Southeast Asia think at all in terms of regionalism because of economic reasons. I know they think of it as a reaction to political pressure, but it seems to me that economically speaking they are all thinking along their own lines

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and they are not thinking of the desirability or even possibility of economic regionalism.

MR. SCHULTZ: The group has all argued that there is a distinct loss if you force this into an economic regionalism, that the only motives are political. I think that was said this morning.

MR. LEVI: As the gentleman says, they have to offer a common inducement.

MR. SCHULTZ: It is political.

MR. LEVI: He talks about capital. You cannot separate the two.

MR. BRODIE: I think there is a basis for a somewhat broader type regionalism than we have been discussing. I refer to the sort of regionalism involving all of the Far East as Mr. Pelzer has brought out. We should allow for the possibility, as I previously stated, that only very limited foreign capital will flow to the Far East, that such capital will go principally to India and Japan, and that the basis does exist for developing considerable trade between India and Japan on the one hand and the rest of the Far East on the other hand, involving primarily the exchange of finished manufactures and capital equipment for foodstuffs and raw materials. This sort of arrangement will be disappointing to some of the countries of South Asia which have been entertaining ambitious industrialization schemes, but in view of the limitations of capital in the area it appears to me to be the first step in the direction of their gradually developing more diversified economies.

MR. SARKAR: I have a question for Mr. Brodie, a very elementary question. The modest picture that Mr. Brodie exhibits of the Southeast Asian economic potential agrees so much with my statistical interpretations that I want to know what he thinks of the two new transforming agents. First, to what extent you believe that Australia, which has assumed a part of the position that England used to have during wartime, to what extent is this position going to remain when England reverts to her position in the Southeast Asian market? The other question is about India. How do you appraise the present position of India as a supplier for finished manufactures, and, say, manufactures with Southeast Asia as an accomplice? These are considered to be two new transforming agents.

MR. BRODIE: If I understand your first question correctly, I would say that the position of the United Kingdom in South Asia markets does not appear to have changed very much; the United Kingdom has maintained this relative prewar position and may have improved it slightly.

On the second question, I can only say that India is a long way removed from becoming a great supplier of finished manufactures and industrial equipment.

MR. PELZER: Why do you say that?

MR. SCHULTZ: This ought to be challenged, though, the idea that India cannot pay for her food surplus by some of these light manufactures as Japan did. I don't see the basis for it.

MR. PIPLANI: Your own statistics will show that increasingly during the last ten years we have been importing more and more food just because we

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have been able to export more semi-manufactured commodities. Then there is another point which I think Mr. Brodie has ignored: Our program is a multiple program of combining the agricultural and the industrial development simultaneously. It is not only with a view to saving foreign exchange for import both of foods and industrial manufactures, in exchange for industrial manufactures, but also of meeting a large, and expanding internal market for industrial manufactures. The whole thing has to go side by side in order to be properly effective.

MR. PELZER: Great Britain, too, started her industrialization without being self-sufficient in grain.

MR. HOSELITZ: Oh no, Great Britain when she started in that industrialization was self-sufficient.

MR. BRODIE: It all depends entirely on the availability of capital.

MR. PIPLANI: You examine the development of our cotton textile industry and the import trade in textiles; you examine the amount of coal in India's export trade to Siam, to Burma, to Egypt now, to Finland, etc., some semi-manufactured goods, and all under the bilateral trade agreements that I have mentioned, and you will agree with me completely, and it is through that semi-processization that it has been possible for us to maintain life by importing those large quantities of food.

MR. BRODIE: But you have a terrible imbalance now because of the food problem. How are you going to solve it?

MR. PIPLANI: I don't know if you are aware of the very recent plans that by 1951 India is going to be self-sufficient in food grains. They are projects of land reclamation, fertilizer distribution, irrigation, and the very recent thing is the possibility for which a grant of $300,000 has been placed at the disposal of a special committee for the evolution of a synthetic cereal, they call it, which is actually this: a combination for the normal daily bread of certain quantities of ground-nut flour, of wheat and a certain amount of tapioca, a combination of that in order to grow more of the tuber crops like sweet potatoes and ground-nuts so as to save on wheat and barley and maize imports. I am just mentioning that for your information.

MR. ISAACS: I think there is an astonishing disproportion between the urgency and magnitude of the problems outlined this morning and the solutions that are being discussed now. Nationalism itself, which we are confronted with as a political phenomenon throughout the area, is essentially anachronistic and this is a major part of the problem. We heard this morning that a 5 percent increase in production in a decade was not going to help any. Certainly minor adjustments in trade balances between countries aren't going to help either. A bold new plan, in small letters and not in capitals, is obviously required. It does not seem to be present. We have yet to come to grips with the real need for the regional approach if we are to work out solutions capable of meeting the problems which have been outlined here.

MR. DAVIS: I was struck by the statement a moment ago about "weak governments" and the necessity of bolstering political stability. It strikes me that weak governments breed strong governments and perhaps we could get more clarification of an issue that seems to be coming to a head,

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and I think it is a fruitful issue, if we thought in terms of what is likely to happen independently of what we would like to have happen. Some people feel that the gradualism that is apparently favored by the two speakers, both of whom have heavy responsibility and in that situation are likely to be more gradualistic, does not look as though it is actually going to work, and I think it won't.

The next question concerns other alternatives. It seems to me that if gradualism does not work, a major amount of instability, catastrophe and disorganization in this area may result. This may prove precisely the situation in which strong governments with strong measures will emerge. Such strong governments may attempt to solve the capital deficiency by quite other means. In other words, I can well imagine that this whole area, if left alone by us, not necessarily left alone by others, will have dictatorial governments and that these may figure out ways of extremely rapid industrialization.

I would ask, for example, what has happened to the brave new plans of India, the Bombay Plan and the other plans, by which in fifteen years the standard of living would be doubled or tripled? It seems to me that what has happened is that when people got down to the details, they realized what such great plans would really mean if carried out. They would mean an economic, social and religious revolution. The people in power could not face it, and we cannot face it because that is not the way we are organized, but still I think it might occur.

MR. SACKS: I would like to comment on an earlier remark of Professor Broek's. He said, "You are going along the well trodden path that enlightened colonial policy tried to follow." It seems to me that enlightened colonial policy is to some extent responsible for the type of political crises we have now. If it had been adequate to meet the problems the present situation would not have arisen. However, past experience is important and I would like to raise some questions. Is there anything worth retaining from the experiences of prewar years when the colonial powers made available to the world market raw materials through combined boards - tin boards, rubber boards, etc? Is there not room for such collaboration between the emergent states to mitigate some of the difficulties that exist in the international sphere? Would it be easier for these countries, instead of developing on an individual basis the scientific plans necessary for a big bold advance in industry, in raising agricultural productivity, and so on, to co-operate with each other and expend their efforts jointly in view of their lack of facilities and available capital? Are there things that can be done, again envisaging this problem on a regional basis, which would not be possible if handled individually by the new national states, which a conference of this sort could point out as possible aids for dealing with the problems that they now have?

MR. HOLLAND: One of the few agencies who have tried to deal with it in a small way with inadequate powers is the Economic Commission for Asia and the Far East. One of the possible areas of common interest in which we expect some limited progress without running too much into vested interests is in the field of fisheries, which was formerly largely controlled by Japan, especially the off-shore fisheries. But even there when you get down to working out the details for each particular country you will find that the national special interests again operate in a very obvious way. One has only to

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stop and look at the well-meant efforts of UNRRA to supply a modern fishing fleet to China to see how what appears to be a beneficial program can be stymied by powerful vested interests.

When you get beyond that it would seem to me that the areas where maximum benefit could come from common action on the part of a number of countries here would be largely in the field of research and the elaboration of specific projects say, in the technical field, such as hydro-electric works, and certain types of crop improvement. It has always struck me in the past that South Asia has suffered from the amazing lack of contact and exchange of experience between the different colonial administrations. I suspect, however, that such interchange is not going to come very easily, but will need a great deal of pushing. That leads me to my final point: however distasteful the concept of an externally created economic regionalism may be, if we are looking at this problem in terms of trying to find the theoretical conditions under which maximum economic efficiency could be achieved I think you are almost driven back to the view that some form of "co-prosperity" under any new kind of label, is probably one of the answers.

MR. BROEK: I fully agree on this economic form of co-operation. What I would like to add is this: It was suggested a moment ago that politically this area is interested in closer regional relationships. It seems to me that economic co-operation may be the surest road to future political integration. I am not thinking here of South Asia as a whole, but of the peoples between India on the west and China on the north. There is a basis for social economic regionalism in this area of Southeast Asia, not in the sense of complementing each other's resources, but in having a number of problems in common. Collaboration, then, should start along functional lines, such as research on resource development, exchange of ideas and possibly agreements of transportation, trade, migration, public health, and education. By way of this functional approach a firm foundation can be laid for future political federation or whatever system appears desirable. Some form of political integration of Southeast Asia seems necessary if these countries are to have the collective strength to stand up against future pressures from larger and more advanced neighbors on the west and north.

Wishing for something does not mean that one actually believes that it will happen. I may add here that I personally am quite gloomy as to the future of Southeast Asia. The whole region is at present characterized by political instability, lack of domestic capital and native economic and technological leadership. Add to this the rising competition with other tropical areas and with synthetic materials, and you can see that Southeast Asia faces terrific problems. India seems to be in many ways in a more favorable position than Southeast Asia. If we speak of a new approach to the problem it would seem that for Southeast Asia the application of regionalism is the most promising.

MR. VANDENBOSCH: I have the impression that India is not developing an integrated economy. Since Indian agriculture produces so little, it has practically nothing to exchange for the goods which the cities produce. The cities are in India but not essentially of it economically, as some of the raw materials and even considerable amounts of their foodstuffs must be imported. Is not this social as well as economic imbalance?

MR. PIPLANI: I really don't know how to answer that question. Probably

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your criticism is quite applicable for the last couple of years. I do not know if Professor Schultz will agree with me on that but when he was in India I happened to be working as Under Secretary in the Food Ministry on this question of food imports. If one does analyze a little in detail the ultimate effects of food subsidization, then the conclusion is inescapable that it was largely for the benefit of the urban areas that some $60 millions a year have been expended in the form of subsidies; and probably from there to push further on to your argument that some kind of an imbalance has been created between the town development and the rural areas and as such becoming a sort of different life. But I am not quite sure, because the food subsidization policy since 1942-43 has had the major fundamental objective of keeping down inflation by trying to stabilize food costs as the basic factor in costs, cost of production in manufactures, and otherwise all around. So I am frankly not clear in my own mind. But my feeling is that, on the basis of the new sort of co-ordinated plans for agriculture and industry that are likely to be pushed forth in the next couple of years, the margin between different levels of life in the cities and the rural areas is bound to become smaller.

MR. SARKAR: As to these subsidy items in the Indian budget, during and since the war, I wanted to know of the Food Department specialist on what basis food shortage is calculated: on the nutritional minimum basis, or exactly what is the basis?

MR. PIPLANI: Oh no, Professor Sarkar, you have lived in the country and you have noticed how from month to month the ration scales are changed from one big city to the other, and how in fact the composition of that small quantity is changed in the light of the availability of stocks, stocks which come firstly from internal procurement and secondly from imports. There are absolutely no calculations in the Food Ministry so far as the optimum nutritional levels are concerned; there are some in the Agricultural Ministry which has done some planning from the production point of view, but they are all theoretical.

MR. WRIGHT: May I ask Mr. Piplani what the criteria were for determining the projects to which application of capital should be applied. He said that some $8 billion of capital expansion was contemplated. One would suppose that if you put capital into different things it would have a different social effect. This morning Mr. Holland called attention to the population problem and the need of creating a different psychological atmosphere if that problem were to be met. I wonder whether the consequences of one type of capital investment as against another in creating a new psychological and social atmosphere which might have a tendency to meet the population question has been thought of at all in determining where capital should be applied. For instance, I believe that you spoke of using some capital in diversifying agriculture, other capital in industry of one kind or another. I should think, if there is anything in the gradualistic approach, that it would urge making careful and accurate estimates as to what the social as well as the economic consequences of the various types of capital investment will be. Has that aspect been actually considered in determining the criteria for choosing the type of capital investments to make?

MR. PIPLANI: So far as the agricultural projects are considered I think I generally answered that question, that the projects that are immediately being contemplated by most governments have the aim of increasing the total

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food production by about 8-½ million tons, which is about 10 percent addition to the present production; but I think there is a certain amount of misunderstanding on the sociological effects of that amount of investment. It is not realized that the $8 billions that I have cited both for agricultural and industrial projects forms a small fraction of the total capital equipment already working in those areas. It is a very important fact to get hold of. I cannot give any estimate but in India, Ceylon, Pakistan, the Philippines, Siam, and so on, there are huge transportation services, there are these types of industries: cement, cotton, oil, steel, chemicals, ship building, assembling, sugar, and oilmills, etc. People don't realize that these areas already are more or less semi-developed areas, that there is vast industrial, agricultural, transport equipment already keeping common life up somehow. Part of these $8 billions are in fact for replacement of the worn-out equipment during the war for which no replacements were made. Professor Schultz knows how we worked the whole Indian railway system almost to death in the interests of food distribution from 1943 onwards.

We have been able now to gradually start manufacturing the wagons inside the country. We have been placing orders for locomotives in the United States and Canada since 1943, and a part of the first consignment has just recently come. That story applies to additional cotton textile equipment, to tractors, to crawlers, to tube wells, boring machinery, to ammonium-sulphate for fertilizers, to setting up a penicillin plant for the health of the workers, and so on.

So I am talking a little too bluntly, shall I say, but it is not sufficiently realized that $8 billion will be a small fraction of the total capital equipment already working in that area.

MR. WRIGHT: But the general direction may influence the later social development of the country. If you put capital into agriculture wouldn't it be likely to stimulate the growth of the agricultural population and cause you to be just as badly off as you were before? On the other hand, if you put it into industry, might not that tend toward urbanization, followed by the usual effect of decreasing the rate of population growth? That is the kind of problem I had in mind; whether it would be better to put capital into industry than into agriculture.

MR. ISAACS: May I supplement that? It was said to me in India recently that regarding the capital they hoped to get from the United States the major question would be how that capital was secured and how administered. Would it be private capital moving thorugh the private capitalist combines in India, which would have one effect on the social-political-labor picture; or would it be government-to-government projects, with a different set of consequences in terms of labor organization and labor reaction?

I think we have been giving India a little too much credit for being too stabilized in its social relations when, actually it is uncrystallized to a large degree. The fact that India was more developed industrially and therefore had a class of industrialists of some size and power, and that they have at this moment taken over the reins of power in India, does not mean that the solution of social problems in India is taken care of. Quite the contrary. I think we have a long history of turmoil ahead of us which will be influenced precisely by such questions as this.

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MR. PIPLANI: I think a part of that I have answered in my paper when I said that the plans which I have mentioned and the magnitude of finances of which I have made a description are strictly governmental plans, and in the last paragraph I went over to the other question of foreign private investment. I am not prepared to accept the statement saying that the larger industrial interests happen to be the present government in power. If Mr. Isaacs has at all studied the history of the Indian political movement under the Congress I think he would not have made that statement. I don't think I should say anything more than that because it is not economics, it is largely politics.

Professor Davis ventured in the realm of prophecy on which I have no basis to talk, but I would like to tell him that so far as I personally am concerned I am not interested in that gradualness the way he has described it, but I can tell him that India is at the moment manned by a vast administrative civil service and the majority of them derive their ideologies from Hinduism, which we are not ashamed to confess is conservative in philosophy. We hold to that conservative philosophy.

MR. SCHULTZ: I want to pick up Professor Wright's question and commant and tie it back to the answer that the speaker gave. To get perspective in India one can draw a great deal from the history of Great Britain. If I were to venture a guess on India for the near future it would be that they are moving into a period which has been characterized sometimes in speaking of Great Britain as the "Hungry Forties"; and due to the way they are going to acquire capital - this bears on the question of Professor Wright -- India is embarked on a policy right now of accumulating a great deal of capital inside, despite the poverty of India, and it is going to come out of the rank-and-file's standard of living, actually, and the amount they will save is likely to amaze some of us.

MR. PIPLANI: Particularly Professor Davis.

MR. SCHULTZ: It can only be done by a strong central government, and that is the form of government that is emerging in India.

My guess is that the capital that is thus acquired, whether it is used outside to buy goods or the capital that is formed inside, will contribute increasingly to industry and not be used within agriculture. India is entering a period like that when Britain was hungry and formed so much capital, looking back, we are prone to say all too fast. India by its own volition and decision is deciding to save a very great deal despite the low standard of living. India is not going to use this new capital to buy or produce more food but will gradually shift, toward industrial kind of equipment. This is really what seems to be ahead for India in the next five, seven or ten years.

MR. LEWIS M. PURNELL (Department of State): Does Mr. Piplani think that the force of Hinduism is sufficient in the present philosophy of the peasant mind to eliminate the desire for the elimination of the landlord?

MR. PIPLANI: When I made that remark in a rather outspoken way I did not mean that the Hindu conservatism is completely blind to the realistic state of affairs; basically that philosophy is there but it is adjusted in parts, as and when needed, in the light of political and economic circumstances. If it does not, it forms

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are being planned and envisioned as and when necessary in various directions.

MR. HOSELITZ: We have been talking about industrialization and I am afraid we have been talking about it a little glibly. Some of our friends also have been talking about the industrialization potential. Mr. Davis gave figures of rural population (I think it was 87% in India and 93% in Pakistan). Certainly on the basis of such figures, and although India has a certain familiarity with capital equipment you cannot say that it is an industrial nation. India has a transport and communications system but India is certainly not industrialized, and the others still less.

Are we to expect a repetition of the "Hungry Forties" in India? England was hungry from the 1790's onward, and certainly to the 1860's and the hunger of the 1840's was only slightly greater than in the other periods. There is no doubt that the process of industrialization in a country like England was attained at the expense of human welfare and human sacrifices of a considerable number of English people. The same is true of other countries that were in substantial measure agricultural; because a shift from an economy which is predominantly agricultural to one that is predominantly industrial requires sacrifices of a large part of the population, and especially on that part of the population which has the least power and which has the least reserves to bear them. Thus industrialization is a major event in the history of any country.

Since it is such a major event, since it imposes on a nation such terrific sacrifices, sacrifices which are much larger even than a great war, it must be performed with the help of some tremendously powerful ideals, needs, driving motives. In England the stimulus was given by powerful moral, economic and political interests. In countries which industrialized after England, for example, Germany, there were powerful forces of nationalism, similarly in Japan, and in the Soviet Union today. Look at the type of propaganda and the kind of effort that in the Soviet Union is used to attain a speeded-up industrialization program. It imposes sacrifices on almost all people which we would not want to bear ourselves.

When Mr. Davis talks about the need for India to industrialize faster, I answer that what the Indians have to do in order to industrialize fast is to use political and social-psychological methods similar to those used by the Russians now. I wonder whether India can do it under any government - Hinduism, Communism, or whatever. If you speak of rapid industrialization as alternative to chaos, I wonder whether you do not really agree with the gentleman who talk about pseudo-stability in India. That is, industrialization or its opposite may lead to that anarchy and that instability in India which you are witnessing elsewhere in the region.

It is not simply a question of foreign capital import. Even the expropriation of the wealthy landlords in India is only a drop in the bucket. The chief problem is sacrifices on the part of the common man in India. These sacrifices, which must be made over years and perhaps decades, will show whether the social fabric of India and other countries in South Asia has enough cohesion to support this ordeal. If it has, we don't need to worry about the countries; if it has not, then I fear anarchy or something similar to it is going to be the short-run solution for a number of years.

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MR. HARVEY S. PERLOFF (University of Chicago) I think that Mr. Isaacs' earlier point concerning United States responsibility toward Southeast Asia deserves serious attention. It seems to me that the United States must accept a certain responsibility toward the economically underdeveloped areas of the world because of the role of political and economic leadership which it has inherited, and because it is the major source of outside developmental capital for these areas.

Looking back, we cannot avoid the conclusion that during the 19th and early 20th century, when England was the chief supplier of foreign capital, the end result of the foreign loans, investments and aid to the "backward" areas was a limited and unbalanced development, which involved a great increase in population, but little or no increase in the real levels of living of the vast majority of peoples in these regions. This disproportionate increase in population has itself created serious problems. The characterization of these people, made earlier today, as standing "with water up to the neck" so that they can be hurt by relatively small ripples is very apt.

It seems to me that if the United States is to meet its responsibility adequately, the "bold new program" proclaimed by President Truman will have to be very bold indeed - not only from the standpoint of the quantity of aid, but of quality as well. It seems clear that the foreign developmental capital which can be made available to Southeast Asia today by the capital-surplus countries would be a drop in the bucket if it were to be granted and used in traditional ways. Investments and loans of this traditional type would tend to accomplish little, and would involve a high degree of risk for that very reason. It seems to me that boldness is called for in several directions.

First, we must get away from the notion of a transfer of technical skill. The United States should use its superb technological "know-how" and inventive skills not to teach underdeveloped areas how to imitate us, but rather to sponsor significant new research -- research which recognizes that the underdeveloped areas in most cases do not have the resources to duplicate the coal-and-iron technology of the West, and which seeks out new paths - in solar and other types of energy, in biochemistry, in scientific nutrition, in population control, and so on. I believe that it is just at this point that the United States can make its greatest contribution toward breaking the vicious circle in which the underdeveloped areas find themselves.

Secondly, our responsibility lies in approaching this whole problem in a politically mature fashion. When we talk about "emergent" countries, almost by definition we are referring to countries in the throes of a new nationalistic spirit. If we make our loans and investments contingent solely on the safeguards provided private investors - as I heard Senator Brewster suggest in a recent Town Hall program - and if we insist upon special exploitative rights for our capital, then we will, in effect, be forcing the borrowing countries to choose between nationalism on the one side and urgently needed foreign investment on the other. This may be a good way to push these "emergent" countries into isolation, but it hardly seems a good way to ensure peace and economic progress in the backward regions.

Thirdly, it seems to me that while we must take account of the economic implications of recently acquired independence by the "emergent"

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countries, the United States has a responsibility in terms of encouraging sound regional specialization and freer world trade. These points are not contradictory. It is a question of the type of internal development which is encouraged. At the present time there is a great danger that almost all of the "emergent" countries will be forced into pretty much the same sort of internal economic development, looking to industries which require a minimum of specialized skills and capital and a maximum of unskilled hand labor. That may mean that a large part of the world will be going into the same sort of industry - especially textiles, apparel, and cheap consumer durables, generally encouraged by subsidies and high tariffs - with little regard for comparative costs and advantage.

It is difficult to see how real levels of living can be raised throughout the world without a relatively high degree of regional specialization and international trade. It seems to me that this can be realized only if the United States, acting through U.N. and its specialized agencies, provides a positive leadership backed by the type of aid which would encourage balanced internal development and freer world trade. That is where boldness in the "bold new program" seems to be called for.

MODERATOR TALBOT: We have heard several different analyses of the position in South Asia. One suggests that current government plans are geared to rush forward madly in order just barely to keep up with increasing demands and pressure, with never the certainty of success. Another sees the whole area dissolving into anarchy, with the possibility either that anarchy will remain or that strong governments may emerge. A third proposition is that to accomplish social ends there may be severe repression of the people and their purchasing power. In terms of India and its program to attain self-sufficiency in food that would mean, I suppose, measures strong enough to hold to the course in spite of inevitable near-starvation.

The question is whether any government is strong enough to carry on such a program. And finally, we are offered the prospect of possible new leadership in the area, which, along with new technological developments, might provide a new departure to meet the many pressing problems.

MR. GINSBURG: I just want to make one brief comment about the relevance of historical studies, if you want to call them that, such as the one Mr. Brodie has made. It seems to me that in looking backward one does not necessarily eliminate forward vision. When one looks back, say, to 1936, he observes a picture of reality in space and time which provides standards from which to judge future developments. If trade is to be examined, this reality must not only be in terms of value trade, but also in terms of commodity flow. An understanding of the flow of commodities is necessary, it seems to me, in order to have some sound standards for dealing with the future.

From this area alone - I refuse to call it a region because I don't think there is anything regional about it - in 1936, the year Mr. Brodie chose, there were close to nine million long-tons of goods moving to Japan alone. In this discussion no one thus far has suggested that those nine million tons of goods have to be accounted for somewhere. It is true that prices and export values have more than doubled, but what has happened to all the production which was exported at that time?

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My argument therefore is that in planning and making predictions for the future it is necessary to make detailed quantitative examinations of trade in terms of commodity flow on which policy judgments can be based.

MR. KONRAD BEKKER (Department of State): I want to add a thought to Professor Schultz's remarks about capital formation in Southeast Asia. I have been trying to estimate the extent of possible capital formation - not for India because in India postwar conditions may have changed considerably as compared with prewar conditions. Limiting myself to the other countries of Southeast Asia, I think it would be a mistake to guess at the extent of possible capital formation by looking at the individual peasant and asking, "How much can this man save out of his present consumption?" It would be a much more meaningful approach, if we looked at the surplus that he actually did produce in the past and asked ourselves whether he is still capable of producing that.

I would like to submit that there is no reason to think that any country in Southeast Asia is less capable today of producing exports on the prewar level than it was before the war. There is no country in Southeast Asia which is over-populated in terms of arable land. There are overpopulated districts, such as Java, but none of the countries taken as units is over-populated. To make the comparison with India: in India, I believe over 40 percent of the area is cultivated, in the remainder of Southeast Asia less than 10 percent of the area is cultivated. According to Mr. Brodie's trade figures the countries of Southeast Asia in 1936 exported about $370 million more goods than they imported. We would find a similar surplus in any previous or subsequent year.

I don't think we can simply assume that there was a capital influx into Southeast Asia before the war because there were foreign holdings. Foreign holdings increased from about $1 billion in 1900 to about $4- or $5 billion right before the war, and at the same time the area had an export surplus of some $10 billion. I would suggest that we would have a fair measure of the possibilities of local capital formation during the prewar period at prewar prices if we took the $10 billion export surplus and added them to the $3- or $4 billion capital increment, and that we should double the total of $13 or $14 billion for the 40 years in order to have a fair measure of possible capital formation in postwar prices. I realise that I may be speaking entirely out of turn here in injecting a note of cheer.

MR. HOLLAND: Mr. Chairman, I would suggest that this could be done, but it requires an incredible brand of ruthless dictator in each country in taking it out of the hides of the people.

MR. BEKKER: It is happening in the Philippines and in Siam; Burma has a rice surplus in spite of internal chaos; if there were no warfare in Indochina there would be a very large surplus there right now. I have no reason to doubt that if the surplus were not immediately as high as before the war, it might become as high very rapidly because there is no other possible use for surplus rice, rubber and copra than export.

MR. HOLLAND: Surely there was also the element of managerial ability supplied mostly by foreigners who in many cases are not there any more. This factor will take time and expense to recreate. Eventually it can be done and India is a good place to show that.

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The other point, and here I would support the general idea that Mr. Bekker began with, is that there are great possibilities of creating capital by the drastic method of forcibly curtailing consumption. One might say that the sterling balances of India today are simply a congealed form of forced savings which were imposed on the Indian masses by the somewhat high-handed methods of government purchasing which the British and Indian governments followed during the war years, but that does involve a degree of dictatorship, if you like, or centralized and rather ruthless management, of continuing to take it out of the hides of the people in order to acquire more capital in a way which we have not seen successfully practiced except in Russia, and only there at the price of famine and extreme hardship.

MR. HOSELITZ: It was taken out of the Englishmen in the "Hungry Forties," out of the Germans and the Frenchman and everybody else in the later 19th century. The bulk of capital is not accumulated by being imported, not even in the backward countries; the bulk of capital is taken out of the hides of the people. It may be unpleasant but it is true.

MR. SCHULTZ: I would add this note, that the British studies on three centuries leave no doubt about starvation in Britain and hunger and malnutrition through this period, the counterpart of which you see in some of these countries you are talking about. So the parallel should not be lost. It is true that one pays for the accumulation of capital when you do an industrialization job.

MR. WRIGHT: I suppose if the United States saves more to increase its capital stock some people would have to get along with one cocktail a day instead of two. When people are down to the level that the Indians are, saving must be taken out of the hides of the people. Increasing the capital stock may mean that millions will starve to death. It is a method of slaughtering the population.

MR. REUBENS: I think there is one element in the economies of these oriental countries that we have not been stressing enough when we discuss the problem of capital formation in these countries. That is the extent of under-employment. While each country is now carrying its total population at its current level of subsistence, very little of that population is fully employed. That means that it would be possible by a gradual and careful transfer of population to continue to support that population with the same total amount of consumption goods, -- food, clothing and everything else -- at the same time that you would be freeing substantial numbers of persons for employment in other productive activities. The people left in agriculture would be more fully employed on the land which is available, and the people who have been transferred are now partly or fully employed in net additional activity.

The kind of net additional activity which can be undertaken depends on whether the countries select those activities which require chiefly human labor or those which are thoroughly bound up with imported capital equipment. If imported capital equipment is required, there is of course the balance-of-payments problem again, with its twin pressures for foreign borrowing and domestic capital formation. But if people are put to work on things such as irrigation ditches, swamp drainage or secondary roads -- primarily manual labor for which there is very little need of imported capital equipment -- you will have at least an increase in amount of employment,

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an increase in amount of production available for subsistence or other uses, and specifically an increase in the yield of agriculture. Therefore it seems to me that the existence of under-employment in these countries indicates at least one area into which planning ought to go, especially in the early stages of development: namely, concentration on those kinds of activities which will divert people from their present employment to those kinds of employment where they can be more productive and not require a lot of capital, domestic or foreign.

MR. FURNIVALL: I regret that, after listening to this discussion, I feel depressed. I agree with almost everything that has been said with regard to the difficulty of promoting welfare in rural areas. It seems to be rather generally agreed that the best way is through agricultural improvement. And I entirely agree that, in Burma and neighbouring countries, any industrialization must be gradual. You haven't the men, you haven't the money, you haven't the know-how, you can't build up industry rapidly on a large scale. But it seems to have been assumed throughout the whole proceedings that it was quite easy to improve agriculture. It's not.

Consider agricultural mechanization. About thirty years ago some Burman friends of mine with large holdings of riceland in Lower Burma were experimenting in agricultural machinery and there have been several experiments since then. But no one has managed to make a success of it in rice cultivation, which is the important crop in Lower Burma. The present Director of Agriculture is quite convinced that the introduction of machinery will pay. But the only use for agricultural machinery in Lower Burma is on certain flooded areas before the monsoon rains. If you are going to use your tractor only for a month or two once a year it is not a practical proposition.

Again, consider fertilizers: some people seem to take it for granted that fertilizers would be profitable. In Burma during the past year or two the Agricultural Department has been very keen on pushing fertilizers. But the question is: will fertilizers pay? Before the war it was found that fertilizers would not pay, that on the price of fertilizers compared with the profit they were not a paying proposition. I understand that at the present price of paddy one should get a profit from them.

One finds so many of these schemes recommended by agricultural scientists are boosted for a year or two as a great success. But before long they go back to the older methods. Two or three times it has been announced that deep plowing in Burma was an excellent thing, and on each occasion it has been found that, after all, the old system was the best. There has been the same experience in other agricultural "improvements." The mere technical improvement of agriculture is a very difficult proposition.

Then another obstacle is that any improvement must fit in with the whole social arrangements. You may find that a particular method of cultivation would be suitable on your experimental farm. But it may not fit in with the water supply or with the labor supply. You have to fit in your improvements with the social life of the place or else change the social life to fit your agricultural improvements.

Then when you have found out that machinery will pay, or that fertilizers will pay, the problem is how to get them. Twenty or more tractors

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have long been on order in Burma. Every time I inquire about them I am told "they are coming next month." It is very much the same with fertilizers. I remember the Director of Agriculture placed a large order for fertilizers and after long delay got enough to treat one field for a week. Just at present there are practical difficulties in importing such goods. That is only temporary and can be overcome.

But the fundamental obstacle is how to make the people want these improvements. They will adopt any improvement that pays them. I have seen new crops expanding all over the country simply because they were a few rupees more profitable. Only show cultivators that they can get a price for new crops and they will adopt them.

The most striking example in Burma was the introduction of peanuts. In one district when I was quite a junior officer, there were only some 800 acres under peanuts; within three or four years the area had grown to over 10,000 and within less than ten years to over 100,000. You have only got to show cultivators that they can really make a profit out of some new crop or improvement and it will spread like wildfire. But it is difficult to make new crops or methods really profitable.

In Malaya the Agricultural Department claimed to have increased the yield of paddy by 30 percent, and this was going to bring up the area under paddy by hundreds of thousands of acres; but during the next three years the area under rubber rose and the area under paddy fell. The increase of 30 percent may have been obtained on the experimental farm, but I doubt whether cultivators really got their 30 percent increase on their riceland or they would not have preferred to grow rubber.

The other day I happened to come across an old Season and Crop Report for Burma which said that a new variety of sesame had been tested and yielded ten baskets an acre; usually the yield is three or four baskets an acre. With ten baskets of sesame an acre you would have had a great part of Burma cultivated with sesame; but in a few years' time one heard no more about that ten-basket yielding sesame. Experts, not only in Burma but elsewhere, are apt to make extravagant claims for their inventions, but these do not give such good results in farming practice.

Another instance. A Burman in the Agricultural Department persuaded the people in his area to grow a new variety of tomato. This gave a very much larger yield than they had had before. But the flavor of this new variety though very much liked by Europeans, was not liked by Burmans. There were no Europeans to buy the crop and Burmans wouldn't buy it. So, while they got a larger yield, it did not pay them.

Another case was where the Director of Agriculture promised that cultivators would make an extra five rupees a hundred baskets for a new variety of paddy. He got some people to grow the new paddy on those terms. When the crop came to the market, it was discovered that the mills would have to readjust their machinery to mill this particular variety, and the quantity available did not justify the trouble and expense. So the cultivators got less for this crop instead of getting five rupees per hundred baskets extra.

What I am trying to suggest is that the solution to the improvement of

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agriculture is to make it pay better by improving the market, and that this is a very difficult problem. And you have not only to insure that improvements give larger yields or better prices, but you have got to insure that the people who grow the crop, who do the work, will themselves make the profit. If a tenant is only going to hold his land for a year or two and any increase goes to the landlord in the form of rent, it doesn't pay him to adopt new crops or methods. But if you can insure that the actual cultivator gets an extra profit, the problem of improving agriculture will be solved straight away.

That is the difficulty that one encounters everywhere, but it is the kind of thing where co-operative research throughout South Asia should yield very valuable results. This problem of improving agriculture has interested me for several years in Burma, but what can be done in one small country? One learns the difficulties but not how to solve them. By international co-operation, by some regional arrangement one might arrive at the solution. That is why the discussion rather depressed me; it seemed to me that people thought it was easy to improve tropical agriculture. It's not. It is very difficult indeed.

And still more depressing was what seemed to be the general assumption that all these people were tremendously anxious to have their standard of living raised. When you talk about raising the standard of living, what do you mean by it? Do you mean more schools? Do you mean more inspectors going around making the parents send their children to school? Again what do you mean by better hygiene? Do you mean that more subordinate health officials shall take a few rupees not to see that something that ought not to be there, and all that kind of thing? That is the kind of problem that one is up against when trying to raise the standard of living. Just as in the improvement of agriculture, in the improvement of production, the problem of improving social welfare is to make the people want it. They want the same kind of thing that we do; they want more money, they want better health. But, as suggested yesterday, we are too apt to assume that they want what they ought to want and that they ought to want what we want. I made that remark yesterday and it has occurred to me two or three times this afternoon.

On the problem of getting people to want these things, I have had some practical personal experience of it because at one time I was interested in adult education in Burma. Everyone was intensely and enthusiastically in agreement that other people should be better educated, but they were quite content without any better education themselves. Those are the little practical problems, the technical problems, the fundamental problems that we are faced with in raising the general standard.

Another point has occurred to me with reference to the "Hungry Forties." I quite agree that capital is needed in Burma and elsewhere, and I quite agree that it should not be impossible to raise capital in the country. If a tenant can pay ten baskets or fifteen baskets or twenty baskets an acre to the landlord and if he has to pay 100 rupees or so to the money-lender and you relieve him of rent and debt of course he will have money to save. For the last fifty years Burma has been exporting about double the amount that it imported. If it is said that these are payments of services rendered, I must differ. When I started learning economics I was told that the exports of every country pay for its imports and therefore surplus exports

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simply represented invisible imports. But in Burma Indian money lenders were acquiring land and remitting to India the paddy they received as rent. What invisible imports came in return for it? It is the same with other forms of profit accruing to foreigners. If Burma and other countries do not export so much rent and profit, there will be a margin for saving, for capital formation. So I agree with the people who have said that it should be possible to raise local capital.

There is another matter that deserves attention with reference to the "Hungry 'Forties". I haven't heard anyone remark that at that time there was a very restricted franchise in England. Now there is adult suffrage in Burma and a good many parts of the East, and the people would have a good deal to say. If working men in England during the "Hungry 'Forties" had been able to vote, I think they would not have been quite content to be so hungry. And at that time there wasn't the ILO going around and saying, very largely I fear in the interest of trade unions in England, that these people have got to have all sorts of luxuries that they don't want. It is not wholly the trade unions. In Burma people are only too ready to adopt any kind of welfare project that is recommended as the most up-to-date practice in America or England. They put it on the statute books and pay officials to run it, quite regardless of the fact that many of these reforms, although very suitable and necessary for advanced industrial countries, are simply a waste of money for agricultural countries.

In these fundamental difficulties, not only here but too generally, it is the simple things that we are apt to overlook. We are not likely to solve all our problems in this conference, but it is only by co-operative endeavour, as in the discussion we are having here and in local regional co-operation, that we are likely to find solutions. And I do think we want to bear in mind the practical difficulties that underlie the large problems to which so many of us have addressed so much of our attention this afternoon.

MODERATOR TALBOT: Thank you, Mr. Furnivall. Dr. Piplani wants to make a comment.

MR. PIPLANI: Mr. Furnivall's speech contained much of the positive and the negative. I agree with certain points he has made about ILO and about the possibilities of internal capital formation through internal reforms and all that, but by and large I am convinced that I am not so conservative as I have been made out to be after listening to Mr. Furnivall's speech because I do not agree with what he has said about the technological possibilities in agriculture. Mr. Furnivall talks from thirty years of experience of a food exporting country. Agricultural technological developments are difficult but they are not impossible. I will give you a few concrete examples.

In India we are importing about 150,000 tons of ammonium sulphate annually. allotted to us through the International Emergency Food Council. We do the distribution. We have been constructing indigenous wells, 10,000 a year, and now tube wells; recently we have started a very large program of land reclamation. The United States crawlers left over there were converted, repaired, and they are working now, and during the last six months 40,000 acres of absolutely new land have been cleared with the help of that machinery. We are crying for more of that type of machinery. The program is two million

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acres of land reclamation from jungle lands, and four million acres of reclamation of weed-infested land that was previously in cultivation but owing to a number of reasons has gone out of cultivation. The same kind of work is going on in Pakistan.

Having worked with these production schemes, my own belief is that the problem is simply one of administration and policy. If a country is driven by large economic considerations, of balance of payment and other considerations, you just have to do it. It is a matter of subsidies to the people who do the actual work.

MR. FURNIVALL: I quite agree that irrigation makes it possible to extend cultivation, but I was inviting attention to the improvement of cultivation. We have not got the ammonium sulphate, and other fertilizers; it appears that fertilizers would now pay in Burma but we can't get them. You are lucky with your sulphates. We haven't got anyone quite so high up and have been unable to get hold of them. We have a huge area in the delta that has relapsed into jungle during the war and which cannot be brought under cultivation except by large-scale operations, but we cannot obtain the necessary machinery. Here again you have been fortunate.

I don't say that you can't extend cultivation by irrigation and reclamation. In that way you may bring another million or so acres under cultivation but I was chiefly concerned to stress the difficulty of improving agriculture on the twenty or more million acres that have already been under cultivation.

MODERATOR TALBOT: With no feeling whatsoever that we have completed the subject, I will close this session of the Harris Institute, expecting to see all of you this evening at Mandel Hall.

... The conference adjourned at 5:20 P.M. ...

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia.

IV

CULTURAL FACETS OF SOUTH ASIAN REGIONALISM *

Cora DuBois

The cultural factors making for, or impeding, South Asian rapprochement should, I am sure, in your minds as it does in mine, suggest a scholar of great amplitude -- a person versed in Hinduistic, in Sinitic and in Islamic cultures. I can claim not one of these aptitudes; much less the necessary three.

My only possible escape from this dilemma is to give culture the meaning usually ascribed to it by my fellow professionals, the anthropologists, and therefore to consider my topic not as a cultural one in the narrow sense of the word but rather as an evaluation of some of the forces, traditional and current, in the South Asian scene which may work for or against the formation of regional ties. Since political and economic factors are to be stressed by other speakers, they are to a large extent deliberately omitted. Also, it should be stressed that I am not attempting to discuss the area as an anthropologist applying the concepts current in this discipline. This, I am afraid, would serve only to reveal our ignorance of the area and to open up research problems rather than to provide an appraisal of such meager data as we now possess.

Social and cultural forces operating for or against the formation of a South Asian regional rapprochement might be considered in terms of historic depth. We might consider in turn the animistic tribal substrata of the region, the early historical period of Hindu cultural expansion, the later period of Islamic influences, and finally the period of European expansion in its earlier mercantile phase and its later colonial administrative phase.

It is my personal conviction, however, that the modern world is less well understood in terms of systematic chronology than by a selection of conflicting forces to which historic depth is then added.

Southern Asia comprises for our purposes this evening that vast area of the world from the sub-continent of India to the Philippines. In the grossest cultural terms this region can be divided into the following groups: the Hindu bloc of India; the Buddhist bloc of Ceylon, Burma, Siam and Indochina; and the broken Moslem bloc of Pakistan, Malaysia, and Indonesia. On the western periphery lies Pakistan and on the eastern periphery is the Philippine archipelago.

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It is difficult to find another region of the world in which a more heterogeneous group of great cultures flourish. One is hard pressed to discover a single consistency throughout the area.

I shall therefore discuss the differences within the area. These are grossly apparent. But as each difference is raised, I shall attempt to assess the degree to which it is an important divisive force and what counter-forces of unity may also be discovered with the context of the difference.

Geographically, the region varies from the semi-arid interior of India to the lush tropical islands of Indonesia. Yet it lies predominantly within the monsoon belt. The formal transportation facilities of the type studied by strategists form no binding network between the countries of Southern Asia.

Nevertheless the very logic of geography helps to bind together this region which protrudes on three sides into vast ocean areas and which is hampered to the north by mountains and jungle from direct and easy access to China. There is therefore a certain geographic pressure to turn inward.

Racially, the Caucasian Indians and the predominantly mongoloid peoples of the rest of the area are members of two distinct stocks. In addition there are innumerable minor racial variants of these main themes. Race, like geography, is not strictly speaking within the purview of this evening's discussion but attitudes toward racial differences are legitimately within our scope. First of all, we must be careful not to project Euro-American attitudes toward racial differences upon the peoples of South Asia. Ethnic particularism does exist but these peoples have not rationalized their prejudices in terms of body forms. Therefore the varieties of physique have not yet been used to express antagonism. The racist virus of Europe has so far infected the region only minimally. I would not predict that racial prejudices will not develop. But if they do, I suspect that they may be directed toward whites and possibly toward the Chinese in the area, rather than toward each other. Racism, like all symbol formations, has a quality of irrationality. Just as we are full of inconsistencies in this respect, so I would expect that South Asians might learn to dislike whites, but not the light Indians; or to abhor the Chinese but not the mongoloid Siamese. There is no use to speculate at this juncture on such an unpleasant contingency. It is useful, however, to point out that the marked physical diversities observable among the inhabitants of Southern Asia have not yet been used to rationalize antagonism which may be rooted elsewhere in social relationships.

Linguistically the variations in Southern Asia exceed those commonly faced even in Europe. The Indo-European and Dravidian languages of India alone profoundly divide that sub-continent. That variation is further emphasized by varying scripts. As we progress eastward into Southeast Asia basic linguistic stocks multiply. Burma, Siam, Indochina and Indonesia are divided between at least two linguistic families: Sinitic and Malayo-Polynesian. These profound language differences are further complicated by a borrowing of scripts which bear no relation to linguistic families. Just as national entities may bear no relationship to linguistic classification -- as in trilingual Switzerland -- so writing in Southern Asia cuts across languages. Siamese, for instance, which is related to Chinese, is none the less written, not ideographically like Chinese, but in a modified phonetic

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script like the totally unrelated languages of India. The Malayo-Polynesian language of the Malay Peninsula is written in an alphabet devised for a Semitic language.

South Asia, unlike Europe, therefore has no highway to easy linguistic communication. In England or Italy -- a minimal knowledge of the structure of your own language will cut a wide swathe in learning cognate European tongues. On the other hand, a knowledge of Hindi is no entree to Siamese, Annamese or Malay. To acquire these additional languages means entrance into a wholly new world of linguistic order and concepts as well as of vocabulary. There are, however, some words of Sanskrit origin which have spread throughout the region.

These traditional linguistic barriers were reemphasized to a lesser degree in the European languages introduced during the colonial period. English, French, Dutch, Spanish, Portuguese, and of course Chinese have all had varying impacts on the region. The postwar leaders of Southern Asia are fully cognizant of the problems they face. They realise that if reason were to dictate the answer, English might well provide a common medium of communication. It is of course already the most widely known second language of the region and has been the chief medium of communication in conferences like the Inter-Asian Relations Conference in 1947, the New Delhi Conference on Indonesia in 1949, and in such international bodies as the Economic and Social Commission for Asia and the Far East. However, whatever rational judgments the leaders may hold, there is never any insurance that reason will prevail where national sentiments are concerned. Peoples in the throes of developing national status are forced frequently to relay upon emotion and conviction, to summon traditional symbols, rather than to depend upon the cooler virtue of reason and efficiency.

Nevertheless, it is perhaps indicative of the present direction that the eagerness to learn English among the young people of Indonesia since the war has been frequently commented upon. Their remarkable success is equally praised. In the Philippines, the attempt to introduce Tagalog as a national language in the schools seems well on its way to being forgotten. In Bangkok there is talk of teaching English in the Buddhist monasteries devoted to advanced training for the monkhood.

The widespread desire to attend American schools and learn American know-how may also help to swing the area as a whole toward English.

Furthermore, the difficulty, the cost, and time required to translate textbooks in South Asian languages has already proved a real obstacle. This is particularly true in rapidly dhanging scientific subjects. When Urdu was made the official language of Hyderabad, teaching in Urdu at Osmania University was required. The cost and difficulties of providing texts alone was a clear demonstration of the practical problems involved in shifting to another language. Despite the use of Urdu as the official language for over 20 years, English was still used for teaching purposes in technical subjects.

Thus the very real barrier to intra-regional linguistic communication may be overcome by the adoption of a common second language which may well be English.

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And on the subject of education we have another factor to consider. Where are South Asians to turn today for the advanced work in technical disciplines that they realize they so urgently need? Certainly the US has much to offer in this respect, but our colleges are crowded, dollars are in short supply, and local training is often inadequate to meet the entrance requirements of our graduate and undergraduate schools. Parenthetically I should like to insert that the hope that our large universities would apply themselves to this problem -- not only in terms of fellowships but also in special courses and special counselling, perhaps in their extension services, so that there might be provided an additional preliminary year to compensate for deficiencies in subject and language training. Simultaneously the new arrivals might serve as assistants in departments of oriental languages, of anthropology, of sociology or in Far Eastern area programs.

In any event, many South Asians will have to gratify their desires for advanced training in less expensive and more accessible institutions. India and the Philippines offer the most promising opportunities, now that Japan and China are no longer in the running. But these two countries also have their problems. In both countries higher educational institutions are overcrowded, and understaffed. In India, housing and dietary restrictions are often additional difficulties. In the new quarters of the University of the Philippines at Diliman the local disorders are a source of concern. In addition, the high exchange rate of the Philippine peso offers difficulties. In Batavia the Indonesians are boycotting for political reasons competent Dutch faculties. The scientific facilities of Indochina are inaccessible and deteriorated. The Siamese faculties are inhibited by local difficulties both political and economic, yet Bangkok has a good school of agriculture and might attract South Asian students. Civil War has temporarily closed down the University of Rangoon. The new University of Malaya is only now beginning to take shape but the Medical School has a good reputation and vigorous leadership.

Despite handicaps it seems probable that India, and the Philippines and eventually Singapore may come nearest to offering intra-regional facilities for advanced education and that South Asian students will have more opportunities to know each other in the future than they have had in the past. In fact, there has recently been established a Southeast Asia Association at the University of Manila which comprises Philippine, Siamese, Korean, Chinese, Indonesian, Malayan and Indian students.

Everywhere one turns, differences and difficulties are of the essence in Southern Asia. Yet for each difference and difficulty some small countering symptom can be discovered if one is determined to find it.

As I have previously indicated, the recent colonial experiences of Southern Asia have served in many ways to emphasize old differences and develop new ones.

The nine major countries of Southern Asia today in at least the last four centuries have experienced the expansive impact of eight nations whose cultures and pattern of colonization were as different as those of Portugal, Spain, the Netherlands, France, England, the United States, China, and most recently, Japan. During the last century alone these

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South Asian countries have been tied by separate cords to distant and different nations. India, Pakistan, Burma, and Malaysia through varied channels have been oriented to the United Kingdom, Indochina to France, Indonesia to Holland, and the Philippines to Spain and the United States. The westernizing influences, the languages in which these influences have been transmitted, and the institutional and administrative forms which have been introduced have been not only varied but have profoundly altered the indigenous cultures and often subtly diversified the direction of the countries to which they were applied. Land could be preserved for the local cultivator, transferred to foreign enterprise, or lost to immigrants from other Asian areas. New occupations emphasized the coolie rows of plantation agriculture, the urbanization of factory work, the profits of money lending and of small enterprise. It everywhere undercut, but did not entirely eliminate, traditional artisans. Legal systems might be based on Roman, on common or on local customary law. The Dutch, for example, were particularly scrupulous in their study and observance of native customary law. The diversity and complexity of these varying legal systems has done much to preserve ethnic differances among the Indonesian peoples. Despite instances of this sort, traditional behavior and needs have not everywhere in Southern Asia been profoundly revolutionized. Nowhere, however, did they go unscathed. The countries of Southern Asia for over a century have experienced a profound ferment and an ever accelerating rate of change, but each nation has been manipulated by a different puppeteer. Thus, the indigenous leaderships which developed were oriented to several different European nations and not toward each other. Before the war it was the rare Indian leader who knew Bangkok or Batavia as well as he knew London or Paris. The educated Indonesians were better acquainted in the Hague than in Saigon or Rangoon.

However, to counterbalance slightly, but only slightly, this type of division, another Asian nation, Japan, has most recently appeared on the scene and gave great impetus to that desire to turn toward each other which we now find in Southern Asia today. The Japanese military occupation afforded the first reasonably consistent administrative overlay which Southeast Asia, at least had experienced. Peoples were moved by the hundreds of thousands from their traditional home environments. The overt aspects of westernization made marked advances under the Japanese. But most importantly Japan fathered ideas and slogans which took root, however much the Japanese themselves came to be disliked. Asia for the Asiatics, the Co-Prosperity Sphere are ideas which had deep appeal even though the Japanese interpretation was repugnant. Ever since 1945 travelers in Southern Asia who have interviewed the leaders of national movements report consistently the interest these leaders express in each other and the problems they are mutually facing. Taruc inquires about Ho Chi-minh; Pridi is interested in Sjahrir; Nehru wished to meet Soekarno and Hatta; Datu Onn wanted to know what manner of men lead the Philippine Republic.

Just before the outbreak of World War II, Romulo mentioned the desirability of a Pan-Malayan League. Even earlier, the Indonesian Communist, Tan Malakka, propounded his regional union which he called Aslia since Australia was also to be included. A short-lived unofficial association called the Southeast Asia League was established in Bangkok in 1947 with a Central Executive Committee consisting of Siamese, Vietnamese, Laotians, Cambodians, Malays and Indonesians.

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In January of this year nineteen Asian nations gathered in New Delhi to support -- within the framework of the United Nations -- the cause of the Republic of Indonesia. Romulo conferred with Nehru during these meetings and, subsequently, at Lake Success, gave leadership to those UN nations which had participated in the Delhi meeting.

It was the young Burman leader, Aung San, who has been credited with first suggesting the Asian Relations Conference which was finally held at New Delhi in 1947 by invitation of the Indian Council for World Affairs. Nehru in the inaugural address of that Conference stressed the isolation of Asian nations during the period of imperialism stating that the countries of Asia even culturally looked toward Europe "and not to their own friends and neighbours from whom they had derived so much in the past." He then continued with his usual eloquence, "Today this isolation is breaking down....the walls that surrounded us fall down and we look at each other again and meet as old friends long parted." It appears therefore that the separatism of the colonial era is being combatted consciously and and actively by the new leaders of South Asia.

I should like to add that the leaders of Southern Asia, preoccupied as they are with internal difficulties, are showing if not a powerful, at least an unprecedented, interest in their common problems.

It was this sense of common problem which seemed to dominate the minds of some two hundred and thirty delegates from twenty-eight Asian nations who gathered at the Asian Relations Conference. It also dictated the organization of the Round Table discussions.

Obviously political freedom and the rationalization of their economies took a high place. Since these do not come within the scope of this paper, I shall confine myself to listing briefly some of the social and cultural questions which were discussed. Although these questions by no means represent the full array of common problems, they nevertheless are of particular interest as a guide to the preoccupations of the Asians themselves.

In the field of education the desire for adequate scientific research and equipment was stressed but largely in terms of practical needs for a competent technical corps. The need as I have already indicated is indeed urgent. The Technical Assistance Program suggested in the President's inaugural address has aroused expectations in South Asia that it behooves us to implement quickly before the opportunity is lost to us.

The vast illiteracy of the region which ranges from 90 percent in Indonesia to 51 percent in the Philippines was mentioned, and hopeful suggestions were made by various delegates for guidance from the USSR which has reportedly done so much so quickly in reducing adult illiteracy. So far as I know, the USSR has not responded to these appeals.

The status of women was a vigorously discussed topic although their status was closely linked with the need for social services including medical care, public health and housing. Such programs, if implemented, should reduce death rates. Since it has been estimated that birth rates are in any event at the maximum biologic level, a decrease in death rates could make the [illegible] nothing short of catastrophic unless technological and social adaptations are made along many lines quickly and simultaneously.

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Lastly, the Asian Relations Conference was seriously concerned with what it termed Racial Problems and Inter-Asian Migrations. Essentially this was the problem of the Overseas Chinese, although migrant Indians were also mentioned with some acrimony by the Burmese delegation. We have so far made no mention of this facet of South Asian regionalism, yet it is an important one. The overseas Chinese in the area number some 6 million. They have been singularly impervious to acculturation and tenaciously loyal to political issues in their homeland. In addition they have been on the whole more adaptable to the European economic demands than many of the indigenous peoples of Southeast Asia. Need I add that they are widely distrusted and often disliked. The dangers of a serious minority problem are real and recognized by the leadership of the southern countries. The recent turn of political events in China cannot have lessened their concern.

Despite these discussions of common problems, it is true, of course, that the leaders of South Asia are today greatly preoccupied with the tremendous internal difficulties facing their own countries. Leadership is limited and must spread itself thin. And lastly these emergent nations are naturally sensitive about the dignity of their countries. Nevertheless, when these countries turn outward I would expect them to be enthusiastically international in their foreign relations. There are many reasons for this supposition. For one thing, political nationalism in Southern Asia is not an indigenous growth of many centuries as it is in Europe but a recently imported concept whose principal dynamic has been, or still is, resistance to political and economic exploitation. Secondly, the weakness of these emergent nations would also suggest affiliation with the outer world. And lastly, the national aspirations of Southern Asia are appearing on the international forum in a period of history which has tacitly admitted that at least aggressive nationalism is -- or should be -- moribund. The United Nations is an experiment in reducing rampant individualism among nations. Regionalism is in the air. As for Communism -- whatever its immediate tactical gains from the encouragement of nationalism in underdeveloped areas -- it is fundamentally international in philosophy, and wherever possible in practice, anti-nationalistic -- at least for non-Soviet countries.

Even tactically the USSR has vacillated during the past year and a half in the kind of national aspirations and national leaders it will support in Southern Asia. This vacillation reinforced by the successes of Communist China have revealed to moderate South Asian leaders more clearly than ever the dangers of Stalinist Communism and the wisdom of seeking common support. The unpopularity of Chinese minorities in Southeast Asia may afford additional support to consolidation. There is some evidence that Thakin Nu's government in Burma may see some virtue in forgetting old grudges toward the Indian chettyars in favor of closer contacts with the Government of India.

However, if these emergent nations find themselves in a world which demands that they take sides between two opponents, and that war will soon be their lot, it seems to me that their impulse will be to say "a plague o' both your houses" and that they will try to find their affiliations among like minded neighbors. Soetan Sjahrir has already clearly expressed this viewpoint and was supported in it by his Partai Sosialis Indonesia.

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It is not my function this evening to discuss political matters in any detail, but since political forms are but one expression of cultural forces I should like, very hesitantly, to make some suggestions concerning the temper of religious philosophy in Southern Asia which I believe is not totally unrelated also to the developments which can be anticipated in its political forms.

I realize how vague and inaccurate are broad generalizations about so heterogeneous an area. I confess the imprecision of phrases like religious and philosophic temper. Nevertheless, for our purposes this evening it seems to me that there may be some use in reminding you that the major indigenous religious philosophies of the area have been characterized as inclusive rather than exclusive.

The two great proselytizing religions, Christianity and Islam, are essentially exclusive in mood. The Christian or Moslem must cling for his salvation exclusively to his faith. The temper of Hinduism and Buddhism is to absorb and reconcile differences of faith, not banish them. In Southern Asia there are approximately 230 million Hindus, 52 million Buddhists, 163 million Moslems and 24 million Christians. The animists probably outnumber Christians but these peoples, still essentially tribal in their mode of life, represent only a series of disparate and minor factors in the main stream of cultural forces now shaping Southern Asia.

In these figures members of the inclusive indigenous religions outnumber members of the exclusive religions in a ratio of about 3 to 2. Furthermore, the weight of the Christian population lies in the eastern periphery of the area in the Philippines while the weight of the Moslem population is largely on the western periphery of the region in Pakistan. However, Indonesia which is so important in the South Asian region and in which the Moslem faith is in the vast majority forms a solid Islamic bloc in the center of the South Asian area. It should be noted, however, that the Moslems of the Malayan world, faithful as they are, have less fanaticism and austerity than the Arabs of the Moslem hearthland.

In addition to a considerable body of scholarly studies supporting this thesis there is the conciliatory statement of a Malayan delegate to the Asian Relations Conference when discussing religious education in schools. It was the Malayan delegate's opinion that the common principle and points of agreement between all religions should be stressed. Love for the ultimate and the universal is the common basis of all Asian religions, he said, and by pressing this point home it should be possible to create mutual understanding. It is as though long contacts with the traditional Hinduistic and Buddhistic worlds had somewhat softened the edges of Moslem exclusiveness.

Furthermore, if we may judge from the writings of recent great figures in India -- the inclusive spirit of India, at least, is still strong. Rabindranath Tagore has said that it was India's obligation to offer to others the hospitality of her best culture and India's right to accept from others their best. Sir Shri Ram in the welcoming address of the Asian Relations Conference in 1947 said, "India in particular....has been an important meeting ground....of different cultures and has made her own unique contribution in synthesizing seemingly antagonistic cultures. Where an extraneous element could not be [illegible] to the local cultures, India has generally shown great tolerance to the element

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and allowed it to exist side by side, and survive, if survive it could, on its own merits."

Certainly in our survey of divisive forces in Southern Asia, the great religious antitheses might seem an insuperable barrier to union. A superficial glance at the recent communal riots of India might seem to reinforce the impression that there can be no unity in such diversity. Yet with the Pan-Islam movement moribund, with the renascent vigor of an inclusive India, and with all the other factors we have and shall consider tonight, it seems possible that the inclusive quality of indigenous faiths may prevail. If this quality of inclusiveness should persist and succeed in pervading the South Asian scene it may well affect national solutions also. It has in fact been specifically voiced in respect to nationalism by Nehru who said, "We seek no narrow nationalism. Nationalism has a place in each country and should be fostered, but it must not be allowed to become aggressive and come in the way of international development."

We have so far mentioned and weighed factors which are, at face value, divisive. I should like to continue with a series of factors whose face value is unifying. There is a complexly interwoven fabric of extremely old traditional affiliations in the midst of the many divergencies of Southern Asia. And I should like to stress at the outset that the admiration for, as well as the strength and persistence of, tradition is greater in Southern Asia than among ourselves. We have admired change and have given it a positive value judgment which we call progress. The South Asian leaders while recognizing the need to adapt their countries to a Western dominated world, have prized, but by no means slavishly, their own ancient and consciously held values and are today ready to reemphasize traditional cultural bonds. This emphasis is not phrased in terms of imperial aspirations but in terms of mutuality. Let us examine briefly the nature of these ancient bonds.

India, with the beginning of the Christian era, was expanding its cultural influences in Southeast Asia. It carried the whole complex of vigorous Hindu culture including Vishnuite, Sivaite and Buddhist cults which flourished side by side or alternately in Burma, Siam, Cambodia and Java. Although Buddhism today has all but disappeared in India, its basic traditions, like those of Hinduism, has its roots in the Upanishads and the more ancient Vedas. Traditional Indian epics, particularly the Ramayana, Mahabaratta, and Panchatantra are still part of the sacred and folk resources from India to Bali. These themes and their heroes every village child hears and sees in the folk drama and arts. Indifferently, he shares them as a common Buddhist or Hindu tradition with the majority of South Asians. Rabindranath Tagore said of Siam that it had preserved what India lost. The aptness of the statement could be extended to all the Hinayana Buddhist countries. And yet it is a statement of only partial difference since through Buddhism the Southeast Asian peoples are firmly rooted in the universalist philosophy which underlies diverse Hindu sects.

The spread of the Buddhist and of Hindu traditions was accompanied by relatively small but profoundly influential movements of Indian population. Traders settled on the coasts, married the daughters of local chieftains and established dynasties of city states whose conquests and whose decline constitute the historical chronicles of the region. It is evident that not only the religious philosophies but also the architecture, sculpture, language and the political concepts diffused.

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For almost a millenium the mission civilizatrice of Indian culture dominated Southeast Asia. Under its influence these areas themselves

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developed philosophic schools greatly admired by Chinese scholars.

While India was continuously influencing these areas, the Indianized states themselves launched on their imperial adventures. The Srivijaya Empire of Sumatra in the eighth century extended for a time its suzerainty over Cambodia. Kingdoms of East Java not only invaded Sumatra but in the 13th century twice raided Ceylon. The last of the great Javanese empires, the Madjapahit of the fifteenth century, dominated not only Sumatra and Borneo but also the Malayan peninsula. Siam, Burma and Cambodia expressed in their frequent wars keen awareness of each other. The first European observers testify to the cosmopolitan character of the court of Ayuthia in Siam where even Japanese mercenaries were to be found.

Although the historic contacts between Indianized states should not be overstressed for their bearing on the modern scene, it is well to remember that such contacts have not ceased nor have the traditions they left died out.

For example, Ceylon, although a Buddhist country, is not only culturally and linguistically predominantly Indian, but at the same time maintains its long intimate religious ties with the theocracy in Burma and Siam. A visit to any of the great shrines of Buddhism in these three countries will testify to the extent of intra-regional pilgrimages which still occur. Treasures in the Temple of the Tooth at Kandy have been presented by devout travelers from Burma and Siam.

Similarly Burma today is not only bound to Ceylon and Siam by religious ties, but we must not forget that as recently as 1936 it was also tied administratively to India and that Indians formed a large if unpopular minority in Burma.

It should also be remembered that there are some 600,000 Indians in Malaya; that many Jaffna Tamils from Ceylon served in clerical positions in the Malayan civil service and that it is not uncommon to find Malay-speaking Ceylonese in Ceylon today. In the Malayan speaking world, Indian immigrants are still often called Orang Kling, a survival of the name Kalinga by which the people of Orissa were known when, from the 3rd century onward, they laid the foundations of Indian and Indianized States in Southeast Asia. The Coronation formula of the Sultans of Perak is still today in either Sanskrit or Pali undecipherably transcribed in Arabic characters. The mythical genealogies of the present Sultans of Malaya include account of Mt. Mahameru from Indian cosmology.

In the same fashion that the Moslem Malay aristocracy has created a confused web of Hindu and Moslem traditional elements so today the ties between Hindu India and Moslem Pakistan cannot be severed by communal riots, political structure and disputes over Kashmir. The bonds are ancient as well as modern. The Moslem invasion of India began some 1200 years ago. The British Raj for a time reinforced and extended political union. In 1949 the Commonwealth maintains it. Some 40 million Moslems still reside in India and some 14 million Hindu are citizens of Pakistan.

Just as Buddhism, rooted in Hinduism, ties India to some of the Southeast Asian countries so also Islam has become inextricably interwoven with Hinduism and in addition helps to maintain at least sympathies between the

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government of Pakistan and the predominantly Moslem people of Indonesia. So also the Philippines, belonging as it does in its tribal roots and linguistic affiliations to the Malayan world, is nevertheless allied through some 800,000 Moros of Mindanao to the Moslem tie-in between Indonesia and Pakistan.

These intricately woven and intervoven threads of Hindu and Moslem tradition cross and re-cross each other in the Malayan world. The intricacy of the pattern is in part due to the fact that throughout its known history the Malayan culture has had groups of ardent seafarers who have done much to provide cultural contacts between countries. Even today the amount of traffic in small craft of five tons or less is seldom appreciated by persons who do not know the area intimately. The degree of this trade and of these contacts rarely appear in the official statistics and government reports on which political scientists and economists are forced to depend. This does not prevent constant contacts between the Sulu Archipelago and Borneo. It does not inhibit the Buginese of Celebes from sailing with the Monsoons to and from the ports of the peninsular mainland of Southeast Asia. It baffled Netherlands East Indies officials when they tried in 1947 to impose trade controls between Indonesia and the peninsula. The last complete census from Malaya showed that 26 percent of the Malays in what is now the Federation were either Sumatrans or Malaysians from other areas.

Avowedly this complex web of traditional ties and of current contacts between the little people of the area does not add up to a convincing factor in tough Western minds accustomed to deal with the generalizations of economic and political systems or with immutability of power politics.

We have so far this evening considered a series of overtly divisive factors -- geography, race, language, colonial tradition, nationalism and religious philosophies. In each case it was possible to indicate that the fragmentations implied was not necessarily insuperable. We have reviewed as overtly unifying factors the intricate web of current and traditional ties. We have stressed the growing interest that Asian leaders evince in each other, their sense of common problem, and the emergence of South Asian nations into a world predisposed toward international affiliations and the formation of regional ties.

If one judges with the mentality of real politik the cultural forces drawing together the nations and peoples of Southern Asia would appear weak indeed. From such a viewpoint the narrow interpretation of cultural factors making for South Asian regionalism are of no account whatever. Even the broader interpretation of cultural factors which I have allowed myself this evening is not of great significance. And therefore from this viewpoint I have not had a significant topic to which to address myself this evening. Perhaps both you and I by now share that feeling.

However, the dangers of such ethnocentric judgments must always be guarded against. In appraising cultural developments and international relations it is essential not only to understand clearly one's own position and motives, but also the motives and position of those with whom one deals. It is not without significance that international affairs, in their active aspect, are referred to so frequently as relationships. The essence of a relationship is the interaction of two or more non-equivalent

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factors. Modern scientific thought clearly indicates that actuality lies in a study of relationships and that projections into the outer world of ones personalized structure does not give a complete picture of reality.

Therefore it behooves us in judging the South Asian scene to try to stand outside of our own skins; to try to understand the value systems and patterns of sentiments meaningful to peoples whose motives and goals may not be identical with ours. I suspect that if one were to speak from the viewpoint of the values and sentiments of some South Asian leaders, the forces making for a South Asian regional unity are in the next decades irresistible. And certainly, sentiments today are nearer the surface in the East than in the West. Leaders speak more freely in idealistic and emotional terms. They are planning for the future. They hope for a cultural renascence which will be neither an arid revival of their own past achievements nor a sterile imitation of the West. It is in intent rather than in fact that their strength lies. Perhaps that is why they seem to have the ring of youthful vigor, of men who are going somewhere and why all of the middle-aged forces of disillusionment and reasonable experience feel challenged to weigh their plea.

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia.

V

Round Table III: CULTURAL PATTERNS -- TOWARD UNITY OR DIVERSITY?

Friday morning, May 27, 1949

Presiding: Professor Fred Eggan

MODERATOR EGGAN: During the last session we very carefully stuck to economic topics, and basic economic topics at that, but every now and then a social or political or ideological or psychological note has entered into the discussions, and, while we have pushed those back, I think with Dr. DuBois' paper last night we can consider the gates as opened and can begin to consider those features which to an anthropologist at least, if not primary, are considered to be all-important. I refer to the basic cultural patterns in South Asia, which of course as an anthropologist looks at them also encompass aspects of economic, political and social life as well.

To begin with, we have a statement of the traditional differences and similarities in cultural patterns as a further facet or as a further approach toward the problem of unity or diversity with regard to South Asia. Prof. David Mandelbaum, who has had extensive experience in India, and who is Professor of Anthropology at the University of California, will start us off.

TRADITIONAL DIFFERENCES AND SIMILARITIES IN CULTURE PATTERNS

Professor D.G. Mandelbaum

As I understand the subject of traditional differences and similarities, our main purpose is to ascertain what forces in the cultures of South Asia make for regional integration and what forces tend to resist integration. By "cultures" we mean the whole way of life of a community, of a group of people.

It is my impression that there are major cultural forces which can foster regional integration, that these forces are mostly of what we might call a negative kind, although positive ones can also be discerned, that the dissimilarities among the cultures of South Asia need not in themselves make for regional disjunction, and that India is of special importance in this consideration of the cultural facets of South Asian regionalism.

The [illegible] increased because of these matters we can

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only speak from impressions and not from good evidence. We are here dealing with something like a quarter of all mankind and to depict one fourth of mankind in such bold strokes can only be done in terms of impressions. This is especially true for the cultures of South Asia because there is an astonishing paucity of good evidence on them.

Since we must speak from impressions, we should be particularly careful of our assumptions. The promise of regional unity may, in cultural terms at least, be no more than a misinterpretation of geographical contiguity. Two peoples may live side by side and yet have quite differing cultures. The mere fact of geographical contiguity of itself does not necessarily mean any strong cultural alliance. It does imply cultural similarity but it does not inevitably mean that. We can be misled by the map and so should not assume blithely that geographic propinquity creates regional cooperation.

A contrary assumption, but one which can be equally misleading, may arise when special attention is given to details of the distribution of cultural elements. In concentrating on differences in detail, it is easy to overlook broad and important similarities which do exist.

The cultural diversities are perhaps plainer to the eye than is the unity within South Asia. Dr. DuBois has discussed differences in language, religion, and history. As a matter of fact, within South Asia there is a vast range in many ethnographic categories.

One of our graduate students who has studied the forms of marriage in India reports that in India alone he has not only found every form of marriage that had been previously recorded in the literature of ethnography but many more that have never been reported elsewhere. There is then, considerable diversity in detail, but this diversity need not spell disunity.

One of the professional travel lecturers has a talk, illustrated with colored movies, entitled "There is no India". He steadfastly maintains that there simply is no India; it is only a collection of little communities, each differing from the other and having nothing in common one with the other.

However, the fact remains that there is an India, and one which promises to continue politically united and economically integrated. The existence of Pakistan emphasizes that forces for unification may override differences in cultural details. For Pakistan is not by any means a homogeneous, culturally monolithic State; within Pakistan there are notable differences in language, considerable diversity even in religion. Contrariwise, there is in Burma a relatively higher degree of cultural homogeneity than prevails in India and perhaps within Pakistan, and yet at the moment there is political disunity.

It would seem, then, that a mere list of differences and similarities in customs can tell little of the potentialities for regional harmony in the spheres of politics and economics. If the leaders of South Asia desire regional unity, then they must ask: What aspects of the various cultures of South Asia must be fostered and which must be harnessed in order to achieve the goal of regional unity?

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Some of the important cultural aspects are those which are predominantly

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village cultures and have been affected by the impact of Westernization. It is not clear from the published descriptions in just what degree village societies have been basically altered by Western contact. Not infrequently an account may say that village life in Siam or India or elsewhere in South Asia goes on today much the same as it did two hundred years ago, and a few paragraphs later in the same work we read that the impact of the West has shattered the village society, has disintegrated the village economy.

To be sure, the power and prestige structure of a village has been altered. Thus the money-lender generally has a much more important position now than he formerly had. There have been changes in land tenure and in other economic matters. Yet there has also been a considerable stability in village life of the past century. In most villages the family and family relations are still very important. Primary allegiance is still owed to the circle of kin. The life goals for the individual have remained pretty much the same, the rites of passage have not been altered greatly. Technology is not much changed and mechanical power is still produced by animals and humans and not to any significant extent by machines. The deities are still the combination of the scriptural gods and local godlings that they were a century ago. Concern is still largely with local events. Nationalism is a fairly new idea but one which has taken hold; regionalism is hardly known.

In such villages throughout South Asia there is commonly a knowledge of and a desire for consumer goods produced by Westernized industry; and there is now very widely the belief that these can be obtained without paying the price of European overlordship.

These simple and well known motifs of village life are also shared by the upper, Western-educated classes of each society in Southeast Asia. This numerically small but politically potent class rejects any total acceptance of Western ways. The desire of these Western-educated people is to integrate Western technology into the indigenous way of life, to have cultural continuity.

A number of the leaders believe that such integration may best be achieved under some socialist form of government. And many of these leaders have expressed the hope of effective international cooperation in the region of South Asia.

This expression may well be more than a pious sentiment. In some part, it may only be a reflection of the current fashion in international relations wherein regional pacts and regional conferences have high prestige value. But there are other, and potent factors as well, which impel toward regional cooperation. Most of the South Asian peoples have only just reached political independence or are in the process of struggling to do so. As each comes close to independence, its leaders become aware of the serious problems which lie beyond the nationalist victory, or which must be met even while the contest or the negotiations with the metropolitan power go on. Such problems as those of economic reconstruction, of raising capital, of building an efficient civil service, of education, of sanitation are everywhere pressing problems which must be met with slim resources. Hence there is a tendency to look to the neighboring and nearby nations, also new, also plagued by similar problems, to note how they are doing and whether they have any better solutions. And out of this awareness of common problems there is a growing desire for mutual efforts toward meeting them.

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India seems destined to play a leading role in whatever achievement or non-achievement of regional unity comes about in South Asia. This is true because of her sheer size, because of her head-start in politics and economics, because of her military power and strategic position, among other factors. There are certain disadvantages, as we all know, in India's position. There is more than a little suspicion of India's motives among some of the peoples of South Asia. Yet India's lead in the Asian Relations Conference and in the Indonesian Conference may be an indication that she will be able to allay these suspicions and take the initiative successfully toward molding an effective regional grouping.

Dr. DuBois said in her talk that for every divergence and difference in South Asia there is some countering influence if one is determined to find it, and it is significant that some of the leaders of South Asia countries seem so determined.

There is no inherent cultural reason which would prevent regional integration. Regional integration may well be blocked, if economic deprivation, as felt by the people, is intensified. Then the differences may be magnified and may become issues to be fought over, but the differences, of themselves, need not obviate regional cooperation.

In brief, we cannot assume that because there is a great multiplicity of sect and dialect within South Asia, a firm cooperative alliance is not feasible, just as we cannot assume that because the region can be encircled on a map such cooperation must inevitably come about. Underlying the great variety of custom in the area, are certain fundamental likenesses which are mainly those of a predominantly village population, whose way of life has been affected but not yet deeply altered by the Western power-science culture, whose political leaders - most of them educated in Western fashion - desire some kind of integration of Western technology into the indigenous culture. Such similarities offer an opportunity for a broadly conceived, cooperatively enacted program of positive measures. But as yet whatever tendencies toward regional effort exist, stem mainly from more negative factors, from the awareness of common difficulties, common shortcomings, and common opponents.

MODERATOR EGGAN: Thank you.

I think Professor Chakravarty is not here. Mr. Talbot, do you want to read his paper?

DIRECTOR TALBOT: His paper has just come by airmail, special delivery. I shall ask his colleague at the University of Calcutta, Professor Sarkar, to read it, but he might like a chance to skim through the manuscript while Mr. Soedjatmoko is reading his paper.

MODERATOR EGGAN: Fine! We shall then next hear from Mr. Soedjatmoko, member of the Indonesian Delegation to the U.N.Security Council, who will say something about typical recent developments in the field of cultural patterns, particularly with reference to linguistics, and perhaps anything else he wants to add.

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RECENT DEVELOPMENTS OF THE MALAY LANGUAGE AND REGIONALISM IN SOUTHEAST ASIA

Soedjatmoko

It is with marked hesitation that I address myself to my topic today. This is especially so in view of the immensity of the problems of South Asia as was indicated in yesterday morning's session and the urgency of a bold and new approach to that area, as will very certainly come out in our discussions this afternoon.

And it is with definite reluctance that I shall draw your attention from these much more acute problems to the discussion of a very limited topic, which at its best could be a little vignette, a little window on a particular development in a particular field of an area with many more, and acute, problems.

Malay is one of the Indonesian languages, a group which forms a branch of the Malayo-Polynesian linguistic family. This Malayo-Polynesian linguistic family covers the territory extending from Madagascar in the west, through the Indonesian Archipelago, across the Malay Peninsula to the borders of Burma and Siam, to the Philippines and Formosa in the north and across the Pacific to Melanesia and Micronesia, even to distant Hawaii. It comprises, apart from the Indonesian language group, the Polynesian, Melanesian and Micronesian languages. The Indonesian group is the largest branch of this group. Malay, a member of this group, is the language originally spoken in Middle and South Sumatra and later in the states on the Peninsula of Malaya.

The inter-insular trade, which flourished in the fourteenth century, brought about the extension of the use of this language to the coastal areas of the islands in the entire Indonesian Archipelago, and when new foreign influences came to the Indonesian Archipelago, it automatically became the medium for the expansion of these influences. Three times it was the language used in such a process. First, by the Indian traders who brought the Islamic religion with them, then by the Portuguese with whom the Malays of Malaya first came into contact, and finally the Dutch. The situation is now such that the Malay language is spoken and understood everywhere on all the islands of the archipelago except for the most remote rural areas. In many sections it has even replaced the original native tongue as in West Borneo, Batavia, and most of the islands of the Moluccas between Celebes and New Guinea. It became the language spoken in the ports and the bazaars of the Indonesian Archipelago, the medium of the Dutch colonial administration, the Islam and the Christian missions. The enormous expansion of the use of the Malay language outside the regions where it was originally spoken cut it off from the continuous rejuvenation enjoyed by a language which finds its roots in the vernacular of a people. At the same time, subjected to the impact of foreign users, it became removed from the classical Malay as spoken in the courts and literary circles of Malayan feudal society. Thus, with its original basis lost, the Malay language as the lingua franca of the Indonesian Archipelago reached a very chaotic state, to the extent that the Dutch linguist Berg refused to consider the Malay language as a language, but preferred to call it a 'languagelike phenomenon'.

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The development of the nationalist movement in Indonesia, however, greatly strengthened the position of the Malay language and definitely set the pattern of its development towards a fully adequate cultural medium. The Indonesian nationalist movement, which was born in its modern form in 1908 had, by 1929, finally overcome the more or less separatist and regional elements of its initial growth. In that year it emerged as a culturally and politically unitarian movement comprising the entire territory of the Dutch East Indies. At the same time it adopted the Malay language, thereafter called the Indonesian language, as its national tongue. Nationalist propaganda and agitation and nationalist political education from then on were almost exclusively carried out in the Indonesian language. This was generally accepted by the Indonesian people despite the fact that 30 million of the 70 million inhabitants of the archipelago spoke a language which in many respects was better developed and had a longer cultural past, that is the Javanese language.

It was this decision which gave the development of the Malay language a tremendous impetus. It was this which changed Malay from its status of an unorganized handmaiden for all foreigners and for widely varied ethnic groups, an ancilla used rather loosely without a strict observance of either its classical grammer or its idiom, to a modern language which had to serve as the medium between Western culture and the nationalist renaissance. Rigorous adaptation and development was necessary in order to make the language a suitable vehicle for the expression of modern political and social thinking. Furthermore, in the literary field, the nationalist renaissance created the desire among the people to free themselves from the frozen and rigid forms of literary expression, from the epic and from the pantun, the Malay quatrain, and it was at that time that the first attempts were made to find new forms of literary expression. The process of individualization which took place as a part of the general nationalist reawakening in Asia was reflected in the emergence of the novel and of modern forms of poetry.

The Japanese military occupation and the consequent discarding of the Dutch language precipitated the full development of the Malay language to a medium which could adequately cover all fields of human activity. It was then that the first language commission was set up which codified the new developments and became the vanguard of further adaptation and renovation of the Indonesian language. This process was accelerated even more by the fact that, during the Japanese occupation, all education, especially on the higher levels, was shifted over-night from Dutch to Indonesian. The new and sudden requirements, especially in the field of modern science and as a medium for higher education forced the Malay language to grow too quickly. This process was further accelerated by the fact that the Western educated intelligentsia started using the Indonesian language, while they did not command the classical Malay. In this situation many elements of Dutch syntax and idiom were brought into the Malay language, sometimes to the extent of corruption of its own grammar. At the same time, however, there grew a strong tendency to check all these new forms and terms against the classical Malay. But this process of adaptation, although it may have corrupted some of the classical purity, brought about a greater flexibility and the larger descriptive power which is so necessary for an adequate medium for modern culture and science.

The Indonesian revolution confirmed this development and since this

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revolution expressed the self-assertion of the people, actually of a new people and their assertion of a new life and a new sense of living, this modern Indonesian language emerged as the medium of expression of this new sense of life. The alien elements and changes in structure and substance were accepted in their own right. Conformity with the structure of original Malay was no longer considered obligatory, since the Indonesian language was to become a new language, the language of a new nation now in the process of being born. The revolution, in terms of the development of the Malay language, means a breach with the past in this respect as well as in so many others.

The literature created in this revolutionary period reflects the attempts of the younger generation to define their newly-discovered individuality, their newly discovered "I". In our modern poetry the search for that definition of the uniqueness of the individual and his relations in life and society, a search reflected in the poetry of men like the Dutch poets Slauerhoff and Marsman, is its central theme. It may also account for the popularity of T.S. Eliot. Thus it is clear, merely from a superficial examination, that the Malay language and especially the Malay language as spoken in the Indonesian archipelago, is a reflection and even an expression of the nationalist development. Therefore, its role is closely connected with the political development of Indonesia.

The question then arises, since the modern Indonesian language is an expression of Indonesian nationalism, what will its role be in any regional thinking on Southeast Asia. In order to clear the way for a consideration of this question, it should be remembered that outside Indonesia the Malay language is spoken in the Malayan peninsula, in British West and North Borneo, and that Tagalog, one of the Philippine languages, is a member of the Indonesian linguistic group. Apart from small Malay-speaking minorities in Burma, Siam and Indo-China, the languages of the countries around Indonesia have no relationship to the Malayan language. It is possible to go even further than that. Several of these countries have not solved their own linguistic problems. In Indo-China there are three totally different languages: Vietnamese, which is the most widely spoken; Cambodian and Laosian. In Burma there are also three languages: Burman, Karen and Shan.

It is equally important to realize that colonial nationalism and, therefore, Indonesian nationalism has only a limited objective and only a temporary and interim character. Colonial nationalism has no aims beyond the attainment of political freedom as the only possible basis for a life of human dignity. Certainly colonial nationalism has no claims whatsoever for a universal application of those values and standards, spiritual and political, by which its adherents live. In that respect it differs fundamentally from the kind of nationalism which arose in some of the free countries of Europe in the 20th century. In short, colonial nationalism as such has no political or cultural expansionist elements. It is a rejection and a reaction and thus it can be expected that, after having attained its political aims, colonial nationalism will die down and that the other elements of revitalized energies of the peoples will come to the fore. Therefore, a deliberate expansion of the Malay language beyond the boundaries of the former Dutch East Indies is out of the question. It remains possible, of course, that as a result of Indonesia's emergence as a free nation the Malay-speaking territories

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outside of Indonesia will seek closer ties with Indonesia. This may prove to be the case, particularly for the Malayans in Malaya who would like to safeguard their position in their own country especially vis-a-vis the Chinese. It is even theoretically possible that, with the necessary stimulus from the Philippines, the dream of several leaders in those areas of a Pan-Malayan Federation will be revived. Current thinking in regional terms, however, is much more along the lines of Southeast Asia regional alignment.

In fact, it is a constant preoccupation of the leaders in Southeast Asia. The solution to many economic and political problems and even the answers to the question as to how much political strength can be generated by the entire Southeast Asian region as a whole, will depend on the ability of these newly emerged and emerging nations to approach these problems on a regional basis, rather than a national one. On the other hand, apart from the fact that the interest of the people of the entire area is for the moment focussed on their own individual national problems, there remain strong potential elements of political and economic isolationist thinking. It is impossible to say at this stage what direction the developments in these countries will take. In any case it is likely that a development will take place on the basis of political and economic factors pertinent to the individual situation in each country and to the mutual relationship within that region and the position of Southeast Asia as a whole vis-a-vis the rest of the world. In working out the mutual relationships in such a regional alignment, the question of cultural relationship does not arise and certainly the question of language does not figure a priori in this question. The question of which language will be spoken predominantly throughout these areas, if such an alignment does emerge, will not be determined in the first place by factors of cultural kinship or by a deliberate choice. It is a question which will be determined much later by the factors of political and economic development, by factors based on the power relations within such a regional alignment, and even by the changing political scene in Asia outside Southeast Asia.

Southeast Asian regional thinking is a product of modern political reasoning, based on a rational approach to economic and political problems. It is the thinking of the politically articulate leading groups and commercially active parts of the different societies, those groups which have broken away from the past and have in common the modern rational approach to the problems of today. The common cultural elements of the past will most likely play no part in such a development and certainly not for some time to come. The question of a common language or even of a predominantly accepted language therefore does not arise.

It should also be realized that in the development of such regional thinking the question of language is not of primary concern, at least if no desire for cultural domination exists in any of the nations concerned. This is illustrated by the fact that neither the Congress of Europe nor the Asian Relations Conference in New Delhi raised this problem. Therefore, in the development of regional thinking in Southeast Asia the development of the different languages of the nations concerned and the question of cultural kinship will play no role. It is highly probable that for the time being the question will be left entirely to considerations of practicality, that the present situation will be continued and that the English language will play an important role in cementing the relationships in these areas.

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MODERATOR EGGAN: We are aware of the profound cultural influence - sometimes we put the term "culture" in quotation marks or add a question mark after it - of Hollywood motion pictures in America or even western life. We should, therefore, consider the role which the motion picture in India and in Southeast Asia is playing and will play. Professor Sarkar will read the paper of his colleague, Professor Chakravarty of Calcutta University.

MR. SARKAR: Mr. Chairman, Ladies and Gentlemen: This is a paper of 7 pages. If I follow the American tempo it should not take more than 21 minutes, but if I follow the British tempo it should be managed in about 12 to 13 minutes. (Laughter)....Professor Chakravarty is Professor of English Literature and he is a scholar from Oxford.

THE INDIAN FILM -- A SURVEY

Dr. Amiya Chakravarty

India's film industry is reported to be the second largest in the world, and yet we must admit that this enormous output is not correlated to a high level of creative excellence. The science and technique in this case, have followed the line of commercial growth, and the main initiative has come either from a desire to replace foreign enterprise by indigenous organization or from an earlier phase of competition between rival film magnates and corporations with financial commitments both at home and abroad. Individual producers looked upon the film world as a potential field for large scale profit, and already their predictions have been more than justified. But though films produced in India have been thoroughly Indianised excepting for the continued dependence on overseas suppliers for technical equipment, the profit-motive acquired from outside, when the films were more completely dominated by a few large power-groups, still retains its early associations. Even the propaganda motive, which prevailed to some extent during the last great war and made the Indian film an instrument of British policy in India, failed to affect the central hold of commercial power. The more legitimate and often very stimulating and creative type of national propaganda that can be occasionally witnessed in the Indian film is rather an exception than an established form of art. The Indian film, generally speaking, has not yet acquired an Indian cultural soul in its inner motivation, though, of course, Indian topics, Indian actors, Indian scenery and the general pattern of superficial Indian life almost entirely give the film its obvious Indianization. It is when we compare the Indian film, as a medium of art, with other arts such as those of Indian music, literature, painting or sculpture that the basic difference is unveiled. The profit motive, or power motive does not prevail in those great expressions of India's culture to any large extent. The initiative remains creational and linked with traditions of India as well as with individual talent in those other forms of art.

Obviously, art must at some point find its safe economic anchorage and it is not intended here that any dichotomy between artistic and utilitarian or profitable values should be enjoined. But the primary initiative must come from artists, workers, actors, and artistic producers, not from business groups. It may sound paradoxical, but in the western film world

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In spite of the giant controlling hands of finance the original artistic purpose still runs strong. That is so because the film in the West began as an art-form and not as business. In India it began as a commercial enterprise organized by foreign distributors and it is only now after many failures painfully acquiring an artistic purpose.

Not that great talent is lacking in India either in the realm of histrionic genius and stagecraft, or in the initial production of the play or story. And, certainly, scientific skill and ingenuity in all fields of photography and production have made enormous strides, sometimes even out-reaching Western competence. But the fact remains that all great art is rooted in tradition, and the Indian film, so far, has failed to link up with deeper soil. Indications are already there that such processes are at work, but we have a certain initial handicap in the fact that the drama - the acting-drama - and the theatre had languished in India under foreign rule and the normal link-up between a great dramatic tradition and the new medium of the film was not immediately possible. The folk drama, or yatra, in India still preserves its vitality and the open-air performances in the villages offer a living and sometimes a high level expression of art but they have been ignored in favor of sophisticated and derivative urban dramas on the stage where excellence has been rare and the main incentive has been display and declamation. With the solitary exception of Tagore in Bengal, the modern age in India has produced no great dramatists. The art of film-acting which demands a very high level of artistry has thus been largely absent. Talented producers like Uday-Shankar have, therefore, rightly gone to Indian folk art, to the provincial and varied motifs of folk dance, rituals, ceremonies and traditional rural acting: this may yet produce an art-form in the film which would be genuinely Indian and therefore also universal in its appeal. His recent venture "Kalpana" is a great attempt, perhaps unique in Asia, but as Uday-Shankar himself is more a dancer and dance producer than a film producer or dramatist, it lacks the necessary integral approach. His comparative lack of literary or dramatic power, as well as his inexperience in the film-technique itself invests his attempts in that field with an importance that lies in the domain of pioneering rather than in great achievement. But we have now an indication of the true destiny of the Indian film as a cultural medium, as an expression of the Indian artistic consciousness.

II

A discerning critic, Khwaja Ahmad Abbas, urges in a recent issue of March of India that Indian films should be exported to the Western world even though they may not have reached the top level of artistic achievement. His argument, which seems valid, is that such exposure to international scrutiny and appreciation would deepen the Indians' sense of individuality by way of criticism and self-criticism which a wider awareness would bring. He also points out that Western art-lovers would be sure to discover new motifs, values, and cultural initiatives from such films even while they had not attained but were progressing towards great expression. As he says, "Comparatively speaking, India has had practically no opportunity of exporting her culture through the medium of the cinema.....but there is no reason why an attempt should not be made to secure at least a specialized and select audience abroad for the right type of Indian films. Some of our Ambassadors have already taken steps to secure good Indian films for exhibition in their Embassies. Film societies, cultural organizations and educational institutions in foreign countries would surely welcome opportunities of seeing, from time to time, a representative selection of Indian films."

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While Mr. Abbas rightly emphasizes that Western audiences should acclimatize themselves to Indian films and find artistic inspiration in the slower tempo of Indian life as depicted in sun-drenched, tropical scenes with an unfamiliar pattern of acting, music and behavior, I contend that his emphasis on the naive and indigenous elements of Indian film-art should be kept clear from extravagances and simulated "Indianism" which derive from artistic inexperience in this field.

It is true that "the very drabness of the average Indian's life makes him susceptible to filmic glamor as an escapist medium: social realism bores him, for he is all too familiar with it." But it would be risky to analyse "Indianism" on any fundamental level of art; greater technical mastery alone may indicate where the "universal concrete" might be found in characteristic and different forms of Indian film-art which are rooted in national character and are representative of human values. Uday-Shankar's "Kalpana" is neither artistically integrated nor genuinely "national" because excessive display and "Indianisms" become their own motive. But there are sections in that film where the new rhythms of Indian life are portrayed in dynamic scenes of laboring population. The rural context as well as the city life show unmistakable evidence of an Indian civilization which is modern, traditional and also artistically "universal" in its significance. The first phase of Indian film-art, which is already being transcended, was derivative, self-conscious, and commercial: but as in the so-called "new" Indian literatures and in the fine arts, a perennial element, which is neither old nor new, is asserting itself in our films. And that element makes it possible for an art-movement to save itself from cosmopolitanism which is so often the reverse of the truly universal in art. Indian films seem to be moving towards an interior balance between the regional, indigenous and traditional on one side and the truly modern on the other-- this can only be achieved through technical experience and through the growth of dramatic talent both in the field of writing and of acting. As I have tried to indicate, India's supreme and consistent level of achievement in other art-forms, where tradition and talent were available, cannot easily be rivalled in the film because of the failure to contact any genuine tradition in the realm of the drama. May be, the emergence of a new dramatic literature and of national theatres which India is awaiting, will fulfill the necessary conditions for the growth of the Indian film as an artistic medium.

III

Some facts and figures regarding the Indian film-industry may, at this stage, be introduced.

The Indian film industry, which is now 36 years old, can well claim to be the largest of the medium-scale industries of the country.

The first Indian film "Harischandra" was produced by Mr. D.G. Phalke in the year 1913, and since then the development of the industry has been both extensive and rapid. With the coming of talkies in 1931 the pace of progress substantially increased. Early development took place in Bombay, which today is the "Hollywood of India". It is estimated that about two-thirds of the total annual production of Indian films comes from Bombay studios. From Bombay the industry spread to other provinces, and it is now well established in Bengal and Madras.

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The Indian film industry consumes about 200,000,000 feet of raw film annually, produces between 250 to 300 full-length pictures and employs about 100,000 persons. More then $60,000,000 is invested in the industry.

In 1913 when the first movie was produced and screened in Bombay it was considered a miracle. Today Bombay is looking forward to the production of color movies this year.

A further expansion of the industry is, however, handicapped by the lack of theatres. There are only about 2,000 cinema halls in the country. The construction of new halls comes under the Government's ban on non-essential buildings.

Epics and mythology were largely drawn upon for subjects for films in the early period. Today social, historical and educational films are preferred. Nearly 60 per cent of the urban and ten per cent of the rural population are estimated to be regular cinema-goers.

While Bombay caters for all-India audiences, making pictures in several languages, studios in other centers produce pictures in the respective provincial languages. Next in importance to Bombay is Madras with an annual production of more than 50 movies; Calcutta's output is about 40, mostly in the Bengali language.

In spite of the large number of country-made films, Indian audiences see on an average 350 foreign pictures every year.

Indian films have a good run in countries like Ceylon, Burma, Malaya and South Africa where there is a large Indian population. A few Indian films with English titles have been shown in Europe and America.

MODERATOR EGGAN: Thank you, Professor Sarkar. I might mention that your tempo is just halfway between the English and the American.

MR. SARKAR: I congratulate myself!

MODERATOR EGGAN: In these three papers we have had a number of important points raised. Professor Mandelbaum has emphasized not only the lack of data, which clearly means that there is a great deal more work to do in terms of gathering raw materials and organizing and integrating them, but he has emphasized the importance of the village cultures not only in India but throughout the Far East. Too often I think we forget as we look at the large cities scattered around that these large cities for the most part are not indigenous to South Asia or even to East Asia; that they, in part at least, have been pasted on to the edges of these countries as a result of commercial, economic, and political contacts with the West. So that one of our failures to understand these regions from a cultural standpoint has been that too often we stop at the edges of these countries in the cities where there are statistics and conveniences and hotels and so on. The interior regions, the provincial capitals, the rural areas, the village life, - too often its massive character does not get into our thinking in terms not only of its stability but also of the nature of the changes which have gone on.

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I think Professor Mandelbaum has rightly called our attention to the importance of these village cultures as a basic type of life of these areas and directed our attention to the question as to what extent this village life has been affected by change. He also dealt briefly with the elite, the educated classes of these areas, which in terms of giving new directions and new emphasis, new ways of integrating the old and the new, are of crucial importance. He pointed out too the very important effect in the past of the pressures from outside which have been integrating these areas and mentioned -perhaps he did not mention but we might mention - that we need to take into account what will happen when these pressures are released and therefore certain features bringing about integration have been modified. He noted also the caste system which may come in for a good deal more discussion.

The paper on the Malay language is important in showing the factors by which a lingua franca may spread over an area and some of the limitations as to the continuance of that spread.

The paper on films in India raised the important point, to quote this paper, whether a genuinely Indian product can have universal appeal over this whole area, whether Indian films can make a genuine appeal and act as an integrative force over areas outside of India. We might if we had time have had papers on radio, which obviously is another modern feature of mass communications and is important here.

Perhaps that is enough in the way of summary to recall some of these points to your attention and we are now open for discussion.

GENERAL DISCUSSION

MR. HORACE POLEMAN (Library of Congress): I would like to ask two questions, with a few prefatory remarks. Mr. Mandelbaum and Mr. Soedjatmoko both ended their papers on very optimistic notes: to-wit, that the leaders of South Asia are building social compatibility; that the cultural differences will not play so important a part but practical considerations will lead to regional cohesion.

I would like to return to the pessimistic note of yesterday and remind the group that we have had the most shattering example of what can happen in this decade in a very short time through the play of traditional differences, namely, the birth of Pakistan.

I would like to ask Mr. Mandelbaum, granted that there were political and economic differences which led to the growth of Pakistan, whether he feels that the traditional cultural differences played the more prominent role in bringing about the birth of Pakistan.

I would like to ask Mr. Soedjatmoko whether a study of the basic factors which resulted in Pakistan might conceivably have any bearing on similar disunifying factors in the rest of the area.

MR. MANDELBAUM: If I understand your first question correctly, Mr. Poleman, it concerns the relative importance of formal differences in dogma between Hinduism and Islam in bringing about rivalry as contrasted with the importance of general economic deprivations. I tried to deal with that problem in a paper that was published a year or so ago in The Middle

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East Journal. My conclusion there was that differences of dogma between Hinduism and Islam were not causes but rather were symptoms which were seized upon as a result of large-scale frustrations.

There are many parts of India where Hindus and Moslems have lived in perfect amity for centuries, where there has been no shred of inter-communal rivalry, and, on the other hand, there have been fierce and bloody riots between Moslem and Moslem, as between Sunni and Shiah, and between caste and caste; as a matter of fact, it was not so long ago that the severest riots in India were between Hindu castes, especially in the South, rather than between Hindu and Moslem.

So in answer to your question, I don't think the formal dogmas of Hinduism and Islam were the prime reasons for the outbreaks that occurred.

MR. SOEDJATMOKO: With reference to Professor Mandelbaum's remark, I would like to point out that the history of colonial nationalism has shown that much of the separatist tendencies which developed in its course resulted from deliberate manipulations of dormant conflicts and tensions, which the nationalist movement itself had already successfully overcome. This could be said of the initial development of the Muslim League in India, although this movement later derived much of its strength from existing social antagonisms in the country. It also holds true for Indonesia.

There the nationalist movement started on a local basis; there were Javanese, Sumatran and Celebesian organizations, besides the Moslem movement which immediately transgressed the local boundaries. Within twenty years, however, all of these organizations had dropped their local bias and fused into a nationalist movement, covering the entire territory of the Dutch East Indies, aiming at political freedom for that entire area. By 1929 the political and cultural unity of the Indonesian nationalist movement was established. This unity was never questioned again by any of its adherents up to the return of the Dutch colonial administration in the wake of the Allied victory.

Then the primary need of the Dutch was the containment of the Republic of Indonesia. This could only be done by deflecting nationalist sentiment, in the areas which were under Dutch military control, away from and against the Republic, by playing up ethnic differences, putting in control the old feudal rulers in those areas and setting up a cordon sanitaire of puppet states around the Republic . This so-called Malino-policy, initiated by Dr. van Mook, however, has not met with the success the Dutch had hoped for, since the larger of these states gradually refused more and more to be used in a power play against the Republic.

However, as a result of this policy it is to some degree likely that there will be a subdivision of a free and nationalist Indonesia somewhat along the lines of ethnic differences.

MR. BROEK: In the first place, on this matter of unity of South Asia, I still have very much the feeling that the difference between India and Pakistan on the one hand and Southeast Asia on the other is greater than the unity which was suggested last night by Miss DuBois and by Professor Mandelbaum this morning. These differences show up in many cultural features. For instance, as a footnote to Mr. Mandelbaum's illustrations,

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it is very interesting to note that the houses in Southeast Asia are almost everywhere built on piles, while in India as well as China they are built on the ground. For our purpose here it is a minor matter, but it gives an indication of the fundamental cultural unity of this region and the difference in that respect from India.

In its higher forms the culture of Southeast Asia is largely derived from either India or China, or indirectly from Arabia. It is a cultural dependency, one might say. That is in a sense a negative unity, but again, it sets off this area from its neighbors.

To take a more vital feature, consider the middle class. India has a considerable middle class which has formed the basis for its modern development, and that is one of the reasons why I said yesterday that India is in a different position than Southeast Asia. In the latter region there is practically no native middle class, except for the newly formed group of Western educated civil service people, and professional men. As you all know, the middle class of these countries consists of Indians in Burma, and Chinese elsewhere, with to some extent Arabs. I give this as an example of an important difference which is bound to have its effect on all questions of social and economic progress.

I do not deny that the peoples of South Asia as a whole have certain features in common, but these are so to say negative in character, such as the struggle against Western colonial rule. Once that fight is over, there is little of a positive community of interests left.

One particular question to Mr. Soedjatmoko. When you spoke about this matter of unity you used the term Southeast Asia. My question is, does that indicate agreement with my thesis, or were you including India and Pakistan in that term, in other words did you mean South Asia?

MR. SOEDJATMOKO: That specific question on Southeast Asia. Yes, it was a rather inaccurate term I used. I meant Southern Asia including India. That will answer the first part of your question which you addressed to both of us. I feel that the development towards a closer integration of the Southern Asian region is not a product of the past, has no relationship with actual existing cultural kinship or cultural disunity; it is a product of modern political thinking, it is a development which will be brought about by political and economic factors which work on that area and where the question of cultural kinship or cultural disaffinity does not arise before that political alignment takes shape or has taken shape.

MR. MANDELBAUM: I think Mr. Broek's points are very well taken; however, there are these considerations also to be borne in mind on the matter of house form and kindred matters: It was pointed out well over a hundred years ago that there is a certain cultural similarity which extends from eastern India deep into Oceania. That is undoubtedly true, I think, and yet we would hesitate to bring Oceania into the purview of our discussion.

As to the middle class, Mr. Broek rightly points out that the existence of an alien middle class in many of the Southeast Asian countries was brought about under the aegis of the metropolitan powers. Now that the metropolitan powers have relinquished some of their control I think the whole

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citizenship of the alien middle class to the indigenous population, will shift in the direction of more complete assimilation and cultural and social integration with the bulk of the population.

MR. POLEMAN: Mr. Broek has clarified a little bit what I had in mind. I was not thinking so much of studying Hindu-Moslem dogmatic differences as the actual psychological basic divisive patterns which operated there, and whether they could be applied and studied with relation to similar patterns elsewhere, not in terms of Moslem versus Hindu.

I must confess that I am not in complete agreement with Mr. Mandelbaum. He referred to dogmatic, superficial differences in a rather scoffing way. I rather think that those dogmatic superficial differences captured the imagination of the peasants and finally put the Pakistan movement across. At the risk of seeming facetious I would like to quote an observation of W. C. Smith on what was the basic success of the Pakistan movement. I wrote it down last night. I will read it to you:

> "In the end they (the Moslems) pictured themselves all debilitated by enforced effeminate vegetarianism and disintegrated by imposed defeatist oblivion. and bowing down to worship dirt and stones while the mangy 'sacred' execrated cow marched in triumph over the prostrate land."

That may be dogmatic.

MR. TALBOT: We have been talking about cultural forces as they are observable, and it was suggested that perhaps they are also manipulative; that perhaps the reason Pakistan came along when it did was because a group of people took a situation which had been dormant, as Mr. Mandelbaum said, and manipulated it into a political force. Mr. Soedjatmoko mentioned that differences had been manipulated into an Indonesian sense of unity, and they had been re-manipulated into a divisive situation in the more recent political situation.

A question we might eventually consider is whether there are attempts in South Asia now to manipulate a sense of regionalism or a sense of non-regionalism, and whether such attempts look as if they might be fruitful.

MR. VANDENBOSCH: Mr. Chairman, are we not dealing with two overlapping regions rather than one? I must confess that I have always regarded Southeast Asia more as a part of Eastern Asia than of South Asia. The impact of both China and India is felt in Southeast Asia, but until recently the penetration of Chinese influences has been much the greater. Singapore is a Chinese city and Malaya very nearly a Chinese country. There is in the whole region a not unnatural fear of China and India. In Burma and Ceylon the fear of large Indian immigration is acute. Probably the chief reason why Ceylon chose to remain in the Commonwealth was the hope that it might give her some protection against India. In the other countries of the region Chinese immigration and influence are feared.

I am surprised that so little has been said about Islamism as both an integrating and a divisive force in the region. Between Moslem countries there is a strong bond of union, but Mohammedanism split India in two. Islamism as a strong force in Indonesian politics. Its power as a uniting and a dividing force was clearly evident in the Palestine issue in the United Nations and at the New Delhi Conference.

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MODERATOR EGGAN: I think the problem as to whether we have two regions or one or whether this area is in transition from two regions to one is one of the major problems which we are discussing here. There is no point in asking me to answer that question but my own feeling is that as you take it at different time periods you get different results. If you take the 10th or 11th century, the Hindu influence was almost up to the base of Southern China; if you take it at other periods you have a reverse trend. You would really need a series of cultural maps or political-social-cultural maps at different time levels and you would find it oscillating back and forth between these two major poles. The problem is now, I think, in which direction is the oscillation going at present?

MR. VANDENBOSCH: Do we not have in Southeast Asia a situation like that in the Caribbean and Latin America? The militarily weak, capital-importing and primary-commodities-exporting countries of Latin America, feared and distrusted the United States and yet followed a Pan-American policy. Indeed, they used Pan-Americanism as a means of controlling the United States. We may expect the countries of Southeast Asia to adopt both an anti-China and anti-Indian and a Pan-Asiatic policy.

MR. SOEDJATMOKO: I would like to address myself to the point raised by Professor Vandenbosch, the point dealing with the role of the Islam.

I think one could say that the days of Pan-Islamism are definitely over. Moreover, two recent events in the Middle East have shown the political weakness of alignments based merely on the ties of a common religion.

On the other hand, I do not mean to say that the idea of the Moslem brotherhood, the sense of kinship which links the adherents of the Islam all over the world, is not a strong force and a factor in international politics which could safely be discounted.

As far as Indonesia is concerned, it should be remembered that this archipelago, and especially Java, has always been a melting-pot of a great part of the religions of the world; that this has brought about an atmosphere of great tolerance and an approach on the part of the people emphasizing the personal direct experience of religion - a mystical approach - rather than in a dogmatic, orthodox sense.

Islam in Indonesia has therefore never been able to establish the structure of society and of states in accordance with its precepts, except maybe partly in those areas outside Java which were directly ruled by local Moslem princes.

In any case the Nationalist movement in Indonesia, after its initial spread on the wave of Islamic revival, has quite definitely severed itself from the Moslem-state concept and developed along lines of secular political ideas.

It certainly is true that in the Republic of Indonesia the Moslem party is still numerically the largest party, but on the other hand, because it embraces a wide range of political shadings, from socialist to ultra conservative and reactionary, it contains many inner contradictions, both on the political and the religious level. So that it cannot be expected that this party as such will, as a single factor, be the main determinant in the political and social development of Indonesia.

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MR. HOLLAND: Though I am no anthropologist, I was somewhat surprised that neither of the two previous speakers has referred to some of the more generally observable manifestations of cultural change. I wanted therefore to ask how far, despite the strength and persistence of tradition in these ancient and sophisticated civilizations, there is observable in the everyday village and small town life of Southern Asia some of the same adoption of the superficial aspects of Western civilization which one finds in other changing cultures of the world. I am thinking of such obvious things as the aping of Western clothing, of bobbed hair, of the influence of modern schools and school teachers as against the traditional type of family authority and all of the other well known aspects of Western civilization, which we know to be one of the great disruptive forces of most other traditional societies, particularly the smaller and more primitive societies.

I should think that Mr. Mandelbaum must have had ample opportunity to observe some of those changes. To what extent will they be the deciding forces in the modernization of these South Asian societies, or to what extent are there powers of resistance and renascence in Indian traditional civilization or Chinese civilization or Indonesian civilization which will transform this modernization into something different from what one has seen in other parts of the world where the aim of the new elite has often been to waar a Western suit, or bobbed hair, and generally be European-looking.

MR. MANDELBAUM: I think, Mr. Holland, that is certainly true, and that Western patterns that have been taken on have been to some degree disruptive of the older way of life; however, it seems to me that the trend at the moment is quite in the other direction. There is what I like to call by the fancy term "reintegrative reinforcement," by which I only mean the process observable in situations such as in the Indian village where the Congress movement has been preaching and Congress followers and a great many people who have been exposed to Western ways have somewhat rigorously gone back to the simple life and to the old life. I think that is true not only for India but it is true fairly widely in Southeast Asia, so there is less of the rush to take on everything in Western life, from "Which Twin has the Toni?" to forks and spoons and knives. I think it will swing back again.

How disruptive the adoption of Western technology will be, of course, can only be a guess at our present state of knowledge. Disruptive it certainly will be, but then most societies in most stages of their career are continually being disrupted, are continually changing, and we have no reason to believe that there was ever anywhere in South Asia a sort of Golden Era of the past when things went smoothly and everything was in a state of equilibrium. There were constant changes in the history of South Asia, even as there are now. I certainly think there are going to be shifts eventually in the pattern of the joint family in India, but as yet the pattern of joint family for the bulk of India still holds.

Have I answered your question?

MR. HOLLAND: Yes, in part. I would like to hear later on from Professor Embree.

MR. LEVI: I would like to pursue a little bit more what Mandelbaum said under the title of regionalism because it seems to me we are beginning to see a great deal more of regionalism and in following what Professor Broek said it seems to me if there is anything actually regional developing

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it is among the Southeast Asiatic areas on the one hand, as against India and China on the other hand. At the moment I can see the same result that you have in every other part of the world with regions developing, namely, that they develop as a reaction against a real or imaginary fear caused by political or national considerations. If there is any regional development coming it isn't coming in the brotherly spirit of "let's all get together," or the "one world" idea, but it is simply a reaction against threat. From the statements of what is actually going on we should strictly keep India apart from Southeast Asia. The cultural factors may or may not have some influence on parts of the East with which Southeast Asia may create a region, but that is a secondary factor as far as present realities are concerned.

MR. ISAACS: I think this has opened up a new and important point, but I would like to stress a point that was made a little farther back on the question of the manipulation of these cultural and social factors and their differences. I think the main stress belongs on manipulation if we want to determine the relationship of these things to real politics and what goes on in the life of the country. We have had the example of Pakistan, the end result of fifty or sixty years' British manipulation of Hindu and Moslem antagonisms in India. The Dutch have long been adept at keeping social groupings apart. The French have tried it in Indochina, keeping the country artificially divided. Manipulation more than anything else has determined the relationship of Cambodia and Laos both to Siam and to the countries of Indochina. Wherever these cultural differences have intruded into the political scene, it has usually been in the form of direct manipulation by foreign influences. Experience has almost always shown that they could co-exist peacefully if the power factors would allow them to do so.

MODERATOR EGGAN: I think from our standpoint that the crucial question might be whether there has to be a sound base for that manipulation in the culture or whether it can be, as it were, artificially created by that manipulation.

MR. VANDENBOSCH: In the case of Indonesia that is reenforced by geographic insularity. Particularism needs very little artificial stimulation. I have taught American Government for many years and rarely have I had more than two or three students in a class who would agree with me that equal representation of the states in the Senate is an atrocity. Who instigated that sentiment? There must first be some basis for these things before they can be exploited.

MR. PELZER: On the point of insularity, the effect of the insular character was only sharpened by creation of K.P.M. monopoly, the charging of very high rates and so on. You are very familiar with what I am referring to.

MR. VANDENBOSCH: Surely you do not think that the unwillingness of Nevada and other states with little population to surrender their constitutional right to equality of representation in the Senate can be ascribed to high railway rates, or the instigation of railroad companies.

MR. PELZER: I was giving an Indonesian example.

MR. VANDENBOSCH: Suppose there had been no charge at all for transportation between the islands, would there have been no feeling of insularity?

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MR. PELZER: No, I was pointing out that there was a possibility of manipulation, and certainly the possibility was fully utilized.

MR. DANIEL THORNER (University of Pennsylvania): When Mr. Poleman referred before to the creation of Pakistan I think he called our attention to something which might have come up a little earlier, namely, that part of this entire area looks as much to the Near East as it looks to Southeast Asia. Just as Southeast Asia to some extent derives from China and to some extent from India, so India and Pakistan look to Southeast Asia and have had considerable influence in Southeast Asia; but also they themselves have been influenced from the Near East, and Pakistan in particular is oriented toward the Near East.

When reference is made to Pakistan as an artificial creation of Britain, I think it is well to bear in mind that Hindu-Muslim antagonism goes back a long way. The Arabs invaded Sind before the time of Charlemagne, and Mahmud of Ghazni, practitioner of "Holy War," came down from Afghanistan into the Punjab, (and some of his successors went all the way to Bihar) before William of Normandy crossed the English Channel and conquered Southern England. So we cannot say that they were figures of British power.

The antagonism of Hinduism and Islam, then, has a very long history which nobody should deny, and it erupted in rather acute form in the days of the declining Mogul Empire, at the end of the seventeenth and the early eighteenth century. That antagonism has been latent since the time of Aurangzeb, who died in 1707. The question to which we perhaps should direct ourselves for the moment is the circumstances under which that antagonism came to the fore in recent decades. And there I think we have to turn to problems created initially by the social and economic disruption of Indian society when India became part of the metropolitan economy of Great Britain. This gave birth to very genuine issues, not simply "cultural" issues, which in themselves may be genuine, but also very serious economic and political issues which have divided Hindus from Moslems in India. In important areas the landlords and money-lenders have been predominantly Hindu and the peasants chiefly Moslems; whereas in other areas you have had rich Moslem landlords and poor Hindu tenants.

The basic reason why imperial policy affected Hindu-Moslem relations is that for purposes of imperial rule it is not sound to permit all groups to line up against you. There are ways of making sure that they do not all come together against you, and there are ways of making sure at least that they do not all come against you at the same time. This was very frankly and publicly discussed in reports on Army policy in India in the 1850s and '60s and '70s, where the value of utilizing cultural antagonisms was stated in the public record and is there in particularly blatant form.t The best example of this is the public statements of Lord Elphinstone, the Governor of Bombay.

Similarly, as to communal representation. While some justification can be offered for it, the way in which it came forward and the way in which the organization of Moslems as Moslems for political purposes developed, the assistance to that from the imperial authorities, is something worth reviewing. I think it is fairly clear that with the rise of nationalism in India, forces which might help to counteract nationalism were strengthened and helped to come into being, not necessarily in a crude or coarse way but

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in a sophisticated way. I think it would be inappropriate to say that the seed of the Muslim League was taken by a British official and put in the ground and water poured on it and fertilizer added. Not all of those things were done, but a good deal of imperial assistance was given in the nourishing process.

It is worth remembering also that these things are subject to rapid change. The demand for Pakistan itself was put forward less than ten years ago, and not before then by any important political party in India. Pakistan itself, then, is less than a decade old and it is worth our while to consider the implications of such rapid change in that area.

MR. PAUL KATTENBURG (Department of Political Science, Yale University): I would like to address myself to the question raised here of taking Southeast Asia and India as a bloc. Certainly I will verge on the political and perhaps in doing so retrace the steps of the New Delhi Conference on Cultural Relations which found it impossible to keep political considerations out of its debates in 1947, thereby perhaps giving some evidence of the fundamentally political nature of the forces for regionalism emerging.

We are in danger of not recognizing a phenomenon already impressively on the world scene. The central factor is the severance of this region from subordination to centers of power located in the West, and the emergence of indigenous considerations to paramountcy. Our former thinking, for example about the role of the Indian Ocean basin in world politics, must in large part be revised. The ideas of Panikkar, expressed toward the end of the war, for instance, the notion of India and Inddnesia as twin pillars of a common security zone, are becoming of great relevance. Expression of this has been given more recently after the first police action of the Dutch in Indonesia, by Nehru, what has been called Nehru's "Monroe Doctrine," the idea that the imposition of force on the part of the West in this area will be resisted. Of course this cannot yet be translated into effective political terms, but nonetheless the phenomenon, as has been seen even more recently at the Delhi Conference of 1949, is impressively present. Not only are the fundamental security considerations for emerging nations involved, but these are reenforced by considerable unity of purpose among the elites in an ideological sense, by the common characteristics of the nationalist struggle, and by the present balance of forces in Asia, which is in the way of radical change due to what is happening at the present time in China.

I would like to add one point on the question of Islam. It is remarkable that India and Pakistan found unity on the Indonesian question, not, as Mr. Vandenbosch has pointed out, that they took opposite positions. This is one of the rare instances where Pakistan oriented herself toward Asia. Earlier, at the New Delhi Conference in 1947 Pakistan had manifested a marked distrust of Hindu imperialism.

MR. WRIGHT: Perhaps this discussion of the relative importance of manipulation and the things you manipulate will come into our discussions at a later time. It seems to me, however, that any large-scale region, or nation, consists of somebody actively manipulating and of factors that can be manipulated.

I was in Germany in 1934 and talked with the Japanese ambassador to

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Germany, Japan was coming into the Axis which I think most people will say was a manipulated rather than a natural group. The Japanese ambassador, however, emphasized the cultural similarity between Japan and Germany. He claimed certain recent discoveries about the relationship of Germany and Japan across Siberia. The manipulators found it extremely useful to discover that there were cultural relationships, even though most people would find, to say the least, these relationships very obscure. Such a discovery would serve as a building stone for the new manipulative structure that the Japanese ambassador was at the time trying to make.

A point emerged in our conference yesterday which seemed to me to indicate a certain cultural similarity among people in the area we are discussing, differentiating them from Westerners. Yesterday in viewing the economic situation in South Asia, all of us who were brought up in a Western culture felt a profound pessimism. On the other hand, in our discussions today on culture we all feel a little less pessimistic, and I think in both cases that the members of this conference from South Asia itself felt even less pessimistic.

I wonder if that does not indicate perhaps a profound cultural difference which exists. In the West we are inclined to think that the major goal of human effort is to make it possible for all individuals who are born to live out their span of life with enough to eat. It occurs to me that maybe in the scale of values in South Asia that value is very much less important. It may be that most people there, while they would like to have enough to eat, feel that the opportunity to be born into a culture is more important than the opportunity to live out a normal span of life. Consequently, the problem of population, the Malthusian differential between population growth and food supply, leaves the South Asians much colder than it leaves the Westerners. They are less impressed by the evils of a high birth rate and a high death rate and low standards of living than are we Westerners. Consequently they are not as pessimistic as we are about this area where it seems extremely difficult to meet the population problem.

I am wondering whether that profound cultural difference isn't the most important thing we have to deal with. It may be a major factor in the anti-imperialistic drive which has been so manifest in South Asia. After all, it is perfectly natural that the imperial powers from Europe should assume, as Mr. Furnivall said, that the people in the area should want the things we think they ought to want. Maybe they don't want those things and it was the continual pressure of the imperial powers, unconsciously assuming they ought to want those things, that was the basis of the conflict. It may be that in this whole area you have that basic cultural difference and, if that is true, that may provide something out of which to manipulate a unity in the area in opposition to the different value system of the West.

I might link this up with what Mr. Holland said about Western types of dress, hair-cut, clothes, etc. Those things cost money. It may be that if you have an aspect of Western culture of that kind filtering into South Asia it will mean that the South Asians will take a greater interest in having purchasing power so they can get those things. It may be that gradually this philosophy of economic welfare which I have thought of as the basic cultural standard of the West will filter through. The result may be that there will develop in South Asia so great a concern about building up a standard of living that they will then see the problem as we now see it.

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They may become aware that the relation of population growth to food supply is such that the problem can hardly be faced and the whole area will become extremely unhappy. If the people do not have our cultural ideas and do not care so much if a large number of people are starving and dying perhaps they will be less unhappy, especially if the economic problem is so great that it can not be solved for an indefinite future.

MODERATOR EGGAN: One comment on that. Despite Professor Sarkar's statement with regard to the caste system the other evening, that it was only to regulate marriage, one of the things which the caste system did was to provide this cultural life and take care of it, not only here but on ad infinitum, and that was one of its great strengths.

MR. SOEDJATMOKO: I do not think it is correct to speak of Eastern culture and Western culture in terms of absolutes, and I think it is a mistake to put them opposite each other. And certainly I feel it would be wrong to derive any definite conclusions from such an abstract procedure.

Of course one could point to several differences. For instance with regard to the particular point raised by Mr. Wright, one could argue quite effectively and philosophize quite impressively about the different position of the concept of charity in the two cultures, the concept of one being his fellow man's keeper; but to assume that the consequences of the Malthusian doctrine, the effects of excessive population pressure would be of no concern to the leaders of Asia, is in my opinion too rash a statement, and certainly incorrect.

MR. WRIGHT: I meant the relative degree of the two things.

MR. SOEDJATMOKO: It is of course correct to say that at the present moment the problems of this kind do not figure as problems of an acute nature in the minds of the people, since their primary concern is with political problems, especially in those areas where the attainment of political independence is still an issue. On the other hand I don't think that any leader in Southern Asia is unaware of the importance of the population problem. To come back to the division of the world into Eastern and Westdrn cultures, I would like to point to the emergence of nationalism in Asia as an indication that such an abstract division is incorrect and impractical. The emergence of nationalism in Asia is due to a development, many of the sources of which could be traced to the West; that is, the emergence of the sense of individuality, the sense of personal dignity which is now pervading the nationalist upsurge in Asia and which is, I would say, one of its most important motivating spiritual factors. Therefore, I don't think that we could fruitfully deal in absolute terms with "the East" and "the West".

I also want to make a remark on the statement made earlier by Mr. Holland. The tendency to ape some of the superficial features in which Western culture presented itself in Asia has only been of a very temporary nature in the development of Asian nationalism. It was a feature which was predominant when the pain derived from the feeling of inferiority with regard to the West and its power was prevailing; but with the gradual growth of strength of the nationalist movement, and its growing self-assertion, that factor lost its importance. The general attitude now is much more matter-of-fact and casual. When we look for dividing or unifying factors pertaining to Southeast Asian

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regionalism in the cultures of the villages in the individual countries, I think we should remember that in this development toward regionalism the culture of the villages and therefore the culture of our past is static; it has no expansionist elements because a feudal society has no expansionist elements except in cases of outright military conquest, which is here completely out of the question. The factors influencing regional development are to be found in the politically articulate minorities of the individual countries and not in the villages.

The cultural patterns in the villages will therefore have no bearing on the development of regionalism. On the contrary those patterns will be influenced by the conditions created by such regional alignments if and when those alignments come into being. We should realize that Southeast Asian regionalism is a modern movement.

MR. CHARLES W. MORRIS (University of Chicago): I just wanted to make one remark in connection with Mr. Wright's statement. I don't think this negates what he says completely because there is an element of subtlety in this sense of self-respect which I think constitutes a difference. I have been studying the acceptance of value patterns or ways of life among some 500 young people in China, India, Burma and Japan. With respect to India and the United States, the most surprising think was the relatively great agreement among the young people in the relative appeal of different ways of life -- the number of Indians that wanted to live a certain way was about the same as the number of the United States -- I found no noticeable difference in the motivation with respect to how people would like to live among the young people in these two cultures. There were some differences but they were not very great. I tried to connect that up with problems of distribution (types of temperament, types of physique, and so on) in the different cultures and the problem gets more complicated. But just in general I have been impressed by the fact that concerning the relative strength of the acceptance of the various thirteen value patterns I have been working with there is very little difference between the Indian young people and American young people. It does raise doubt as to whether the psychological motivations are really essentially different.

MR. WRIGHT: The question whether these psychological motivations may be the same in any population?

MR. MORRIS: China is quite different in many respects from the United States.

MR. WRIGHT: I was raising the question whether the prevailing culture may not have certain standards which developed from conditions quite apart from the individual attitudes of the population in which the culture exists, and consequently it is mainly the culture which is a matter of tradition and education. It wasn't the psychological motivation I was concerned with.

MR. MORRIS: I was very much impressed among the Indian young people and some others, but among the Indians particularly, by great psychological scars and wounds and the desire to get a certain kind of self-respect, and that is another factor that would not be involved in what I have said. It might tie in with what you are saying. I think the psychological struggles among the young Indians are very intense today.

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MR. HOLLAND: I wanted to ask whether in describing the goals or the value patterns it could be said that they were essentially Western. Did your subjects have the opportunity of choosing whether they would want the kind of goals that we Westerners would think desirable; or were they also offered a choice of old-style traditional Indian types of satisfaction, for example, a feeling of harmony with one's parents or a position of traditional prestige in the village community and so on? In other words, were the values essentially a Western pattern or were the people given an opportunity of choice between them and the old style?

MR. MORRIS: That is always a problem. The endeavor was to not make these Western, and the students had a chance to formulate alternatives to these thirteen value patterns if they found none of them satisfactory. So we endeavoured to avoid that problem, but that does not say actually that we did avoid that problem. At least an endeavor was made to give each individual an opportunity to form alternatives and there were not many radical proposals.

MR. HOLLAND: My point in raising the question originally was precisely because I also had the feeling that there were appreciable differences in kind between the relative strength of the Western appeal as between India as the one extreme and China on the other. It is a legacy of history, the impact of English ways, English language, English institutions on India probably having been relatively much greater than the Western impact on China.

MR. REUBENS: On this question of the Western impact on Asiatic values, I think we have given too much stress to physical values. Mr. Holland re-stated the anthropologists' position chiefly in terms of consumption values, of clothing and hairstyles, and even food. This is valid and important, but perhaps does not go far enough. If we think of the point that Mr. Mandelbaum raised regarding the effect of introducing Western technology into the Asiatic societies, then there is a question whether these societies can or do in fact absorb and integrate the new elements to any great degree; or whether, on the other hand, these Western technologies mean various kinds of Western procedures that are incompatible with the values of the given Asiatic society.

I think we must consider the transformation of occupations the people are engaged in; the transformation of agriculture, particularly as it shifts from subsistence crops to more cash crops; breaking down of the self-sufficiency of the village; impairment of various features of native law; you get a shift in the supreme importance of land-owning as commercial and even manufacturing operations get under way; you get a class shift as to the role of the money-lender, and you get in addition to that the role of the city bank, the role of the foreign money-lender, and the role of foreigners generally as entrepreneurs. Even beyond that you get a shift from the old values of stability and tradition and persistence and familiarity, to a readiness to accept change and novelty, and a greater emphasis perhaps on rational calculation. New alternatives are now presented: "Shall you use this crop or that?" - "Shall you use more fertilizer or a new and expensive kind of seed?" There are new possibilities as to what you can do with a piece of land or a given amount of labor-time, and this forces upon the traditional system of production the kind of choices which people face in a developed economy. The natives are compelled to do a certain amount of

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choosing between alternatives, a certain amount of pulling themselves away from the traditional matrix, and begin to consider these things in a broader frame of calculation.

I submit that since these countries are already engaged in economic modernization, they are in the course of it and they are obviously not going to retrace their steps; that introduction of this new technology creates very basic clashes with the old culture; and that the question arises as to what extent it is possible to integrate the Western technology with the traditional culture. Mr. Mandelbaum assumes that it is possible. I wonder if we ought not to address ourselves to the question of how far it is possible.

MR. MANDELBAUM: I certainly agree that there are now more alternatives in village life than there were before; however, I don't think that there ever was a time when there were no alternatives. It is a matter of different kinds of alternatives and perhaps a somewhat greater number of them being presented. I don't think any one of us can say whether this integration is or is not possible. In a sense I don't think that is an answerable question because some kind of integration is going to come about. It may come about with greater or less friction, but I seriously doubt whether there will be a total rejection of Western technology in any one of these societies with which we are concerned this morning.

MR. SOEDJATMOKO: I don't think that the introduction of Western technology in the societies of Southern Asia will create insurmountable difficulties in this respect. The introduction of Western technology, together with the spread of Western money-economy, is bound to bring about the further disruption of the closed village structure; this in turn will lead towards the destruction of many of the frozen attitutes of the people, creating the necessity for the people to find a new orientation and outlook on life.

Different from its historical development in the West, Western technology will be introduced to the underdeveloped areas of the world from the outside and from above. The peoples of those areas, therefore, will have to face the introduction of completely developed modern technology. At the same time, the old security provided by their villages and their customs and outlook on life which was so closely related to the old feudal social structure will have broken down.

Under those circumstances, therefore, I do not think that one could speak of a fundamental incompatibility of the two ways of life on the basis of abstract theory. The people will have to adapt themselves to the existence of the apparatus of modern technology in their daily life, and in that process I am quite sure many of the problems which, from a viewpoint of theoretical deduction look incompatible, will cease to be problems at all and will vanish, because the answers will be found on an entirely different level. All these answers in the end will bring about a basic change in attitude and create a new outlook on life. In many respects, therefore, there will be no such thing as a deliberate choice on the part of the bulk of the people between two or more theoretical alternatives. This process of adaptation of such magnitude will not take place without shocks and violence. Its consummation however, is in my opinion, inevitable. Much of the resistance which will be encountered will not be fundamentally different from the type of

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difficulties one would run into in introducing modern technology among the hillbillies in the U.S.A. or among the peoples of any backward area in modern Western states.

This of course by no means explains away the size of the difficulties we will run into. There still remains the question as to how to develop among the people that acquisitive urge beyond the search for the bare necessities of existence, which apparently is such an important element in the full development of the popular resources of a nation.

MR. SARKAR: I want to ask a practical question. It is not speculative. Suppose you were asked to help Washington, D.C. with a scheme for the training of American diplomatic officials or consular agents and commercial attaches with regard to some of these areas, wouldn't you attach special importance to the linguistic and tribal or racial diversities? Secondly, to which kinds of unities or uniformities would you attach greater importance? To the old traditional Sanskritic or to the modern, Eur-American, technological, scientific and administrative? Thirdly, are the so-called opponents of Southeast Asian peoples really common or unified? You used an expression like that.

Mr. Soedjatmoko, I shall ask a particular question. Does every Javanese understand Malayan or Indonesian without attempting to learn it in a special manner? You have used an expression "safeguarding Indonesia vis-a-vis the Chinese." What does that mean?

MR. SOEDJATMOKO: I must start with a correction; I did not say "safeguarding Indonesia vis-a-vis the Chinese"; I was referring to the particular situation in Malaya where the Malayans feel a great deal of insecurity with regard to their political and economic future, vis-a-vis the Chinese particularly. The fact is that in Singapore the Malayans are outnumbered by far by the Chinese and that in Malaya proper the Chinese are equal in number to the Malayans.

After this correction, I think I could address myself to the question....

MR. SARKAR (interposing): Does every Javanese understand Indonesian without attempting to learn it?

MR. SOEDJATMOKO: I suppose every Javanese gets a sufficient mastery of the Indonesian language as far as is necessary to conduct a regular conversation with any other ethnic group in the Archipelago. Of course there is a difference between the ability to use common, everyday language and the full mastery of a language in a trained manner. Here of course the question of education in the Malay language comes in.

MR. SARKAR: Normally, all Javanese do not understand Malayan?

MR. SOEDJATMOKO: Except for the peasants in the remote inlands, yes.

MODERATOR EGGAN: In regard to your first question, I don't think our State Department is quite that far advanced on applied anthropology, although they are training the Foreign Service officers in general cultural matters and in linguistic matters. I think they have made a good start in that direction. I assume from the way that you stated your question that it was perhaps somewhat rhetorical.

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MR. WRIGHT: Mr. Chairman, I wonder if I could take up the point Mr. Soedjatmoko made which I thought was very important. He said that the Southeast Asians would not develop their resources until they got an acquisitive urge. I would raise this question, whether even if they get an acquisitive urge they will be able, considering the population and resource balance in Southeast Asia, to satisfy it. Therefore, may it not be best to avoid giving them the acquisitive urge? Maybe the most cruel thing you can do to a people is to give them values which under their conditions it is impossible to realize. That, it seems to me, is the question raised by the extreme pessimism which I observed among the Westerners in our yesterday's conference.

MR. ISAACS: I confess myself completely baffled by notions I never encountered before. Mr. Wright previously painted for us a picture in which he suggested that people in Asia are not as interested as we are in living a full life with enough to eat. I have never met, except for a few mystics, any individuals who answer that description, either in Asia or in the United States or anywhere else. I am thinking in terms of the basic attitudes of people and the lives they lead in whatever culture. I am surprised to hear Mr. Soedjatmoko say that one of the necessities of the transition in Southeast Asia is going to be to give people there an acquisitive urge. I would not exactly place the acquisitive urge on the same plane with hunger, sex and other basic drives of the human animal but I place them pretty close to it, if we understand by the acquisitive urge the impulse on the part of the individual to get the things he needs to live. All over Asia, the primary fact of life is the fact that millions of people are working intolerably hard to acquire the minimum they need to live, and are trying to live as long as possible with as much as possible in their stomachs. If that isn't an acquisitive urge, I don't know what is. I don't know what kind of people lack it.

MODERATOR EGGAN: What they put in their stomachs is pretty well determined by what their culture tells them they should put in their stomachs.

MR. ISAACS: I think this reflects a lot of our thinking about Asia. We tend almost to place them in a different species from ourselves. As a friend of mine put it : many of us seem to think the people of Asia are people who don't defecate, who don't fornicate, who somehow live out an animal existence on a sub-human basis.

MR. WRIGHT: May I explain what I think are the differences between culture and individual attitudes? As Mr. Morris says, individuals are a good deal the same all over the world but I think cultures set value standards. The Catholic church of the Middle Ages had a set of values similar to those which I ascribed to South Asia. These valeus led them to oppose birth control, to emphasize another world, to say that in this world we are all going to be miserable and so we should pay attention to another world, and to preparing for rewards there. That is a cultural set of values. It goes against what every individual, whether he is a Catholic or South Asian or anybody else, thinks as a biological specimen, yet it is a culture which grew up in the Middle Ages because in Medieval Europe you had the same difficulty of satisfying the acquisitive urge, of satisfying the population with the productivity of the existing technology that you have in Asia today. The values of the Catholic church may have been well adapted to that situation. In other words it might have been a very good value for them

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to achieve, and to suppress their natural desires which most could not satisfy.

Are not the cultures and religions in South Asia ones which cultivate values which it is possible for most people to realize? There, people cannot achieve the high standard of living which can be achieved in America. I think we must recognize as basic, the difference between what the individual wants and what the culture says he ought to want.

MR. HOSELITZ: I think that part of the difficulty between Mr. Isaacs and Mr. Wright and others arises from the fact that we do not distinguish between ideologies, on the one hand, and the predominant personality types in various populations on the other. I have been trying to study the development of capitalist society in Europe and I think that an analysis of personality may provide a good explanation of the changes of attitudes, dominant ideologies, or ethics.

I think that the talk of Miss DuBois has thrown considerable light on the unity of slow-changing primitive civilizations. But I think some adaptations of this theory throw light on civilizations in which you have patterns of faster change.

I think that the fact to be looked for is that you find different kinds of personality types predominant at different times in the history of a people with changing culture. Thus with the development of industrialism in India personality types there will tend to survive which have little survival value in more primitive, more agrarian society, and I think Mr. Morris' findings in India can be based on such an explanation to some extent. I think for Europe a hypothesis along such lines could be proved rather nicely. This theory acknowledges the basic human drives for food, for sexual expression and so on, but it recognizes also the modifications in all behavior patterns which are being made through the impact of ideology and environment. In a changing society we must go beyond reaching for one predominant personality type, (basic personality if you want to call it that) and must look for the simultaneous existence of different personality types in the same society and their relation to changes in the social and economic development of the society.

MODERATOR EGGAN: I think we have to bring this session to a close in order to get something to eat and satisfy that "basic urge" of our society. Let me say a few words from an anthropological standpoint.

The question of basic or derived culture factors, from an anthropological stqndpoint, are not very important because if you want to take cultures apart and distribute the origins of the traits or patterns around you may find 70- or 80- or 90 percent have come into every culture from somewhere else. If you look at what happens in history and what the people in the villages or in the towns <u>think</u> happen in history, these may very frequently be two different things, so that in order to see the influence of Asia and of India on the Netherlands India, for example, you have to find out what selection out of those past influences still affects modern life.

As anthropologists look at culture change, from the long point of view at least, they stress contact. Contact is from that standpoint the great leveler, and contact I think we would all agree is increasing, if not in geometrical proportions, in at least a rising curve, and new forms of transportation and new forms of communication cut down these barriers that divide these areas, as they make the Malayan Peninsula not a jutting

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geographical division between East and West but possibly an isthmus or a transportation point across, and, as in areas such as Indonesia (and in other areas) lingua francas develop, as radio and other mass media of communication reach these further areas new ideas will become much more common, much more apparent.

So, in the long view, I think there is going to be a cultural leveling here, whether you are interested in it or not, whether you try to foster it or not, whether you try to stop it or not, or whether you try to manipulate it or not. Once you get larger groups of people in relationship with each other, they begin to structure those relationships, to develop forms of social integration. We have had a number in the past and I think perhaps in this area we may get some new ones developing, because as these needs "develop" somehow or other the societies begin to organize institutional forms which will bring these groups of people into relationship.

Hence, I think we are going to have, in the long run at least, a whole series of new socially integrated structures developing in this area and cutting across it and tying it into other areas, as well, which will in the long run give a considerably greater degree of unity to this region than we have at present. Whether the ties with a neighboring region such as China or with the Middle East or with Europe or with America will ultimately come into this larger picture and blur it, or even take portions of this area away, is something for a much further future, but I think in the next ten, fifteen or twenty-five years we are going to have on the cultural level a great deal more unity than we have at present. I believe it is going to go in that direction, and once it starts it is irreversible. These societies in Southeast Asia have the capacity to develop the integrative structures which all other societies from Adam and Eve up to Western federations of today have shown a capacity to develop.

...Following a current announcement by Director Talbot, the conference recessed at 12:10 P.M.

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

VI

Round Table IV: POLITICAL FORCES

Friday afternoon, May 27, 1949

Presiding: Phillips Talbot

MODERATOR TALBOT: Ladies and Gentlemen, we are moving ahead this afternoon. Having yesterday morning posed heroic problems, and yesterday afternoon proposed, as some thought, rather less than heroic solutions, and having considered this morning the cultural and social forces in various guises, we come now to these questions: what can be done in respect to nationalism in South Asia; what are people doing; what would they like to do, particularly at the political level?

Mr. Harold Isaacs, of NEWSWEEK Magazine, will open the discussion this afternoon. Mr. Isaacs.

PROBLEMS OF NATIONALISM IN SOUTH ASIA

Harold R. Isaacs

Mr. Chairman, I think it is a good thing that we have finally come down to the political aspects of this problem. In terms of the multiple attack that Dr. Pelzer referred to at the outset, I think it is obviously true that the forward prong of that attack is in the political sphere. We are confronted in South Asia with a vast political transition comparable, I think, to the great political transitions that took place in Western Society at the time of the emergence of the capitalist social order. We are witnessing the breakdown of the system created by Western capitalism in Asia and the beginning of a long and tortuous process of change. I think we can only begin to understand these problems in this context.

When I was in Java just a matter of weeks ago, a Dutchman said to me: "Now really, don't you agree that all this has come much too early?" and I said, "No, I am afraid it has come much too late." He looked at me rather blankly and I am afraid I did not make much progress in explaining to him what I meant. To a Dutchman engaged in the rather desperate effort to retain some degree of control in a rich former colony that was, I suppose, a rather unexpected way of putting the problem. But neither is it a simple matter for the nationalists themselves to measure what they are, or to understand where they are going.

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Triumphant nationalism or emergent nationalism in South Asia is caught in a very cruel paradox. It is coming to its time of triumph in a time when nationalism as such is bankrupt. These countries are only now gaining their opportunity to create their own national states, when the era of the nation-state is obviously coming to an end. They are receiving only now the opportunity to begin to build national political economies when it seems fairly obvious that the national political economy as such is a diseased and dying thing in our world and does not have much of a future. This fact obviously is not readily evident to the people engrossed in these nationalist movements, stubbornly fighting against their immediate enemies to achieve immediate objectives. These are considerable.

Thanks to the declining power of the old empires and the blows struck by Japan, the nationalist movements in the former colonies of South Asia can throw off, have been able to throw off, and are in the process of throwing off Western rule. They can achieve and are achieving now the elementary victory of political independence. They can restore to this extent the self-respect which subjection denied them. They can put an end to dependency and to the kind of exploitation designed to serve foreign investors rather than the well-being of their own people. This is still a goal that commands immense force and can marshal great masses of people under the nationalist banner. It is a goal that must be sought and, as the French and Dutch have shown in Indochina and Indonesia, it involves bitter struggles that cannot be avoided.

But to the wide and crowded realm of new problems that lies beyond the victory over the Western ruler, simple nationalism brings very little that is useful or promising for the future. It is late in the sense that national sovereignty in the 19th century sense is no longer capable of giving people the means of solving their most urgent problems of production, livelihood, health, education, and security. Each of these countries can quickly assume the external trappings of national independence, complete with diplomatic missions, armies and seemingly autonomous economic policies. But they enter a world that is inhospitable to individual nations, especially weak and backward nations. They enter a world in which the nation is no longer the effective unit of political and economic life but is, on the contrary, an anachronistic form of social organization which is retarding, almost more than any other single factor, the forward progress of peoples everywhere.

It is not necessary to labor the point that we are living in the era of decline and disappearance of the nation-state. Every major event in world history in the last forty years has shown, convulsively as a rule, that the world has outgrown the national form of organization. Out of two world wars and a major depression we learned that the old system no longer functioned fruitfully. We have witnessed the gradual whittling down of the number of contending nations in the shrunken sphere of world economy and we have discovered that the prime problem of our time is the reorganization of our society into units larger than the nation, into a unit, indeed, as large as the world itself. Hitler's attempt to conquer Europe, Japan's attempts to mold Asia into a single sphere under its control, the creation of the United Nations, the emergence of huge spheres controlled by the two surviving contenders for world power, have all been, in their various ways, attempts to come to grips with this demand of our time.

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By now all the great empires that rose in the epoch of the nation-state have fallen, or else have declined gradually to dependent status. In world politics it is no longer a matter, as it was before 1914, of a mad scramble among rival groups for pieces of the world's territory and wealth. It is a matter now, between the two emerging titans of world power, the United States and Russia, a matter of organizing the world itself. In this struggle there are combined both the elements of a struggle between national powers, on this enormously enlarged scale, and a profound conflict between contending sets of politico-economic institutions. Today every lesser country in the world is subject to the conditions created by this world power conflict. None is independent. None enjoys national sovereignty in the older sense of that term. Even Russia and the United States themselves cannot any longer ensure their internal progress and their external security as self-contained national entities. They are forced to try to erect new systems of supra-national dimensions into which every smaller country is drawn.

No new nation can in these circumstances hope to emerge and grow by the old means previously open to independent nationalities. Even the simplest kind of national economic development is now subject to world conditions. The world power struggle and the conditions inherited from the war determine all the principal limits of international political life and the terms of internal economic change, industrialization, and participation in the world market. Virtually every country is in some degree a dependent, a pensioner, or a victim of the larger power sphere into which it falls, either on the basis of subsidy as in the case of the nations participating in the Marshall Plan, or in the form of satellites feeding a planned central economy as in the case of the Russian sphere. Older European lands like Italy or Czechoslovakia, France or Poland, illustrate this fact in different ways. A tiny new nation-state like Israel can make its way only on foreign subsidies. New nations like India or Burma or the Philippines face the staggering problems of internal transformation without any immediate prospect of fitting into a world system that will allow them to begin to thrive. China, the buffeted victim of a hundred years of imperialist rivalries and depredations, emerges in the Russian totalitarian sphere and cannot hope to repeat even the limited achievement of nationalist Russia in the sphere of industrialization. National sovereignty is a myth and those in South Asia who emerge with it as the prize of victory find themselves facing the future almost empty-handed.

Such is the real political context in which we now have to place the countries of South Asia. It perhaps can be said that India has the size and the potential strength, possibly, to go farther along the road of developing as a nation than any of the others. This may be debatable; but the Southeast Asian nations are without exception immediately and mortally subject to these conditions. Burma, Siam and Indochina, all bordering South China, are in a state of uncrystallized conflict. They are confronted with the early possibility of having on their northern frontiers a very dynamic force indeed in China.

Chinese influence in those countries will be decisive, both in its effect on the development of Communist movements within those countries and/or in the sense of direct Chinese intervention in their affairs. Their prospects of prolonged independence as 19th century-type sovereign states are very, very dim.

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Malaya is a separate case by itself. It has even less of the makings of a nation with any chance of prolonged survival than any of the others. This is partly the result of the historic circumstance of its plural population, more or less evenly divided between Malays and Chinese. In Malaya you find a rather pathetic attempt going on to create a Malayan nationality, to which the Malays are a little allergic and to which the Chinese are certainly indifferent. You find in Malaya soberer people thinking of the future of the country much more in terms of the ultimate extent of the direct Chinese influence on the one hand from the North and the possible effect of the Indonesian influence from the South. A great many people foresee the possibility of a division of the country between those two spheres. The nature of the relationship between them will be determined, I suppose, by whether or not the Indonesian federation by that time is in a hostile relation to China or in a cooperative relation to China. Either is possible.

All of these countries have to solve staggering internal problems, many of which have been touched upon and described in the sessions we have had here. They have to increase their food production. They have to rebuild and build transportation systems. They have to begin to industrialize on a non-colonial basis, that is, they have to begin to reorganize their economies in a way that will provide them with a more balanced system of production instead of leaving them wholly dependent on one or two major raw materials supplied to foreign processors.

These tasks obviously cannot be accomplished in this day and age by each individual country, acting for and by itself. The alternative goes right to the heart of our world-wide problem. These new countries, wisely and necessarily winning their political independence and putting an end to colonial rule, must find the way of breaking out almost at once from the confining barriers of obsolete nationalism. They can thrive only if there is a new world order into which they can fit. They can begin to solve these problems only if they can function within some larger framework providing opportunities for common planning, common work, pooling of capital resources and of needs. In the absence of such an order - and there is no sign of it as yet - they are doomed to stifle, each within its own boundaries, or to seek lesser expedients in the hope of getting along somehow until broader opportunities offer themselves.

Since 1945 there has been a growing awareness of the need to break out of the purely national arena. In 1945, when these struggles were just beginning in the wake of the Japanese surrender, there was very little consciousness among the nationalist leaders in South Asia of this aspect of their problem. I remember what must have been one of the very first moves made in this direction when Ho Chi-minh of Viet Nam sent a message to President Soekarno in Batavia asking him to join with him, first, in a common declaration of purpose in their common struggle, and second, to form a preparatory commission looking forward to future cooperation among all the countries of Southeast Asia. The Indonesian Republican leaders rather scorned that proposition, laid it aside and would not have anything to do with it. They believed that they were going to achieve their national independence without great difficulty and did not want to admit any new complications. Within a comparatively short time, in fact, by 1947 when Sutan Sjahrir came to Lake Success to plead the Indonesian case in the situation [illegible] this attitude had

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greatly changed. By then Sjahrir was greatly interested in the possibility of cooperation or joint action in some form with the other countries of South Asia. Obviously this change was the result of direct and rather bitter experience.

Some other developments reflecting the impulse to find a broader framework have been mentioned in this discussion. One was the Asian Relations Conference in 1947. It was designed more as a demonstration than as a political act and had no direct political consequences. The Southeast Asia League that was formed in Bangkok in 1948 was an abortive affair which was put together largely under the auspices of certain Siamese, especially Nai Pridi, who was at that time Prime Minister. He saw in it, in the first place, the opportunity to aid his own effort to get the neighboring territory of Cambodia out of French control; and, secondly, being a politician of some imagination, he saw a great deal in the possibility of organizing the beginnings of a federation in Southeast Asia. If he had not been thrown out of power by a coup-d'etat last November, he probably would have made Bangkok an important center for this effort. With the downfall of Pridi and the coming to power of Marshal Phibun, the whole idea was abruptly abandoned. There was even an attempt to depict the League as a Communist conspiracy, which it was not, although several Vietnamese Communists participated in it.

The next major development along this line was, I believe, the Delhi Conference on Indonesia in January, 1949. The headlines at the time spoke of the creation of New Delhi of an "Asian bloc." Obviously no such bloc was formed there, although even as a diplomatic myth the very idea of such a bloc stirred and startled the chancelleries in London and Washington. The truth of the matter, however, was a good deal less substantial than the appearance. The conference was the first joint political move by a group of Asian states. But it was a very halting first step indeed. It produced no permanent results.

The conference was called by Pandit Nehru, the prime minister of India, two weeks after the Dutch army perpetrated its second "police action" in Java. Nehru had long seen the possibility and the desirability of solidarizing India with the Indonesian nationalist movement. India, almost alone, extended material aid to the Indonesian Republicans during the long and tortuous struggle against the Dutch after 1945. It seemed to Nehru that the Dutch were enjoying the tacit support of the Western bloc in the United Nations and his first impulse, after the Dutch attack, was to open a full-blown diplomatic offensive which would compel a Western retreat.

Nehru is a man of great attainments who is not really at home in the hugger-mugger of politics. He is still moved by a broadly socialist outlook. He is still suspicious of the Western imperialism he fought all his life. As a leader in the Indian freedom movement, his inspirational and emotional qualities outweighed his indecisiveness in specific political issues. Now, as a leader in power, he is forced to make constant compromises both in domestic and international politics and to trust less than ever to his instincts and impulses. This happened very clearly in connection with the Conference on Indonesia.

When the invitations to the conference had already gone out and before any replies had been received, Nehru made a speech, on January 2, at Ahmedabad. He lashed out at the Western powers, charging them with sacrificing

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the struggle of the Indonesian nationalists to the European concerns of the Western bloc. It was a bitter and outspoken attack which appalled not only the British and American embassies but also the group of professional diplomats and ex-civil servants surrounding Nehru in the Indian Ministry of Foreign Affairs. Between January 2 and January 22 when the conference convened, a very considerable change took place. This change was not unrelated to skillful pressure applied by both the British and Americans on Nehru and on his principal foreign affairs adviser, Sir Girja Bajpai.

The result was that the conference was watered down and turned out to be a rather tame and docile affair. The Western powers were relieved. But people in India and in other South Asian countries were disappointed. There had been a swift electric response to the conference call among most South Asian nationalists. They came to Delhi with great expectations. They left quite empty-handed.

In the first place, the chances for South Asian organization at this conference were dimmed by Nehru's invitations to the Arab nations. He wanted obviously to stage the broadest possible demonstration of U.N. members. He also doubtless wanted to impress upon Pakistan and on the Moslem minority in India that his government was closely aligned with the Moslem nations. But the net result was to limit the agenda of the conference and to silence all those who wanted to take advantage of the opportunity to go beyond the topic of Indonesia. The Arab delegates were anxious for a chance to talk about Palestine as well as about Indonesia. But while many of the other delegations present had other topics they would have liked to introduce, few were willing to be drawn into the Palestine issue, which was at that time before the U.N. The result was that the agenda was strictly confined to the single item of Indonesia. On that single item, the caution dictated by the Indian leaders, assisted by Australia, eliminated all proposals for direct aid to Indonesia by the conference states. Instead the program was reduced simply to the drafting of a resolution for submission to the U.N. Security Council. Even the proposal, made and strongly seconded by some delegations, to set up permanent machinery for future consultation was watered down. It emerged as a vague resolution calling for future discussions without any implementing machinery. It was not meant to have any concrete result and, indeed, as the sequal showed, nothing came of it.

One consequence of the limitation of the agenda was the fact that amid all the to-do over the Dutch war in Indonesia nothing, literally nothing, was said about the French war in Indochina. There was a delegate present from Viet Nam. He had not been invited. He was politely received, given a visitor's badge, and permitted to attend the public sessions. But the Viet Nam issue was carefully kept out of the speeches and deliberations of the conference, except for a single oblique reference by the representative of Burma. Aside from the desire to avoid the touchy Palestine issue, which would have been admissible if Viet Nam had been discussed, and aside from the desire to keep the conference within strict limits, Nehru and his advisers also showed signs of being afraid of the Communist coloration of the Viet Nam nationalist leadership. They were anxious to impress upon the Western powers the total respectability of the conference. They managed only to disappoint several delegations which were anxious for a broader discussion of Southeast Asian affairs. They also disappointed the Indonesians, who had hoped for a much more aggressive show of solidarity

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and were asked to be content with the draft of a resolution for the U.N. Philippines Delegate Carlos Romulo said at the closing session: "We have effectively championed the cause of Indonesian independence without offending or antagonizing anybody." This, if true, was the most notable achievement of the conference.

Another significant regional development affecting South Asia has been taking place within the context of the British Commonwealth, or more correctly now, the Commonwealth. Great Britain has been trying, ever since its withdrawal from India and Burma, to work out some new form of maintaining its position in Asia. It has begun to shape up with the devising of the new formula which kept India within the Commonwealth as a Republic. The ultimate object would be to create a new band of participating nations linked to Britain, including India, Pakistan, Australia, New Zealand, Ceylon, and possibly even Burma, although Nehru's attempt to organize "assistance" to Burma under Commonwealth auspices in February this year backfired rather badly. Part of this project is a somewhat more distant dream of creating a new Dominion out of Malaya, including Singapore and the other Straits Settlements, British Borneo, and perhaps even Hongking if it can be kept out of Chinese Communist hands. This British design moves slowly and against great obstacles but is by no means to be ignored in sizing up the regional possibilities.

The other arena in which an attempt is being made to deal with South Asia as a whole lies in the U.N. Economic Commission for Asia and the Far East, known as ECAFE. This commission has held several uniformly unproductive conferences. For one thing, it includes Russia and the United States and every question that comes before it is affected by the cold war. For another, it is dominated by the Western powers. Until last year, the Dutch spoke in its councils for Indonesia although after a bitter struggle the Indonesians were finally admitted, as associate members. The French still speak for Indochina, the British for Malaya. The Asian delegations defensively act as purely national units, each with its own plans and its own hope of securing dollar credits. The organization as a whole has up to now served a little more than an agency for gathering statistics, frequently of dubious value, and a clearing house for information, which is often quite irrelevant.

At the ECAFE conference held in Bangkok in March this year, all these weaknesses were painfully apparent. Each delegation came armed with only the narrowest kind of nationalist thinking. Only the Indian delegate gave a flicker of a broader spirit when he informally indicated that India might be willing to share with some of the other countries its own limited and badly-needed supply of steel.

But the most remarkable and most paradoxical thing at the conference was the prescription offered by the Soviet delegate. He characteristically pandered to all the narrowest nationalist conceptions and managed to sound remarkably like an American of the McKinley high tariff era. Each new Asian country, he said, had to concentrate solely on developing its own resources. How did they think, he argued, the United States had achieved its industrial power? Once it broke from England, he said, it began to develop its own economy, set up high tariffs, and by the end of the 19th century had established its economic as well as its political independence. Interestingly enough, he stressed this American example much more heavily

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than that of the Soviet Union itself, which achieved its own relative degree of industrialization, by throwing up barriers against the rest of the world and proceeding to exploit its own labor force ruthlessly, converting a very considerable portion of it into plain slave labor for the purpose. But there were gaping mouths around that conference table as the Russian spoke. He made the British and even the American delegate sound radical by comparison.

In any case, all the forces operating at the conference, all the currents of thinking uniformly tended to press these Asian groups back into their own narrow nationalist confines. The result was total futility. There was not a single serious impulse to shift ground from the national to the regional scope and from the regional scope to the world scope. Until that impulse develops, South Asia will continue to suffer from economic as well as political incoherence.

None of this can be regarded separately from the internal social problems in each of these countries. I think enough has been said around this conference table about the magnitude of the problems of South Asia to make it quite plain that these problems are never going to be solved by old ideas or old solutions. This will be true, whether you speak of individual nations, or a region, or two regions, i.e., India-Pakistan-Ceylon and Southeast Asia. None of the so-called normal, old-fashioned, traditional, or conventional methods make any sense. On the contrary, only the most heroic kind of drives and the boldest kind of new thinking is going to result in any effective growth. The crucial questions therefore are: Are the nationalist leaderships in South Asia capable of producing such drives or of generating new ideas? Do they represent the kind of social forces capable of assuming leadership over the whole people and of carrying out the drastic programs that are obviously called for? Have these nationalist leaderships any effective alternative to the Communist totalitarian method of coping with the problems of backwardness? The crux of the political problem in South Asia lies right here.

Each of these nationalist groupings represents in some degree the upper classes. These upper classes vary in character. Only in India do you have a very well developed capitalist and middle class. In the other countries they emerge from the landed class, the landed aristocracy, the intellectual aristocracy. They are usually tied to existing archaic land relations. Very few of them have any real impulse to revolutionize land relations, which would be the elementary beginning of an approach to the agrarian problem. Although most of them call themselves socialists of some kind, many still suffer very heavily from narrow nationalism and economic conservatism. That kind of outlook is not the kind that is going to be able to face up to the problems that demand solution. Sooner or later such leaders are going to give way to other forces which are going to offer some other, more dynamic answers.

I think it a great mistake to fall into the kind of thinking which I fear has drifted into this room, which sees the people of the backward countries as inert masses to whom things simply happen. They are also in motion, and it is not a question of whether they want what anybody thinks they ought to want; they obviously want something different from what they've got or we would not have the convulsions which lie at the center of the present political turmoil in these countries. It is not a matter of free

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choice and free movement of small groups of leaders. These leaders are responding or reacting to profound impulses that come from very deep in the mass of the people, and if they are unable to come forward with a program that can begin to solve the peoples' problems, then somebody else is going to.

The Communist movement in Southeast Asia is already a significant political factor. I believe that Mr. Sacks will describe it in some detail in his paper. The fact that China is moving swiftly into the totalitarian sphere, with all that portends, means that the pressure on all these countries is going to be enormous. If there is any alternative to the organization of Asia along totalitarian lines, it will have to emerge soon. We are left with little time. Somebody here said, speaking of the population problem, that we are "up to our necks in water" and that there is no space or time in which to move around. It is no less true to apply that figure of speech to the political picture.

Neither the Western nations nor the nationalist leaderships in South Asia can afford to delude themselves into thinking that it is going to be possible to repeat there the 19th century pattern of developing national sovereignties and national economies. The real issue is whether the West and the new leaderships in Asia can develop a 20th century program of coherence in which these backward countries can fruitfully find their place.

We have to remember that the so-called "chaos" in Asia is largely of the West's own making. We fought our wars there. We left the continent with a legacy of ravage, backwardness, poverty, ignorance, preserved through one, two and three centuries while the West enriched itself at Asia's expense. Today the emerging ex-colonies face gigantic tasks of reconstruction and construction. The real question is whether there <u>is</u> an alternative to the totalitarian methods, which were first exemplified in Russia and which we shall see unfold in China. These methods call for creation of a police state and putting great masses of the people to work as virtual slaves. These methods are not so fundamentally different, after all, from the essential framework of imperialist exploitation in Asia, only they would now be applied for major internal developments rather than for the benefit of overseas investors, and would be applied on an infinitely larger and more brutal scale. Have we an alternative to offer the people of Asia, a way of building a new life on the basis of expanding freedom and through the construction of a new world economic system? That is the question that lies before the Western world and the time given to us to answer is not unlimited.

MODERATOR TALBOT: Thank you very much, Mr. Isaacs.

I think it is clear that we should look into the totalitarian Communist role at once. I will call on Mr. Milton Sacks, of the Division of Research for the Far East, Department of State. Mr. Sacks.

MR. SACKS: I am not going to discuss directly the general role of the Communists in South Asia. In my paper I have confined myself to the specific problem of Communism and regional unity in South Asia. I assumed that our interest would be focused on the question as to how the Communists view the problem of regional unity in South Asia. I have tried to trace the general over-all picture of the Communist attitude and to detail in some measure their activities directed for and against regional unity.

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COMMUNISM AND REGIONAL UNITY IN SOUTH ASIA

Milton Sacks

The convulsions racking South Asia in the aftermath of World War II have yet to run their course. Although the breakdown of colonial rule is apparent, the pattern of the new order that will replace empire domination is not clear. Coincident with the rise of independent states representing the realization of nationalist aspirations is the tendency to develop regional collaboration. This movement toward regionalism displays dual characteristics. On the one hand, it is designed to accelerate the withdrawal of such imperial rule as remains. On the other, it seeks to provide a means whereby the new national entities may establish their independence on firm foundations.

Parallel to and connected with these developments has been the emergence of Communism as a potent political force in South Asia. Since World War I, Communists in South Asia have built organizations in India, Ceylon, Burma, Siam, Indochina, Malaya, Indonesia, and the Philippines. Some of these organizations have survived years of illegal existence. In providing answers to the problems confronting nationalism, the Communist movement itself has developed dissident wings in India, Ceylon, Burma, Indochina, and Indonesia. The strategy and tactics employed have uniquely contributed to shape and direct the evolution of nationalism in South Asia. In considering the prospects for unity in the area, it is necessary, therefore, to evaluate in some measure the role played by the Communist movement.

Communism and nationalism found a common soil in which to flourish in South Asia in the period following World War I. By this time, colonial rule had begun to alter the character of indigenous social organization, infusing it with new standards and concepts derived from Western civilization. The basic two class structural division of society remained relatively unchanged, but the native ruling class, as an intermediary through which foreign domination maintained its sway, underwent transformation. From the small reeducated urbanized population, an embryo nationalist leadership emerged. Some of these elements were attracted to the recently formed Communist International, which, deriving its prestige and authority from the Russian Revolution of 1917, called for world revolution and the liberation of all colonial peoples. Thus, from the very outset, some of the nationalists were presented with a body of doctrine that professed to illuminate the only sure path to national independence. Communists collaborated with other nationalists in the struggle against the metropolitan powers but competed with them for leadership of the awakening dependent peoples.

Early Communist doctrine had little bearing on the question of regional unity. The "Theses on the National and Colonial Question," adopted at the Second World Congress of the Communist International in 1920, did call on Communists "to combat the pan-Islam and pan-Asiatic and similar movements, which are endeavoring to utilize the liberation struggle against European And American imperialism for the purpose of strengthening the power of Turkish and Japanese imperialists, of the nobility, of the large landowners, of the clergy, etc." The theses further made it incumbent on Communists "to continually expose the deception fostered among the masses of the toilers in all, and especially in the backward countries, by the imperialist powers aided by the privileged classes of the subject countries, in creating under the mask of political independence various government and

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state institutions which are in reality completely dependent upon them economically, financially and in a military sense." These commandments had little practical meaning in the inter-war period, but were to reemerge as basic Communist doctrine following World War II.

The influence of Communism as a factor making for regional unity arose out of its international and inter-racial program. In the period between the two world wars, these factors were completely offset by the general political and economic partition of South Asia. Regional unity was largely an academic question, since the essential pre-condition for voluntary union in a federation is national independence. One of the principal concerns of Britain, France, and the Netherlands was to gain such advantages as would benefit their own home national economies. Consequently, they tried to limit penetration of their private domains by competing powers. Internally, imperial rule attempted to develop local and particularistic political entities among the subject peoples. The Communists were forced to adapt their organizational forms to the specific area they sought to penetrate. Communism was able to develop only insofar as it provided leadership for peasant and nationalist revolts.

This situation is seen clearly in the actual history of growth of the Communist movement in South Asia. The efforts made in the early 1920's to build a "League of Oppressed Peoples" and an "Intercolonial Union" as regional organizations to develop national revolutionary movements in South Asia were failures. These organizations soon broke up into their constituent nationalities. They were succeeded by the "League Against Imperialism," which was created in Brussels, Belgium in 1927 by the indefatigable Willi Muenzenberg, builder of Communist front organizations. The League developed into little more than a propaganda and liaison agency for the European and Asiatic Communist parties. It was on national soil alone that Communist and nationalist movements thrived.

The Indonesian Communist Party was formed in 1920 as a separate entity. The Indian Party was founded in 1924. Communism was introduced in Indochina, Malaya and Siam through the Chinese Communist Party's South Seas Committee, established in 1926, which maintained liaison with the Indonesians in Singapore. By 1927, it had grown sufficiently to take on the title of South Seas Communist Party, but was still under the authority of the Chinese Communists. This organization was dissolved toward the end of 1930, and parties on a coequal basis were established in each of the areas through absorption of indigenous quasi-Communist organizations. During this period, other international front organizations operated in the area-- i.e., The Red International of Labor Unions and its Pan-Pacific Trade Union Secretariat, The International of Seamen and Harbor Workers, The International Red Aid, etc. These organizations had little effect on the activities of the Communists within the nationalist movements except insofar as they provided a network for dissemination of Communist International propaganda.

It must be noted that by the time World War II began the Communist movement in South Asia had undergone the same evolution that featured the transformation of the Communist International into a disciplined instrument at the disposal of the Soviet Union. The South Asian parties dutifully changed their line at Moscow's beck and call. Those who failed to go along were expelled and provided nuclei for dissident Communist groupings.

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Among those expelled in 1927 was Tan Malakka, a founder of the Indonesian Communist Party, who originated a scheme for regional unity which he named "Aslia." He called for the construction of an all-inclusive "South East Asiatic Revolutionary Party" whose objective would be the establishment of a federation embracing the entire South Pacific Area including Malaya, Indonesia, and Australia. This ambitious scheme achieved little support. Tan Malakka is today an important dissident Communist leader in Indonesia, heading his own faction within the nationalist movement. Australia's present active interest in the Indonesian problem indicates that he was not as far from the realities of South Asian politics as one might suppose.

World War II completely changed the power structure in South Asia. Except in India and Ceylon, British, French, and Dutch rule in the area was smashed by the Japanese. The nationalists and the Communists were quick to profit from the new situation. On the one hand, the Japanese, primarily concerned with conducting the war, needed a native leadership to help provide a stable base in the newly occupied territories. On the other, the Allies were anxious to develop an anti-Japanese movement as an adjunct to their own military struggle. The nationalist movement was the only force that could fulfill the requirements of either side. The individual nationalists made their choice with the same goal in mind-- the acquisition of independence. The Communists, who supported the Allied Nations out of loyalty to the Soviet Union, were among the chief organizers of the anti-Japanese guerrilla movements. When the war ended with the victory of Allied arms, they were in a strategic position in many areas of South Asia.

In Indochina, Communist Ho chi Minh was President of the new Democratic Republic of Vietnam. In Malaya, the Communists headed the guerrilla movement, which actually governed many of the towns for a brief interim period. In Burma, the Communists were an influential component of the Anti-Fascist People's Freedom League, the major nationalist political force. In Indonesia they were part of a coalition supporting the Indonesian Republic. Elsewhere, as a result of chaotic conditions attendant upon the defeat of the Japanese. they had unprecedented opportunities to influence the pattern of events.

At this time, international Communist policy attempted to utilize Great Power cooperation through the medium of the United Nations Organization to achieve their objectives. Such steps as would alter the world balance of power were subject to negotiation and compromise leading to attempts at collective agreement between the Western powers and the Soviet Union. Similarly, national Communist tactics operated to create coalition regimes in which the Communists would participate. Throughout Southeast Asia the Communists joined with nationalists in demanding that the provisions of the Atlantic Charter and the new United Nations Organization be implemented. In this vein, they welcomed the occupying Allied forces and hoped to negotiate agreements that would grant them recognition. From 1945 to 1947, the Stalinist Communists of South Asia generally followed a policy of compromise, even indicating a willingness to establish a new basis for union with the former colonial powers, Britain, France, and the Netherlands.

The Communists further functioned within the framework of the established governments. In Indochina, the Communists helped suppress dissident Trotskyist elements. In Indonesia, they disavowed Tan Malakka's Indonesian Communist Party, established in 1945, and supported the Republic against attempts by elements under his control to overthrow the

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direction of Alimin, a new Indonesian Communist Party was formed in 1946 which upheld the Republic and the signing of the Linggadjati Agreement with the Dutch. In Burma, the White Flag Communists(Stalinists), as opposed to the Red Flag Communists, generally cooperated with the Burmese Government.

During this two-year period, the policy of the Communists in South Asia favored regionalism in an effort to maintain the gains of emergent nationalism. As early as 1945, Ho chi Minh attempted to join with Soekarno in Indonesia to carry on a common struggle for recognition by the United Nations. The Communists also supported movements that aimed at achieving regional Asian solidarity. Communist Tran van Giau was one of the delegates from the Vietnam Republic to the Inter-Asian Relations Conference in Delhi in 1947. He was also elected vice-president of the Southeast Asia League, a private regional organization formed in Bangkok in September 1947 to promote an official Federation of Southeast Asia that would include the Philippines, Indonesia, Malaya, Burma, Vietnam, Cambodia, Laos, and Siam.

When the international situation changed and the international Communist movement embarked on the course formulated in the decisions of the European Cominform, set up in September 1947, a complete readjustment took place in Communist colonial strategy. An article entitled "The Crisis of the Colonial System," which appeared in the Soviet periodical Bolshevik of December 25, 1947, explicitly detailed the policy changes later adopted by the Indian Communist Party at its Congress in February 1948. The article set forth a new platform for South Asian Communists. The former coalition course was abandoned and replaced by a revolutionary program. This policy gravely affected the position of Communism as a factor for regional unity in the area. Communists became in effect an opposition force; on the basis of international considerations, they fought the activities of their national governments that held promise for regional unity.

The new colonial policy was a restatement of the ideas contained in the 1920 "Theses on the National and Colonial Question." It characterized the developments in India, Burma, Ceylon, and the Philippines as devices of the imperialists designed "with perfect safety and even profit to themselves, to grant formal independence to certain of their colonies." It attacked the imperialists for "deceiving the people with the mousy squeakings of corrupt parliamentary parties and with playing with 'freedom of expression' by means of a thoroughly mercenary bourgeois press. This is an attempt at ideological disarmament by means of constitutional-liberal illusions, trade unionism, and other pretty charms of bourgeois 'Civilization'." Opposition was expressed to "demands for the 'voluntary' entry of the 'free' colonies into the British Commonwealth of Nations, the French Union, of the 'Union' of the Netherlands and Indonesia." The "English and American colonizers" were further attacked for their support of pan-Islamism and pan-Asianism, defined as reactionary ideologies that "serve to block the development of the struggle for national liberation." Clearly, the only kind of unity that would now meet with Communist favor was one that would place South Asian states in the camp of the Soviet Union.

This conception of unity was underscored by an attack on the theory "now fashionable in Europe, of the third power." The article specifies: "According to this theory, the countries of the Orient should maintain strict neutrality in the struggle between the two forces, Communism and Imperialism. It is significant that the theory of the third power has especially wide

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currency and success among the Indian bougeoisie. It is needless to point out that the long ears of the Laborites stick out on the authors of this theory. The meaning of this whole theory amounts to this: the imperialists and their helpers seek to calumniate the USSR, and to this end place her on the same level with the American imperialists." This theme has since pervaded Communist declarations concerning South Asia.

The meeting of the World Federation of Democratic Youth, a Communist front organization, in February 1948 at Calcutta, India was the occasion for the public unveiling of this line for South Asia. The conference was attended by representatives of youth from eleven countries of Asia--India, Pakistan, Burma, Malaya, Indonesia, Vietnam, Ceylon, China, Philippines, Nepal, and Korea. Far from contributing to regional cooperation by creating a feeling of regional Asian solidarity, the conference made invidious declarations concerning its host, the Indian Government, and alleged that imperial powers in Burma, Pakistan, and Ceylon had changed their direct domination to indirect domination and "with the unreserved collaboration of the ruling classes, were seeking to create confusion among the popular masses by giving them a hypocritical gift of fake independence." The conference called on the youth of Southeast Asia to "continue their implacable struggle against world imperialism" and warned them against "the danger of being seduced by illusory slogans" that would divert them from the struggle for the "complete defeat of imperialism and its allies." It was following this conference that the Malayan Communists engaged in guerrilla warfare, as did the Burmese Communists in April 1948. In their turn, the Indonesian Communists moved toward a break with the Republican Government, accusing it of capitulation to the Dutch, and then embarked on open insurrection in September 1948.

The most recent activities of the Communists directed against regional unity have been manifest in the intemperate attacks launched against the Indian efforts to organize a bloc of nineteen Asiatic countries to deal with the Indonesian situation. A typical article is that contained in the March 1949 issue of Political Affairs, the American Communist magazine. This article echoed the line taken by Radio Moscow. "The Asian conference questioned the imperialist tactics regarding Indonesia, but did not offer proposals that would weaken imperialist domination. On the contrary, following the line of proposals by the Indonesian Republic, the conference suggested methods by which Dutch hegemony might be strengthened through creation of a United States of Indonesia under Dutch control....The Conference concerned itself primarily with the establishment of an Asian bloc aimed against the colonial liberation forces and the anti-imperialist struggles led by democratic China. Its aim was to present the United States with the foundations for an 'Eastern Union' as worthy of Marshall Plan 'aid' as the Western Union. The significance of this conference lay in its efforts to consolidate the present leadership of the Asian countries against the militant demands of the people, particularly the workers and peasants, and their consistent anti-imperialist leaders."

It is apparent that Communism in South Asia favors regional cooperation only if such a movement takes place under its leadership and is tied in with the world policy of the Soviet Union in its struggle with the West. Barring a major change in the international situation there is little reason to believe that the Communists will change their position. They can be expected to oppose any move toward regional cooperation if it is based on existing interests of metropolitan powers who have interests in the area.

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Lastly, the Chinese Communist regime has already given new expression to the traditional concern of China for its own nationals in adjacent areas. The victories of the Chinese Communists, therefore, have profound implications for the whole problem of regional unity in South Asia.

MODERATOR TALBOT: Before opening the discussion, I wish to ask Mr.Merriam whether he may have any particular comment to make in reference to what has been going on. Mr. Merriam mentioned one or two days ago that he wanted to observe our concepts of nationalism and see whether we stayed on the right track.

A STATEMENT OF POLITICAL ANALYSIS

Charles E. Merriam

Mr. Chairman, God Almighty did not set me out as a terminological "court of last resort." You may be on the right track. I thought the road was a little bit bumpy at times, and sometimes I thought you were making the road as you went along.

The word "nation" seems to have a very definite meaning to many of you gentlemen, and the word "sovereignty" seems to have a very definite meaning. Far be it from me, the author of "The History of the Theory of Sovereignty" in the year 1900, to say that the word "sovereignty" has quite such dogmatic certainty as some of the other gentlemen assume or that it is always "absolute," or the United States started out with indivisible sovereignty. Is that what you mean by sovereignty, or do you have some other notion? I wrote an article on "Government and Sovereignty" in Common Cause. Either I am unorthodcx or the frequent use of the word as connoting absoluteness is unorthodox.

"Nationality" or "nation" - sometimes I noticed that you used the word "country;" well, by these definitions is Russia a nation or not? They started out making vigorous assaults on nationalism some years ago, then they suddenly switched around to become favorable to nations? That does not disturb me any. Being a student of Machiavelli and Aristotle and a great Indian authority on the same subject hundreds of years ago, I draw a line between what you call a strategic move, so to speak, and a fundamental purpose. The Russians are very good at chess. One of my good friends in Chicago said a number of years ago, "You know, some people regard politics as a game of chess, some regard it as a game of poker; the fact is that politics is chess and poker combined; but when you play with a fellow who seems to be playing chess, look out, because he may kick over the table, put out the lights and begin drawing his gun."

Is the mark of a nation the fact that it is large? Belgium is not a very large nation, neither is Costa Rica, nor is The Netherlands very large by itself. When I saw those staggering figures you have on that wall map there about India I began to think, well, he has three nations there, but one has 4 million and one has 300 million and another one has 50 million. Does size have so much to do with nationality?

The word "country" is a word that has been used for a long time. We deal with states in politics, in political science, but then we speak about a city-state or we speak about a family as a state unit, or we speak about a country-state, as a nation if you like, a little larger size on the whole. Nobody seems to speak much about a world-state. I don't think anyone has mentioned that until now, although we have an Institute of World Government down the street.

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I am presumed to be writing an article on "The Principle of Representation in World Government." Believe me, that is a tough one for it involves nationalism and regionalism and the "countryalism," that Mr. Furnivall gave us the other night.

Then of course we hear it said that the big landlords seem to be in favor of nationalism in some parts of the world. Of course it is elementary that it is the big landlords who were the ones who fought nationalism in the feudal days most vigorously. When men battled for nationalism in Germany and France they fought the big landlords. Then we also hear it said that nationalism is identical with some unity that is of an economic character, that economic systems are national. Well, I wonder if they are. Some of them might be, of course, and some of them are not. Or we used to be taught that a nation was a compact, contiguous territory. Well, is England a nation any more? It seems not to be so compact; it hasn't been for a good many years. And the United States is not as compact in its contiguity as it was a good many years ago.

What I am trying to say is, that you are letting a word slip by here as if nationalism were a concept you can define as you can the Preamble of the United States Constitution. Perhaps that isn't so very good an example because that is subject to an interpretation, sometimes five to four. I think nationalism in the court of politics would often get a four-to-four decision, unless you have some authority in the field of semantics like my friend Morris here.

Someone mentioned, inadvertently it seemed to me, the United Nations as a means of bringing about some sort of world order. But that seemed not too seriously taken. I would say you could not rightfully throw that out of the discussion here.

The United Nations, I would think, is something that must be considered in relation to Asia, Southeast Asia and all of Asia and all of the world. Forming these blocs, of course, is another way. International trade unions you may get, or international capitalistic unions, international scientific unions and many other types, not to speak of religion.

I hate to mention Merriam again, but in 1930 or thereabouts I studied ten countries under the head of "Making of Citizens." We broke up the various elements of political aggregation, territory or region, religion or symbolism, and what not. Our conclusions are not much considered by some who are busy getting their new nationalism or getting their new Communism, if Communism is not nationalism. Originally it was international and cosmopolitan, but now it may become something different day after tomorrow; depending on what the political advantage is, it might become either.

I haven't heard much discussion of the kind of unity - as long as Prof. Morris is here I might as well recognize him properly - dealing with the unity of science, not a political kind of unity and certainly not a religious kind of unity. I noticed in the last report of the Rockefeller Foundation the vast emphasis placed on the role of communications in the future world of ours. Isn't it worth considering? I realize, of course, the many difficulties involved, but nevertheless aren't they not perhaps as important as the price of rice or the number of bowls of rice we will have?

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You are not going to escape them in the long run. They are going to come creeping in. The regionalism of the old type is out-of-date. With telescoping of time and space, what happens to the old region? What constitutes physical isolation now with modern aircraft systems? Means of communication, the telephone, the radio, and the aeroplane, have revolutionized the whole structure of politics up to a point. No discussion can omit them.

Nor was there much consideration, though that came up yesterday, of application of science to the activities of these smaller countries as well as the larger ones. Let's take, for example, atomic energy, not as a military weapon but as a weapon of peace. I realize that the mention of that is the subject for war among scientists where they don't agree on how far they are going in industrial application of neutronics, but they are moving. How do we know how that may revolutionize not only the territory before us on the map but revolutionize the United States as far as that is concerned, or any other domain? What will the relation of atomic energy plus the aeroplane plus the telephone be to the kind of economic and political order you are going to have on any one of these islands, big or little?

MODERATOR TALBOT: Thank you very much, Mr. Merriam. I will ask not only our speakers but some of the other experts around the room to come to these points as we go along.

GENERAL DISCUSSION

MR. HOLLAND: I would like to ask Mr. Sacks whether the new Moscow line, the "international" line, since 1947 has been as successfully applied in Indochina as in other parts of Southeast Asia. If not, what are some of the reasons?

MR. SACKS: Indochina represents somewhat of a deviation from the pattern -- I deliberately avoided raising the question in the paper because I knew it would come up. Its significance for evaluating the Communist movement within the country is not clear. The statements that Mr. Isaacs has collected from Viet Nam certainly indicate deviation. On the other hand, aside from Ho Chi-minh, former members of the now dissolved Communist Party have certainly been pressing for the application of the international Communist line. That has become apparent through radio broadcasts made recently, the sending of delegates to the World Peace Conference in France, and the fact that Communist spokesmen like Nguyen Van Tao, the Minister of Labor, are the ones who make these declarations. It is not a simple picture by any means. It is evident that there is some major difficulty involved there. I might underscore this by saying that the Moscow radio has been referring recently to the Communist party in Viet Nam as the leader of the present struggle, without qualifying the statement in any way. On the other hand, Ho Chi-minh said recently that the Communist party was dissolved in 1945, which it was in fact. I might say also that the French maintain that the party was reconstituted only a short while ago, although no substantive evidence, such as of statements by an Indochinese Communist party through the medium of the Viet Nam government radio, has appeared. If you talk about communism as a force in the area, there are sufficient indications that the Communists are attempting to align the activities of the Viet Nam government within the world Communist framework.

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MR. BROEK: Mr. Sacks, how do you explain in the light of your paper that the Soviet Union never raised the question of Viet Nam in the United Nations while of course on Indonesia the U.S.S.R. took a very strong stand?

MR. SACKS: I see your question but I really don't feel that it is within my competence to discuss, I think it would lead us pretty far astray, why the Soviet Union did not raise the question on the Vietnamese. I would prefer holding that off for personal conversation later on.

MR. ISAACS: I would be willing to venture an answer, not being a member of the State Department staff. I would say that the most likely explanation would be the relationship of the French Communist Party to this situation. The French Communist party has taken a wholly equivocal stand on the Viet Nam issue. Right after the war the French Communists still had high hopes of conquering France. The French Communists, Ho Chi-minh told me in 1945, are colonialists first and Communists second. They want to keep their empire intact. Only a month ago I submitted a list of questions to Ho by radio and asked him whether he thought the French Communist party had effectively championed the cause of Vietnamese independence. He replied evasively: "It is the duty of all Communist parties in colonialist countries to champion the cause of independence movements." My next question: "To your knowledge, has the French Communist party done anything to hinder the war in Indochina?" His flat answer was, "No."

I think the strategy has been to keep Indochina within the French orbit in the light of the possibility that it would be a part of a Communist-dominated France. In 1945, I know for a fact, the French Communists in Saigon drew up a statement, obviously on instructions from Paris, asking the Vietnamese Communists to check their intensive effort toward independence because the election was due in France in October and the Communists were going to be victors and everything would be settled satisfactorily between them. The Vietnamese position has remained very equivocal. To this day Ho Chi-minh does not demand complete independence. He still says he is willing to form part of a French Union if the terms are satisfactory.

MR. SACKS: I might contribute this bit of factual information. Soviet materials, written for the edification of Soviet nationals, in discussing the Indochinese situation clearly do not talk of the Vietnamese movement as a struggle for independence. The books and pamphlets always end with the theme that the struggle in Indochina is an attempt by the Vietnamese to win a place within the French Union on terms which would allow them independence while maintaining a relationship. There is no effort to explain the struggle in terms of a pure and simple struggle for national independence, to break away from the French Union. It is a question of the democratic elements in France reaching some reasonable solution of the problem, and dealing with the Vietnamese.

MR. ISAACS: I might add one further point of information. The Vietnamese have been very leery of having their case brought before the U.N. They have steered clear of it. They maintained this policy consistently up until this March, when in the first effort of its kind they formally applied for admission to ECAFE. At the meeting I attended in Bangkok they applied for admission as an associate member on the same basis as Indonesia, the first time the Vietnam government had shown any interest in the U.N.

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MR. BROEK: The Dutch had a little bit of bad luck because they did not have enough Communists at home!

MR. WRIGHT: Hasn't there been equal ambiguity in the Communist line on Indonesia? I understand the line in Western Europe has been against the United States government because, they say, we support the Dutch cause and do not give sufficient assistance to the Indonesian Republic. On the other hand in Eastern Europe, the Indonesians are castigated because they sponged out the Communists.

MR. SACKS: I tried to point out in my paper the actual time sequence in that particular situation. Actually, it wasn't until after 1947 that the line changed toward the Indonesian Republic and its leadership. The Communists switched over, domestically and for foreign consumption, to an attack on the Indonesian Republican leadership and favored guerilla type warfare against the Dutch and repudiation of negotiations. From 1945 to 1947, I don't detect anywhere in Soviet broadcasts any real attack on the Republican leadership. The line was general sponsorship of the Indonesian Republic's demands in the United Nations. It was only with the formation of the Cominform that you began to see the Communist change in attitude to the Republican struggle and an attempt made to link that struggle with the "anti-imperialist, democratic camp."

MR. SARKAR: Mr. Isaacs shows that China is in the totalitarian sphere of Communist Russia. Are you quite sure of that?

MR. ISAACS: I am afraid the preponderant evidence is to that effect.

MR. SARKAR: In regard to Indonesia, are you quite sure that last February, Nehru could function at all without the moral support of England and the United States?

MR. ISAACS: You mean, could he have called the conference?

MR. SARKAR: Are you quite sure that he was functioning without the support and without the backing of England and America to a certain extent?

MR. ISAACS: Do you mean that England and America inspired him to call that conference?

MR. SARKAR: "Inspired" is another word; some sort of moral support.

MR. ISAACS: To the best of my knowledge, it did not happen that way. It is always possible to figure out any number of Machiavellian combinations in that kind of deal, but Nehru isn't much of a Machiavellian. Nehru started talking about the conference when he was in London and in Paris last year. When the Dutch police action began on December 18, he quite suddenly decided to go ahead with the conference. Right after the invitations were sent out, and, much to the dismay of his own foreign office people, he announced it in a speech on January 2 before there had been any time for reaction from all the invited countries.

Intervention by England and the United States came after that. By a curious coincidence, Sir William Strang happened into Delhi just at that time. Just before the conference convened, Sir William Strang and Loy Henderson, the U.S. Ambassador, discussed the problem at length with both Nehru and

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Sir Girja Bajpai and I have reason to think that those talks had a distinct effect upon the tenor of the conference.

MR. SARKAR: How far was Communism raised to the present position in international prestige by England and America during World War II? To what extent did it become a world force on account of the propaganda done in favor of Soviet Russia by the Allies after 1941?

MR. ISAACS: It is an ironic fact that many Malayan Communists, all Chinese, were trained and armed by the British as an anti-Japanese measure during the war. Arms were dropped to them and were cached in the jungles. The leadership of the Communist guerilla movement in Malaya today is virtually a creature of the British in a technical sense. The same thing was true in Burma, as the British have since also had occasion to regret.

MR. SACKS: I indicated that in my paper when I said that one of the characteristic features of the war period was the fact that in their effort to create an anti-Japanese base, it was necessary for the Allied armies to utilize such forces as they could find in the area. In many cases, because the Communists did have a clandestine apparatus that had maintained itself for a long time, they were the force that was used to conduct and carry on guerilla warfare. The importance of the Communists in the area does not arise merely from the fact that the Communists were given arms. That was just an additional weapon in the arsenal that was provided them by the conditions that existed in the area. They had previously functioned in the nationalist leadership and won much prestige and authority as fighters for national independence in their own right.

MR. SARKAR: It seems to me that Americans should make it a point to study this question in regard to their attitude to and their co-operation with Communism during World War II. That is a very important problem for research.

MR. THORNER: I wonder if Mr. Sacks would supplement his analysis on one point, and that is: Where in the sequence he has given us do the Bombay naval uprising of February 1946, the severe strike in September 1946 on the South Indian Railway, and the agrarian movements of '46 and '47 in four different areas fit in?

MR. SACKS: This is the kind of problem that Mr. Holland raised before with respect to Indochina. I have difficulty with the Communist party in India in the same connection. If I have given the impression that it was all a matter of a very simple plan operating from a single director who organized these things and pushed them from 1945 on, I would like to mitigate in part this impression. I think that what you had at the time the war ended, given the way in which the Communist movement internationally and the Soviet Union were working within the framework of this Allied struggle, was a certain amount of general leeway for the various Communist movements. The Cominform itself stated in 1947 that the reason it was set up was because a number of difficulties had arisen in the relationships between Communist parties. They had not been co-ordinated sufficiently, and were going to be co-ordinated from them on.

Actually, the Indian pattern does display some differences in 1945 and 1946. The Indian Party reacted in a rather radical fashion to solve

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things by guerrilla warfare as in the Hyderabad situation. When the Indian Party actually met and discussed these questions, it was set straight by adopting the line of Joshi. Agreement was reached and you had a change leading to support of Nehru in the whole period up to the end of 1947. The Communists adopted a very conciliatory attitude and collaborated with the nationalist leadership. In February of 1948, at the same time that the youth conference met in Calcutta, the Indian Communist party also held meetings. A difference of opinion arose and a new line was adopted. An opposition policy was taken toward the Indian Government, as I have indicated. India does not follow the pattern exactly, but, when there is pressure from the international Communist movement, you have at distinct intervals the regulation of the line along the general pattern that I have drawn up.

MODERATOR TALBOT: The crux, as put by Mr. Isaacs, is whether what we have been saying up to now suggests totalitarian solutions to the problems of the area, and whether there is any alternative to a totalitarian solution. May I ask for further discussion and comment?

MISS DUBOIS: Mr. Isaacs has been singularly helpful throughout this conference in bringing us back to the main line. As I understand his position he feels that the urgency of the situation is so great in South Asia that we cannot delay much longer and that we need radically constructive solutions. He has in his talk cast some doubt not only on the ability and the vision of the Western nations that are concerned, but also on the ability of local leaders to seize this opportunity for a constructive solution. Do you see any alternative leadership that might arise, which is not this rather narrowly, self-interested leadership you describe in South Asia, and which is not Communist? Do you see any middleroad group which might seige the opportunity for a constructive solution?

MR. ISAACS: Yes, it does exist. It is not strong as an organizational factor but it certainly is strong in terms of the possibilities of the situation.

In India the Socialist party, in opposition to the Nehru government, withdrew from the Congress party after the transfer of power. This party now regards the Congress government as a government which is going to run India into the ground by attempting to erect a capitalist regime on the conventional Western pattern. The Socialist party has been gaining in strength. It is engaged in organizing a trade union federation and has under-cut the Communist position in the labor movement. The Communists have their own independent labor federation and it has been considerably weakened by Socialist activity. The Socialists, on the other hand, have been weakened by the government which is setting up a union federation of its own. The Socialist movement in India however has a very considerable following and great vitality. It is by no means close to winning power. It has to contend with what might be described as a stronger development of political forces on the Right. Extremist solutions are not at all confined to the Communist variety. You also have in India, as in the other countries, a very considerable reservoir of extreme Right wing reaction which can create new forms of tyranny.

In Burma there is a Socialist party which until recently was strongly represented in the government and which is non-Communist, for the right reasons, and which has been making a rather desperate attempt to pursue

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an independent leftist program. It is an anti-capitalist, anti-imperialist program against which the Communists have been fighting. Internal squabbles, however, resulted a few weeks ago in the ousting of the Socialist ministers. They remain an important political factor in the country.

I believe that in Viet Nam, as Mr. Sacks has said, the precise shadings in the political spectrum are not too clear. Nobody has had direct access to the Vietnamese government since just after the fighting began in Hanoi in December 1946. One possible explanation of the equivocal attitudes taken by Ho Chi-minh could be that non-Communist elements are sufficiently strong in the government to require him to be cautious. I have seen some information tending to support this theory. I, myself, don't know enough about it to say.

In Indonesia there is a very significant Socialist movement. Sjahrir, who is today out of the government, is a Socialist and is one of the few in the area who is a Socialist in the European sense of the term. He has a very considerable following. Like so many Socialist parties, the party in Indonesia is not very effective organizationally. It does have considerable influence over sections of the armed forces, both the regular Republican army and some of the irregulars like the Student Youth army and some other independent units. The Republican leaders in the government claim for themselves a Socialist orientation. But they are subject to very strong pressure from the Moslem Right wing, which is very strong, very fanatic, and arch-conservative. One section of it has its own military forces in the field, in West Java, organized under the name of Daroel Islam.

In Malaya there is a Malayan Nationalist party which, like so many of these organizations, is split into two groups, one of which is rather sympathetic to the Communists and one of which wants to maintain an independent leftist position. That is true in Burma too. The Malayan Nationalist party is a relatively small and weak organization in comparison to the main Malay organization which is headed by Dato Onn and which is a straight conservative body based largely on the preservation of the old Malay Sultanates.

These forces are not strong but they are devoted to the idea of completely transforming social relations in a way which will enable them to socialize their countries. I believe there are forces in each of these countries which, given a point of polarization and an opportunity to move ahead, could possibly grow into something very constructive.

MR. VANDENBOSCH: Is this action sufficient to transform a society? The Social Democrats do not stand in a very strong position with their socialization program, for the reason that there is little in those countries to socialize. The first problem is to create something that can be socialized.

MR. ISAACS: Unfortunately, the situation has presented the colonial powers with the problem of doing both of those things at once.

MR. PIPLANI: Mr. Isaacs suggested that the only possible leadership was probably provided by the Socialist party apart from Communism. One point has just been made that for the greater part of South Asia the basic economic problems today are of increasing production and increasing very rapidly. If that is the objective, which I don't think any further improvement has to be made, the fundamental question arises: Even if granting the Socialist parties

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do come into power within the next couple of years in some countries, how are they in fact going to tackle that problem any differently than, for example, the present government of India is doing? Don't you agree that what is required is not any socialistic, ideologically-minded new governments with some kind of theoretical programs but a strong government that can hope to maintain law and order and push through with great drive at least a greater part of the plans, however limited in scope they may be?

MISS DUBOIS: There seems to me to rest in Mr. Isaacs' suggestion a further danger and that is if the Socialist element should attempt to assert themselves with drastic reforms in mind it would only serve to split three ways the very thin layer leadership that does exist in the area and further throw the countries involved into confusion and disorder.

MR. ISAACS: The Socialists are out of the government in Indonesia and are in a sort of loyal opposition at the moment since the fight with the Dutch is still proceeding; the Socialists are out in India; the Socialists in Burma have just been dropped from the government, although they are supporting it, trying to follow a limited program of keeping the ship afloat.

On your point, Mr. Piplani, my contention is that what has to be done in all these countries cannot be done on the basis of purely private capitalist enterprise. I think obviously you are going to have to have in all of these countries mixed economies of many different kinds. I think there are endless varieties of devices and forms which will have to be used by any of these regimes to begin carrying out any of these programs. But fundamentally I believe first it must be a state-planned and state-controlled system. Secondly, there has to be a regional approach combined with an intelligent partnership with the West. I believe that it is absolutely futile to think of each one of these countries embarking upon an independent program of industrialization wherein each one will try to achieve the kind of self-sufficiency or relative self-sufficiency that characterized the development of the 19th century state. What we have got to do under forced draft is try to approach it a little more rationally and say, "In what spheres and by what means and along what lines can each country develop so as to create a broader mutuality in the area?" Not only in production, but in education, technical assistance, transport, public health, etc., you will have a more rational approach to the problems of each country, avoiding wasteful duplication and increasing rather than decreasing mutual dependence. I say they have got to develop an economic program, I don't mean down to the last bolt but at least in broad principle and subdivision, which will enable the region to embark upon economic construction in some coherent manner. Moreover, the region cannot do this by itself. It has to be carried out in some sort of an equally rational relationship with the advanced countries of the West, which in this case means especially the United States. Only in this way can these countries begin to solve their problems without having to go through the gruesome experience of the totalitarian solution.

MR. PIPLANI: If I followed you correctly, you have made three points; firstly, that the development has to be of a mixed character. I don't know to what extent you have been able to study in detail the present plans in countries like Ceylon, Pakistan and India. I have been doing some work these last three, four months and if you very broadly spread your view on the whole sector of economies there is already nationalized transport, there is already a nationalized central banking system, there are already a number

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of large basic industries which are state-owned and state-operated. If you examine the whole system of taxation under the budgets today, it is true that here and there certain efforts have been made in order to correct certain economic maladjustments, for example, with a view to encouraging internal formation of capital, certain concessions have been given to private enterprise in respect of old-time, war-time taxation, and so on; but, by and large, if you do study the budgets you will find that the present governments, under their limitations, under their very great limitations, are trying to work that mixed kind of economic program that you have suggested. That is point Number One that you have made.

The point Number Two you made was that any program of development and of improving the standards of living has to be obviously in co-operation with the West and primarily with this country. I thought one of the major points of my paper yesterday was that out of a total investment of $8 billion in the area for the next five years at least $2 billion has to come from equipment which can only in fact be supplied from this country. I thought I had made that point fairly strongly, so there is hardly on that point any difference between Mr. Isaacs and myself.

Finally, the third point which if I remember correctly he made was that there must be some kind of original framework in which these young and new, unsupported economies have to be integrated if they are to hold their own in the future in the world. I must frankly admit that I am a little confused on that idea. Do you seriously expect this of countries like Ceylon, Pakistan and India, who have not even yet completed two years of political independence, or of countries like Malaya, Indonesia, Indochina and Burma, where there is still fighting in order yet to attain their political freedom? Do you seriously think that it is at all the time, particularly for a region which has for centuries continuously depended economically and politically, for good or for bad, on certain metropolitan powers, or is it at all feasible? Isn't it far too premature, even though highly necessary? I don't deny the necessity of some kind of possible arrangement which would just enable these new, young nationalist states to survive in the new world order, but on the basis of the history that we have all learned, on the basis of these political changes, the cutting of the fetters that have taken place after centuries, how is it at all possible? Isn't it far too premature to think of it?

Finally, I have seen the working of the specialized United Nations agencies. I suppose one can talk here quite frankly. My own personal feeling is that they are doing very little, that they are not scratching the surface, and there is no doubt in my mind that probably within the next four or five years after the failure of the greater part of the work of these specialized agencies has become patent the real basic need for some regional integration will arise. So far, my own feeling is that what little could be done in the form of regional framework has been done in two Asian conferences only by way of demonstrational value, that is all, but no more than that.

MR. ISAACS: I don't only think it is premature, as I tried to make clear in my paper, I think we are very late. The fact that these countries are still engaged in fighting for their independence is the responsibility of the Western nations. Thyy should never have allowed the situation to deteriorate as it has in Indochina and Indonesia. If a different policy

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had obtained in 1945 you would have a wholly different picture now. The fact that we have had more than three years of additional destruction and bitterness makes a new policy all the more difficult but makes it even more imperative.

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With respect to the earlier point, I am not going to try to specify what industry should or should not be nationalized. I know that in India the government is under intense pressure from Indian capitalist interests to drop the nationalization program. Nehru in January assured them that there would be no more nationalization for ten years. One heard on all sides, both in the government and out, of the extreme difficulty that was being created in economic planning by the fact of the big Indian capitalist combines. They moved in on many of the sectors vacated by the British and were held chiefly responsible for the black marketing and corruption that was going on in food and textiles. The government seemed to be yielding to this pressure on all fronts rather than resisting it.

I don't mean to say that the Indian government is not making an attempt to breast some of these problems. But it is a government in which the main political power rests in the hands of Patel and his wing. This means that it does not only cater to the get-rich-quick requirements of the capitalist combines but also shelters the extreme Right elements.

MR. SARKAR: England and America, are these two countries going to furnish capital, machinery, as well as technically trained personnel?

MR. PELZER: I should like to ask Mr. Isaacs how he feels about the new interpretation N.A.M. is giving to the "bold new program." I cannot see any boldness in the type of thinking that I find on the financial pages of the New York Times. If, as you pointed out, the Socialist parties in Southeast Asia offer a solution, then I think N.A.M. and other groups are missing their chance. I wonder whether you cared to express your views on that.

MR. ISAACS: I understood from Mr. Talbot that he was planning to devote tomorrow morning to narrowing this thing down to the problems of American policy in this situation but if he will rule it in order I would glad to make a comment on that. I have not gone into Point Four in any detail. Dr. Pelzer's quotations from the financial page of the New York Times suggest Point Four is viewed as a means of providing American capital on terms of political and economic guarantees that no nationalist government will grant. The fact that it is presented this way simply helps bolster Communist propaganda about the United States and the role of subject countries of the world.

MODERATOR TALBOT: We will hold that subject right here until tomorrow morning.

MR. BEKKER: I am wondering if we could pull together some of the comments that have been made with regard to the character of the indigenous leadership of Southern Asia. Professor Broek suggested that India was the only country in the area that had a middle class somewhat similar to the Western type. He also stated that the countries of Southeast Asia had nothing of that type at all, and I think he was referring to the fact that native participation in the management and ownership of modern enterprise have been insignificant or small. Mr. Soedjatmoko insisted that the leadership group which he did not define but in which he placed his confidence was very small; it was not subject to democratic direction from below, although it was responsive to the needs and demands of a wider group.

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We could draw additional suggestions from looking at some of the countries whose social structure is reasonably familiar. We find very strong leadership coming in the Philippines from a civil service and professional group and of course from traditional land-holding classes. We find it in Siam, coming again from a civil service and professional group, and also from a military group, which is absent from most of the other countries.

If we consider that practically none of the indigenous peoples with the possible exception of the Indians have a stake in private capitalistic development, and if we also consider that the creation of a middle class along Western lines is certainly not something that can happen within five or ten years and probably not in twenty years, what sort of political direction and what type of responsibility can we expect to evolve: Is the national interest effectively expressed by that group which has been privileged to attain a higher education? It seems to me that was part of the implication of Mr. Soedjatmoko's statement. What are other types of leadership which it is reasonable to expect and which could be successful?

MR. HOLLAND: Mr. Chairman, I am certainly no prophet but I suggest that there is much greater danger than has appeared from our discussions here that this leadership will in fact gravitate into the hands of something which is quite different from the rather mixed group of idealists, intellectuals, former civil servants mixed with a few professional business people and representatives from rather wealthy landed interests, who make up most of the leadership today. I suspect that in fact the leadership will get into the hands of personal dictatorships, very often the deciding point being the ability of one man or a very small group within the present nationalist parties to get sufficient personal control over the key officers in the armed forces to be able to keep themselves in power. The analogy will not be exact but there should be some resemblance to what has happened in many republics of South America.

Putting it in rather exaggerated terms, I suspect that one of the big problems we have to look for in India, where the situation is much more complicated, is the point at which this present leadership, let's say the Patel group, will find that it can most effectively establish a rapprochement with key leaders of the armed services and thus insure an absolutely invincible combination of power. It is all too easy of course to make analogies with what happened in China (I think that is a rather misleading one) or with what happened earlier in Japan, but certainly it would be a great mistake to ignore those two key elements: the group which is able to command a reasonable amount of support, whether by bribery or legal means, from the more flourishing business interests, and command the support also by the same variety of means from the key figures in the armed services.

MODERATOR TALBOT: Mr. Furnivall, the other night you made reference to the fact that the Western form of democracy would have no meaning except in relation to its adaptation to function. I wonder whether you had something like this mind when you spoke of the traditional personal authority notable in the social structure of the community and whether you were suggesting that something like this might come out of it rather than a democratic or socialist form.

MR. FURNIVALL: I should find it rather difficult within two or three minutes to put forward any suggestions as to what possibly might happen in the way of adapting Western democratic situations to provide a solution.

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There are just one or two points that have cropped up in the course of the afternoon that I would like to discuss a little further.

As regards the point made by Mr. Isaacs about the substitution of Communism for Socialism, I wonder what the Communists could do that the Nationalists aren't trying to do and can't. A further development of that is the point that Mr. Holland has just raised about the dictator who would by some means or other form a combination with business interests and the army. In Burma, and I imagine in most of Southeast Asia, the chief difficulty will be to find an army for such a dictator to rely on. I think many people in Burma would rather welcome some kind of a dictator, working either on Socialist or Communist lines, but the problem is, where is he to find his army? You can't have a dictator without an army behind him, and the Burmese and Shans, 70-80 percent of the population have never been trained in military service except as guerrillas in the last war. Directly a dictator supporting business interests uses them to suppress a Communist rising he will find that half of them are quasi-Communists themselves and they will immediately go over to the opposition. Then the Communists will come along and take advantage of his weakness. There is no element of force on which a dictator can rely in Burma, and I imagine the same thing is true generally in Southeast Asia. In Java the Dutch relied on the Ambuynese and Macassarese. Foreign rulers have relied on foreign troops and the minority peoples. The majority peoples have not been recruited. That seems to me the difficulty in accepting what otherwise is a plausible and possible solution.

MR. HOLLAND: Mr. Chairman, I would not presume to suggest that this oligarchy would capture control of the whole army, or even a majority of it. That is not necessary, usually; it is sufficient, judged by experience in various parts of the world, to get control of a reasonable fraction of the army, often a key section of it, the air force, to take one obvious example, or of certain elements of the artillery. Once having done that, even though you may then have a very dispersed and anarchic condition of civil war for a period, the authority and the power of the central group is sufficiently well established to enable it gradually to expand and to suppress these other elements.

MR. FURNIVALL: In '86 it took the British five to ten years to suppress the Burmese when the British had all the troops and all the guns, so for a small armed group to obtain command of Burma is a difficult proposition. The other countries may be different but I cannot see a solution along those lines until a dictator can gain entire control over the army. But he first has to gain control over the army, and what is going to happen meanwhile?

MR. ISAACS: Mr. Holland has stressed one possible variant, the development of political power on the Right. The number of forms it could take are endless. The classic South American pattern could very well be combined in different parts of South Asia with various kinds of more or less popular movements capable of mobilizing a very considerable mass backing for dictators. Certainly in the Moslem countries, certainly in India, there is a great reservoir of political reaction. Given continued frustration in these countries, given a continued situation of drift at a time when the needs, problems and pressures are so great, the cue may

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very well pass to internal reaction. Much will depend on the impact of pressures from the rest of the world. The Chinese pressure is the most immediate. If beyond that lies the possibility of a third world war, obviously there is not much outlook in South Asia for sane and desirable solutions. I believe one of the major areas of possible action to avert such a war lies in South Asia. I think there is time to see what can be done to create a semblance of a world order in which the backward countries can be brought into a more mutually beneficial relationship to the advanced countries of the West. This is the central problem of our time.

MR. FURNIVALL: Why should dictators emerge? They will be quite happy going along.

MODERATOR TALBOT: You suggest a sort of Gandhian anarchy -- though probably not nonviolent?

MR. FURNIVALL: That's it, extending from Burma over Southeast Asia.

MR. ISAACS: You could have a long period of internecine struggle in which various parties will emerge and have their day. That may very well be what will happen there. I repeat, there are at the moment two basic possible polarizations and before either one becomes wholly effective anything could happen in this uncrystallized political interim.

MR. FURNIVALL: I quite agree with the urgency in trying to prevent what I regard as an unfortunate course of events.

MR. WRIGHT: Isn't there some analogy to China? There was a long period of war-lordism, then a Nationalist government with a Socialist thesis. They failed, and the Communists come in. It seems to me that if the prime objective of South Asia is to be economic progress, there may be a similar history. It is going to be extremely difficult to prevent Communists from taking over in either the short-run or the long-run. You have a situation there where rapid economic progress requires the most drastic methods, methods which only the Communists will take.

If you consider the three great areas of the West, the United States, Western Europe, and the Soviet Union, all have been inspired by the renaissance idea that economic progress is the great value. The United States had the best opportunity to realize this value. We have had a great deal of economic progress. As a result of two world wars, Western Europe is much less able to realize economic progress and it has gone to Socialism. In Russia, where technology was most backward and population growth most rapid economic progress was most difficult. They went to Communism.

I think our discussions suggest that the problem of developing higher living standards is more difficult in South Asia than in Russia. Even more drastic methods may be necessary, and the Communists ready to make unlimited promises and to discipline populations may be tolerated if the objective is going to be economic progress. May not the one hope of preventing South Asia from going in that direction be to prevent the people from becoming acquisitive-minded prematurely, to encourage them to maintain their traditional cultural standards until conditions are more favorable through the

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impact of technology and capital. Possibly in that way order can be maintained for a time and gradually in certain cases, in certain special areas where there are opportunities for development, economic progress can begin. I fear that if all the people in the area become inspired by the notion that the one thing they want is rapid economic progress, conditions for Communist revolution will be at hand.

MR. SACKS: I cannot agree with Dr. Wright on his point. Apart from the question of imposing the acquisitive instinct, it represents a complete misunderstanding of the area on both the cultural and political level. The problem right now, in concrete terms, is how to stop these totalitarian or authoritarian forms from crushing what little residue there is of Western leadership. The problem is to halt the tendency, which seems almost unstoppable, toward the formation of totalitarian governments. The chief difficulty lies in the fact that at this particular time you have the emergence of China under a new authoritarian government which may decide to influence the events in Southeast Asia. In addition there is the fact that the Communists have favorable prospects merely because the desire for the acquisition of good things is already present. The only reason they can promote agrarian disturbance is that the agrarians do not have all that they need to eat and live and construct a functioning society.

I think it is a mistake for us to attempt to inculcate these people with old standards at a time when the old order has failed. Everybody in the area is trying to orient in a new direction taking account of the fact that the mass of the population is in motion toward some new kind of stabilization, toward some new order. I strongly urge that we recognize that the only reason one can even consider that the Communists may win is precisely the fact that they are aware of the profound changes that have occurred in the area, and are acting on that knowledge.

MR. WRIGHT: A good many of our anthropologists this morning seemed to question the extent to which the basic social pattern of 90 percent of the peasants of South Asia has really been vitally changed. That is a question of which I know nothing; I defer to people who do. I think if you are right that all of the 90 percent of the peasants in this area have got this acquisitive instinct and want to better their economic condition, that certainly is an ideal situation for the Communists. But, I ask, how much is the archaic custom actually smashed in Southeast Asia?

MR. ISAACS: The problem is not that their mode of life has been materially changed. The fact that they still worship their same gods is not material. The material fact is that the social economic system under which they lived in the past has broken down. The system under which they worked their land and got back their meager return will no longer yield them even that much and will yield them increasingly less. The pressure is upon them, and in one way or another they are seeking a change. That is true throughout the area. It is true throughout Asia as a whole, and is the source of the great convulsive movements with which we are faced. Our problem is the form that these take and the role that they will play in building the kind of new world that we too obviously have to build. Our own system, you know, isn't working so well that we don't also face critical problems.

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MR. CHARTRAND: I understood from Mr. Isaacs that the steps he thought were necessary for the development of South Asia were nationalism, regionalism and world co-operation. When London and Washington attempted, and perhaps succeeded, in modifying Nehru's views between January 2 and 22, were they shortsighted in eliminating the regionalism? That was their purpose, I believe, because of their concern for the formation of a South Asia bloc, rather than emphasizing the U.N. and keeping within the larger framework.

There will be regional problems which can be solved within the region and these should be dealt with locally while those issues which can't be handled regionally should be referred to U.N. For example, the Commonwealth of Nations, which represents regionalism may come to the assistance of Burma and help to support what may be the best government within the country. The U.N. on the other hand may be called upon to solve the Kashmir problem.

Is it time for the U.N. to take a strong stand in such instances and say, "This is what has to be done"?

MR. ISAACS: It has long been the time for the U.N. to take a strong stand.

MR. SACKS: I realize that the bulk of the discussion did not touch on the question of the Communist role and this may be due in part to my making no real estimate of their present strength in the area. Therefore, I would like to indicate that the most distinctive thing to me, as far as the Communists in South Asia are concerned, and their greatest asset is their recognition, which is new, of the linking up of their own future with that of an agrarian movement in the area. That means that they are no longer addressing themselves solely to a small Westernized political group. They are evidently interested in sponsoring a revolutionary peasantry, or at least in trying to utilize or spread the things they have learned in China throughout South Asia. I think that is a distinctive feature that emerges in part in the Hyderabad situation in 1946 and 1947. The character of this agrarian movement, I think, is in part visible in the Burmese situation. I think it is also in part apparent in the attempts the Communists are making with respect to the guerrilla movements in Indochina, in Malaya, and the Philippines.

It is well to keep in mind that the Communist reorientation toward the great bulk of the population in the area is an attempt to utilize local customs at the village level and to revolutionize them. This itself constitutes an important factor for change. It leads to the necessity for radical solutions that we are discussing. Great efforts have to be directed towards the agrarian problem itself if we wish to stop the authoritarian answer to the problem from becoming the only dominant and clear one.

MR. GINSBURG: This is asking for a kind of summary and I think it is in order. Do I understand correctly that there are two different, if not opposing, points of view as to the nature of the situation today? Everybody seems to agree that initiation of action is desirable, but thereafter there seems to be a parting of the ways on the part of one group which says that the action must be immediate, drastic, and violent, and another group which says the change must be slower, more gradual - perhaps Dr. Piplani's

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point of view. Is that correct, or have I misunderstood? I am just trying to clarify the broad range of opinion which has come forth this afternoon.

MR. ISAACS: I would like to specify that just a little more sharply. I think that the difference lies between those who think that this area with its emergent nations has the possibility of developing along more or less classic economic and political lines as we have known them in Western history in the more or less recent past, and those like myself who say that that perspective has absolutely no validity whatsoever and that what is needed is a truly bold new program which would enable the emergent nations of South Asia to find their places in a new and larger framework and to proceed with the problem of their reconstruction and emergence from backwardness on a 20th century basis rather than a 19th century basis.

MR. PELZER: I should like to comment on the last point that Mr. Sacks made; that is, pointing out the possibility of utilizing agrarian tension. In 1941 I had a long talk with Pedro Abad Santos, the spiritual father of the Huk movement, and I asked him the specific question, how did he feel about President Quezon's program of trying to solve the agrarian problem of Central Luzon by taking out a part of the population? Pedro Abad Santos flew at my face when I expressed admiration for such a method. He was violently opposed to any migration from Pampanga to Mindanao, he did not want to lose a single tenant and have him become a land owner. What he was after was actually a tightening of the situation in Central Luzon so that it would blow up, any program that would lead to a lessening of the tension he was opposed to. I think that answer should give us the key.

I should like to point out the changes in Japan. To me it is rather surprising -- in a way it is ironical -- that we want ahead and cleared up the agrarian problem in Japan but at the same time we blocked a solution of that sort in the Philippines. I don't see any indication at this moment that we are willing to urge the rest of Southeast Asia to follow the example that we set in Japan. If there is any value in the attack that MacArthur used in Japan, then it should be applied to other areas.

MR. HOLLAND: Land reform.

MR. PELZER: Yes.

MODERATOR TALBOT: Mr, Isaacs, do you want to conclude the session?

MR. ISAACS: I think I can conclude with a story. I once sat with Hadji Agus Salim during one of those discussions of the coming war with Russia, the implications of atomic war, and so on. Somebody made the customary and now almost banal comment: "If we do have an atomic war it will mean the destruction of our civilization." Old Hadji smiled a little and quickly said, "Oh no! Your civilization, not mine."

MODERATOR TALBOT: Thank you very much. The meeting is adjourned.

... Adjournment at 5 P.M. ...

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

VII

CO-OPERATION, COMPETITION, AND ISOLATION IN THE ECONOMIC SPHERE*

J. S. Furnivall

I have been asked to offer for your consideration this evening a few remarks on South Asian economic analysis under the title Co-operation, Competition and Isolation in the Economic Sphere. In thinking over the matter I have sometimes been unhappy about the title. Is it the wrong way around? Should it not be Isolation, Competition, Co-operation? That would suggest and summarize the course of social evolution. Isolation - the kind of life one can imagine when Sinanthropus called for a cup of morning coffee on Pithecanthropus with a large club and had to knock him out before snatching away his coffee; the kind of life that one can still find in remote hills and swamps wherever stranger is an enemy; the life of man solitary, nasty, brutish, short, and poor. Then competition - mainly economic competition that replaced the knock-out blow of earlier days by an attack upon the stomach, natural selection by starvation. Finally, by gradual elimination of the cruder instincts, co-operation in a national society embracing rival groups in ordered harmony. Then, reaching out over a wider sphere, competition between various national units, such as has marked the recent past, with Burma, Siam, and Indo-China competing in the rice market and similar competition in other branches of economic life. And this in turn leading on to combinations, tin pools, rubber restriction and so on or, we may hope, to the happier international co-operation of the future. Surely Isolation, Competition, Co-operation would be a more inspiring title. But Co-operation, Competition, Isolation - what are we to make of it? What dark future does the title portend? I was not happy. But our deliberations have gone far to remove my doubts as to its aptness. During these two days it has become clear that the order of the wording is correct. My doubts have been removed. Unless we can achieve co-operation there will be competition, leading to isolation and only what I think you call in this country "the tough guy" will survive. The Conference has removed my doubts as to the aptness of the title; but not my fears and gloomy apprehensions.

It is the fashion now to remove fear by psychoanalysis. This suggests that if we are to study the relations <u>between</u> the peoples of South Asia we must first study relations <u>within</u> these various lands. Let us begin then with something in the nature of a psychoanalytic study of their economic and social constitution. It is a fascinating subject which seems to have received less attention from professional economists than it deserves. I am not a professional economist and speak therefore with the natural diffidence of an amateur. But, as an administrator in Burma, I was brought

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up against problems for which economic text books appeared to offer no solution. In puzzling over them I was driven back to the elementary rudiments, the A B C of economic theory - the nature of wealth and the fundamental principles governing its production and consumption. Some writers, suggest that Western economic theory is not valid for the East, and I hope I shall not trespass unduly on your patience if I recall some of its elementary axioms and maxims. These have frequently cropped up in the course of our discussions. Do orientals recognize our values? What about the acquisitive instinct - do they possess it, ought we to encourage it? I remember scandalizing a group of economists and administrators in Java by suggesting that economic environment conditions population; they were convinced that population conditions the economic environment. We have heard many suggestions to the same effect. Certainly in Burma everyone wants a fountain pen, a wrist-watch, and a bicycle if he cannot afford a car; and casual observation suggested that men wanted much the same things in Java. It is not perhaps exaggerating to say that given the choice between a wrist watch and a baby most people would choose the wrist watch. But it is much easier to get a baby. Yet only the other day a modern Burman, a loyal supporter of the government of Burma, explaining how hard it is to make both ends meet now that salaries have been reduced on account of the financial position of the country remarked that out of what remained he had to support two distant cousins who were on strike against the government. Their attitude is not quite the same as ours, and in attempting an economic analysis of South Asia we should I think be rather careful about terms and principles. Ruskin somewhere pokes fun at Mill for saying that it is unnecessary to define wealth as everyone has a sufficiently clear idea of wealth. Modern economists still seem chary of defining it. Does wealth have the same connotation in Asia as in Europe? I think it does. I suppose we may define it as the product of work applied to natural resources in order to produce something rhat men want and that can be transferred to others.

2. The Factors of Production. It is common usage to describe land, labor and capital as the factors of production of wealth. But is this a complete analysis? Conditions in South Asia seem to suggest that one factor has been overlooked. Land of course is a conventional abbreviation for all the free gifts of nature, soil, water, air, rivers, sea and sun. Labor also is a conventional term including all forms of work intellectual as well as manual. Anyone who does work expends energy in the production of wealth just as the mainspring of a watch expends energy in driving the hands. Ordinarily in doing work a man can produce more wealth than he consumes. He may have no use for the surplus and in this case so much of his work is wasted. In general he stores the surplus and this supplus constitutes his wealth which may be regarded as a store of his accumulated labor applied to natural resources. He may either store it for future enjoyment, or he may use it for the production of more wealth, and wealth applied to the further production of wealth is termed capital.

It is, I would suggest, not wholly fanciful and indeed helpful to apply in economics the terminology of physical science. We may perhaps regard wealth as an accumulation of economic energy, and we can measure economic energy by the surplus of wealth produced, the store of energy accumulated, over the energy consumed in the form of capital, land, and labor in producing it. Regarded from this impersonal standpoint economic problems are concerned with production and consumption rather than with supply and demand, the getting and spending characteristic of an acquisitive

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society.

In some parts of Burma men who have no cattle prepare the soil for cultivation by puddling it with their feet. Most cultivators however use some of their surplus produce as capital by investing it in cattle with which they can obtain a larger yield. In the one case the cultivator used labor only; in the other he uses both labor and capital. But in the nature of the work performed there is no difference; in both cases the cultivator is expending economic energy in the production of wealth, but in the latter case, in addition to his own labor he is using the accumulated store of energy represented by the cattle. From another standpoint, however, there is a great difference between labor and capital. Labor is embodied in the laborer and, except where slavery persists, the laborer owns himself and is free to sell his services. An employer cannot buy the man but only his labor, the economic energy which he embodies. Capital, however, is disembodied economic energy; it is not embodied in any particular individual but can be freely transferred from one man to another and is at the disposal of any one who owns it. The distinction between labor and capital is valid, of course, in South Asia as in Europe, but the accumulation of wealth in South Asia and the use of it as capital deserves closest consideration.

Scattered about South Asia there are still a few small backward tribes which live from day to day on the herbs and fruit they gather in the jungle and the animals and fish they catch. They produce no surplus because everyday they consume all they get, and they remain miserably poor. Some tribes, however, rather more advanced, practice shifting cultivation in hillside clearings and very often, although the land may yield a surplus, they do not trouble to reap more than is sufficient for their needs, so that much of their labor is wasted. Not so very long ago this happened even with settled cultivation in the plains, and I have often been told that in former days, when there was no export market for rice, the surplus produce was left in the fields to be eaten by the rats. Similarly millet grain is still abandoned to the birds in years when there is a good crop of rice, which men prefer as food to millet. Nowadays, however, most cultivators in the plains store and sell their surplus produce. They have reached a higher stage of social organization than the hill folk, and it is only when men reach this stage that they begin to accumulate wealth. But they store most of their wealth in the form of gold, silver, or jewelry and use only a small proportion of it as capital for the production of more wealth. This is very different from the conditions obtaining in the social organization of the West, where men deposit in the bank any surplus beyond their immediate requirements so that it becomes available as capital for promoting economic progress.

It is true that work is often wasted in the West. The stock example is the destruction of Brazilian coffee. Even during the darkest days of austerity in England one could read hungrily in the papers of fish thrown back into the sea, and I have myself seen cases of oranges dumped in the Mersey at Liverpool. But in the West such a waste of labor is unusual; in many parts of South Asia it is still usual. It is true also that in the West much of the wealth is expended on display and does not contribute to production directly, if at all; but the proportion so expended is not as in the East. As regards both the

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waste of labor and the waste - if one may call it so - of wealth, there is a significant difference between East and West. But the foregoing outline sketch of social evolution in South Asia shows that it reflects the difference in social environment. In primitive conditions there is no surplus; then a surplus is produced but wasted; in the more advanced oriental communities the surplus is stored as wealth, but only in the social organization of the Western world is any considerable portion of the accumulated wealth applied to production as capital. Surely then we must reckon social organization alongside land, labor, and capital as a factor, indeed the most important factor, in the production of wealth.

It would of course be absurd to suggest that economists have wholly overlooked anything so obvious. They have indeed, from the time of Adam Smith, emphasized the economic importance of the division of labor, which is only one aspect of social organization. But they have treated the division of labor as an isolated phenomenon instead of as a process closely linked up with the general course of social evolution. This is due probably to their having assumed as normal the economic structure of the world in which they lived.

3. Capitalism. The system of social organization which most text books on economics take for granted is usually termed capitalism. On the surface at least there is much to justify this term as a general description of its character. For two outstanding features of the modern Western world are the aggregation of vast masses of capital and the power wielded by the owners of capital, the capitalists, not only on the economic sphere but also in the sphere of politics. Yet, if we look below the surface, the term, if not a misnomer, is certainly misleading. The confusion is unfortunate. For it tends to concentrate attention on capital as the essential element in a society and type of civilization of which it is only one, and not the most important, feature. This encourages critics of the system to attribute to the personal activities of capitalists results that are inherent in the working of impersonal economic forces, and on the other hand allows supporters of the system to claim on its behalf credit for the benevolent activities of capitalists as citizens and not merely as owners of capital. In South Asia today "capitalist" is a term of obloquy, yet it is capitalist America that is conspicuous for such foundations as the Norman Wait Harris Memorial that has brought us all together here to study international relations in South Asia.

One of these unfortunate results is that many people in South Asia have come to regard capital as evil in itself; they condemn not only the use of wealth as capital but even the accumulation of wealth, whether for production or display, and assume that a rich man is a robber. Although those who are more enlightened may advocate merely the transfer of capital from private to public ownership, the great mass of the unenlightened are reckless of destroying capital and wealth in their attack on the so-called capitalist system. That is a very real danger at the present time. There is a real danger of a relapse into the dark ages. Yet, if I interpret correctly the writing on the wall, the attack, however misdirected by ignorance and envy, is essentially an instinctive human reaction against the control of economic forces, which must be brought under control if civilization is to survive.

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Capitalism in its modern form may be regarded as the natural, though not the necessary, result of the economic reforms advocated by the classical economists who did so much to give a meaning to the modern world. It is only one aspect of the great Liberal tradition of individual freedom of thought and action, person and property, including the right of individuals to own property and use it for their individual profit. To the economists of the Liberal tradition the liberation of economic forces from the control of customary restrictions seemed a master-key to the wealth of nations. This belief was largely justified. Much as the free play of natural selection tends to the survival of the fittest in the struggle for existence, so does the free play of economic forces tend to efficiency in the economic sphere. But natural selection operates by eliminating the unfit, those who cannot adapt the environment to make it fit for them. Ruthlessness is equally a character of unrestricted economic competition. Efficiency may signify either an increase in production or a decrease in consumption and, except so far as economic forces are directed by human will, they tend to reduce consumption rather than to increase production. Unless restrained by human will they tend to reduce life to its lowest level, to the margin of bare animal subsistence. So far as capital represents pure economic energy it operates in the same manner, and although, strictly interpreted, Capitalism signifies only a type of social organization, like that of the modern West, conspicuous for vast accumulations of capital, yet, in common usage, it has come to signify a type of social organization dominated by impersonal economic forces, or in which at least economic forces are preponderant. I would say that the preponderance of economic forces is inevitably prejudicial to social welfare, but it is not capital as such that is responsible for the evils attributed to Capitalism.

In what may be termed the pre-capitalist age economic forces were restrained by custom. Economic freedom led naturally both to the accumulation of capital and to social disruption. But social disruption was not the necessary consequence of economic freedom. In the West, where economic forces were liberated gradually, they had little effect on the social structure before the industrial revolution. Then, as their activity increased, measures were taken to control them. The men who came forward to defend society against disintegration by economic forces called themselves Socialists. After an uphill struggle with defenders of the Liberal tradition who rightly valued economic freedom, they forced the stoutest champion of Liberalism in England at the end of the 19th century to admit "We are all Socialists now". It was however the capitalist as owner of capital rather than capital as the embodiment of economic forces that presented the more obvious target for attack. Socialists accordingly advocated the substitution of public for private ownership of capital, and the control of economic activities by the State as the organ of social will. The mere substitution of public for private ownership is not in itself sufficient to control economic forces; it may result only in State Capitalism instead of private Capitalism. Thus parallel to and part of the Socialist movement was a trend towards democracy as a means of making the State better able to assert its authority over the anti-social effects of economic forces. Both Socialism and Democracy are still on trial, but it may fairly be said that in the West we are now living in a post-capitalist age in which co-operation is more or less effective in asserting the supremacy of social will as distinct from the capitalist age of unrestricted economic competition, and the still earlier pre-capitalist age when economic forces were restrained by custom.

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What, however, is the situation in South Asia?

4. Dual Economy. When Europeans in the dawn of modern capitalism tried to do business in the East they encountered a society still living in the pre-capitalist age. Under the local rulers they could not do business on Western lines or even live securely, and in various ways they obtained concessions where they could live their own life in their own way. Each little concession was a fort and a trading station, a capitalist nucleus in a pre-capitalist world. Yet it was still difficult to conduct business because the people would not trade on Western lines. In the West anyone who wants an additional supply of anything can usually obtain it by offering a higher price. But in the East it often happened that a higher price did not stimulate production. The wants of the people were few and simple and when these were satisfied nothing would tempt them to produce more. The European merchants, as good men of business, did not want to pay more than was necessary, and they also wanted, if they could, to obtain a monopoly of the European market which would enable them to gain as much as possible.

The Dutch in Java found a solution to the problem. They made contracts with local chieftains who could compel the people to produce the goods wanted by the Dutch and prevent them from selling to outsiders; as the chieftains obtained the produce in the form of revenue they could sell it on terms very gratifying to the Dutch. With the growth of Dutch power they superseded the local chieftains and obtained still better terms. But their profit still depended on maintaining the authority of the local chieftains. Out of this arose the tradition of indirect rule. Even until the late 19th century the Dutch had no manufactures that they could sell in Asia in a free market, and they wanted more than ever produce, especially sugar and coffee, which the people would not cultivate in sufficient quantities except under compulsion. This produce could be supplied by Western planters. These however wanted land and labor which they could obtain on the most favorable terms through local village headmen. Thus the system of indirect rule still survived though in a modified form. As an economic system it rested on compulsion and not on economic freedom.

The planters, the merchants who bought their produce and supplied their requirements, and the banks which financed the whole process were living in a Western capitalist world. B ut the people in their villages were still living in a world that, outwardly at least, was a survival of the pre-capitalist age. There was a capitalist superstructure over a pre-capitalist base. In the Western capitalist superstructure economic forces acted freely, not even subject to the social inhibitions which still restrain them in the West. In the Eastern pre-capitalist sector a check over economic forces was maintained by local chieftains, ostensibly deriving their authority from the people as the embodiment of social will, but in reality exercising it as agents of the central government on which they depended for support. These conditions provided some Dutch economists with a theory of a dual economy as a distinctive character of colonial rule.

In tropical dependencies, according to this theory, there are two distinct systems of economy. In the Western sector economic forces act in strict accordance with the economic laws enunciated by the earlier Liberal economists; but in the Eastern sector these laws have no force

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and Western economic principles are inapplicable. The one sector is ultra-capitalist and the Eastern sector is pre-capitalist or sub-capitalist, with prestige carrying more weight than profit, and communal influence restraining the individual desire of gain. Economists of this school attempt to elucidate the principles governing economic relations separately in the two distinct sectors and the relations between the two sectors. Their work has thrown much light on tropical economy, and I personally owe a great debt to them, but their analysis is based on the assumption that Western economic laws do not run in the Eastern world. Elsewhere, experience suggests grounds for questioning that assumption. Still in various forms it has found expression in this Conference. It may be well therefore to glance briefly at some of these elementary principles to ascertain which are valid in South Asia and how far and why others may be invalid.

5. Economic Laws. I have been told that it is a mark of senility to talk of economic laws. I admit the senility, but am not to be laughed out of my belief in economic laws. They were indeed already out of fashion when I first began to take an interest in economics. Mill had long since restricted their domain to production, and men were beginning to question them even in this branch of economics, or rather perhaps to assume that on production there was no more to be said. Now we are encouraged to believe that, if any such laws exist, we can over-ride them by an Act of Parliament or, if in no other way, by a revolution. But, "plus ça change...." The British Parliament, it has been said, can do anything except change a man into a woman. But men are not really quite so malleable, and even in an atomic age nature is still nature. We may perhaps classify economic laws as laws of nature, laws of human nature, and laws of social nature, and I would suggest that under each head there are laws no less rigid than the laws of the Medes and Persians and as universally applicable as the laws of motion. They are valid in a pre-capitalist society no less than in a capitalist society, and no less valid in the post-capitalist society in which we live.

If we consider wealth and nature we find certain laws applicable both to the natural world and human world in its economic aspect. It is, for example, a law of nature that all living things tend to increase up to the limit of the food supply. That certainly is a law which applies to a pre-capitalist society. It is indeed one of the chief problems confronting students of tropical economy and practical administrators that efforts to promote welfare in the tropics are frustrated by the growth of the population. "We try" they complain "to provide food for every mouth, but the only result is that there are more mouths to feed". In the West human will may circumvent the law of population through birth control, but that does not nullify the law any more than airplanes nullify the law of gravity. Again it is a law of nature that effort is exhausting, that energy is diminished in doing work. We may devise means to spur men to greater effort, as for example by higher pay for overtime, but nature may still operate to give better results from shorter hours. Or take the law of diminishing returns. This is inherent in the physical character of the soil. Perhaps it is nowhere better illustrated than in very primitive pre-capitalist society in which men, scratching the surface of the hill side, must move every year or two on account of the exhaustion of the soil. And in pre-capitalist society the natural law of the survival of the fittest acts quite independently of human volition. In times of famine men have a better chance of survival if they can sustain existance on less food than others.

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Here then are some natural laws bearing on economic relations which operate in a pre-capitalist society; they act quite independently of human will in conditioning production and are equally valid in the East as in the West. And unless brought under the control of human will, either by custom or by effective legislation, they tend to strip life of its ornaments and graces down to a bare level of animal subsistence, or even below that level to the elimination of the economically unfit. The same laws operate in all stages of social evolution, and it is only the social organization that determines the results.

So much for wealth and nature; how about wealth and human nature? In the West in general and wherever and so far as men are actuated by economic motives, they want to get as much as possible for what they give, and to give no more than necessary for what they want. We accept it as common sense, a law of human nature, that no one will give threepence if he can get as good a thing for twopence, and that no one will sell a thing for twopence if he can get threepence. Human nature however, according to the theory of a dual economy, is different in the tropics. Economists of this school argue, with good reason, that in the Western sector of tropical society, economic motives prevail more strongly than in "capitalist" Europe, that men more closely resemble the "economic man" of former classical economists and that capital is freer from control by social will. But the native in the Eastern sector, they contend, has little regard for economic values. It is indeed the general experience of Western explorers and traders on their first contact with new peoples that life is ruled by custom and that the individual identifies himself more closely with the community than in the West. But general experience shows also that the individual self lies very near the surface. Men soon learn to value money, and evince a desire to better their position, and the characteristic disease of tropical society under the impact of the West is "atomization", disintegration into individuals. So far as there is any difference between natives under Dutch rule and their Western fellows, the explanation would seem to be that, for good or ill, the Dutch have tried to shelter the people from economic forces, and have trusted rather to authority than to the desire of gain to stimulate production. The difference lies in the social environment and not in human nature. I do not wish to say that human nature is the same always and everywhere. In Burma for example there is a tribe of which only six families remain because the members are so obstinately celibate that they will only marry under official compulsion. But then in Europe old families die out because of the preference for marrying heiresses who breed only female children. All I am constrained to suggest is that the economic motive of the desire of gain is common to human nature in both East and West, and that it is the social organization which conditions its activities.

In this matter another point deserves attention. We have seen that the free play of natural law in the economic sphere tends in the long run to bring production to a standstill by cutting down consumption. This tendency is reinforced by human nature. Men actuated by the desire of gain aim at increasing the surplus of production over consumption rather than at increasing the stock of wealth. The easiest method is to cut down costs. Only under compulsion or in a congenial environment do they adopt the more difficult method of increasing output. Self-interest likewise impels them to restrict and monopolize production. Just as the free play of natural law

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in the economic sphere is prejudicial to social welfare so also the economic motive of the desire of gain is anti-social, and these general principles are as valid in South Asia as in Europe. They are not only equally valid but they operate more actively. In Burma for example Indian immigrants have a lower standard of living than Burmans. They can afford to pay fifteen baskets of paddy an acre as rent on land where Burmans can only afford to pay ten baskets. Naturally landlords prefer Indians to Burmans as tenants, and the Burman must either reduce his standard of living or seek other employment. But in the stronger social organization of the West trade unions protect the laborer against wage cuts and compel employers to increase production so that he can afford to pay high wages.

These considerations point to a law of social nature that also is valid both for East and West. The operation of the laws of nature and of human nature tends to limit the production of wealth and to foster the disintegration of society. In the struggle for survival between different social groups it is the economically strongest society which comes to the front, and only by the operation of some motive strong enough to control anti-social economic forces can any society continue to exist. In pre-capitalist societies the anti-social effect of economic forces is kept within due bounds by custom. In Western capitalist society the common social will, finding expression in legislation, is a more effective method of controlling economic forces because it allows them freer play without their getting beyond control. But in the dependencies or former dependencies of South Asia order had to be maintained by foreign troops, because these societies no longer possessed sufficient inherent vitality to restrain anti-social tendencies.

Thus in respect of wealth and nature, wealth and human nature, and wealth and society we find that there is no significant difference in regard to the validity of Western economic principles. Yet the same laws acting in a different environment produce different results, and in attempting an analysis of South Asian economics we must try to ascertain the nature of this difference. Despite all legislation, despite revolutions, Fascist or Communist, nature remains the same and human nature remains the same. But what we can do by law, and what otherwise will be done by revolution, is to change the organization of society. The great Liberal economists, preaching freedom from the bonds of custom and the hampering effect of mistaken legislation, urged that economic activities might be left to nature and to human nature. Time has shown that welfare is not won so easily. In the reaction against Liberalism, Socialists looked to legislation, Communists to revolution. Following Marx, the Communists hold that nothing less than revolution will suffice, a desperate remedy and almost certainly worse than the disease. What are we to do about it?

6. <u>The Plural Society</u>. The Liberal answer is "Do nothing, <u>laissez faire</u>." Right up to the eve of the late war the abundance of rich treasure which South Asia yielded might seem, on a superficial view, to prove them right. But one could not probe far beneath the surface without asking awkward questions. Marx accepted their economic principles, but prophesied that they would lead to capitalism and disaster. Now, I think, if he could rise from the dead and survey the world around him, he would rub his hands, his skeleton hands, with venomous glee and, in accents no longer prophetic but sepulchral, say "I told you so". Looking at the welter of strife and revolution both things

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or Marx? But you may remember that Marx did not insist on disaster as the inevitable result of liberating economic forces; he mentioned England as a land where the social organization might be strong enough to hold out against the strain and a possible exception to the general rule. Can we find any similar exception in South Asia? What about India? Perhaps if we inquire why other parts of South Asia are torn with war and revolution we shall learn why India is comparatively stable.

It is true of course that the war was the immediate occasion of the collapse of the old order. But it was threatened with collapse before the war. Why did it collapse so easily? And why is it so difficult to reconstruct the old order or to replace it by a new order? These are questions we must answer. One feature that has long been common to the countries of South Asia, and is so obvious that it could not fail to impress even the most unreflecting sightseer, was the medley of races. What was almost equally apparent was that the races did not mix. Each race and group had its own quarter, its own temple or place of worship, its Club or other meeting ground for social functions, its own liquor shops and so on, its own forms and places of entertainment and recreation. They did not meet in these places, but only in the market place - and possibly the race course - to make money out of one another or perhaps, not so often, with one another. They had no common link except in business. What was not quite so obvious was that each race and group had its own special economic function. There was a plural society with its own distinctive and characteristic plural economy.

Typically a plural society in South Asia comprised three main sections: the Europeans constituting an upper class; the foreign orientals, Indian or Chinese, constituting a middle class; and the great mass of the native population in the lower class. The Europeans and foreign orientals were temporary residents, strangers to one another or at best casual acquaintances, and the native community was little more than a crowd of individuals. In the relations between the classes there were no social ties to dull the edge of economic competition. Within each class inherited traditions lost their force. East of Suez, said Rudyard Kipling's soldier "there ain't no ten commandments." Hindus forgot their caste and might even intermarry with Moslems. Society as a whole was divided into groups; each group was merely a collection of individuals and in each group life was simplified to an economic struggle for existence. Social life was reduced to its economic content, and society was converted into a business concern and only the foreign army of occupation preserved it from disruption. The essential and distinctive character of a plural economy is that it is dominated by economic forces and outside a few partly sheltered oases South Asia illustrated the capitalist system in its purest form.

7. Social Demand. This plural society was fundamentally unstable. Economic forces had been liberated from the control of custom, but had not been brought under the control of any common social will. It is only as a member of society that man can satisfy those social wants that are distinctive of humanity. Education is a social want; so also is the want for a healthier environment. Civilization is the process in which men learn to live together so as to give effect to social wants, and they do this by the evolution of a common social will. Adam Smith and his followers, living in a stable unitary society, could take social wants for granted; as he remarked, "defence is more than opulence". But, as appeared everywhere throughout South Asia on the Japanese invasion, in a plural society there is no common social will even in a matter so vital to its existence as defence against aggression. The basic problem of Western economics is how

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best to organize supply to meet demand, and this applies no less to social wants than to individual wants. The same problem calls for solution in the plural societies of South Asia. But in a plural society there is a still more fundamental problem. For such a society has no common social will. The highest factor common to all sections is the desire for individual gain and the basic problem of economics in the tropics is the organization of social demand.

Education in Burma provides a useful illustration of this problem. Under Burmese rule all the boys obtained at least the elements of literacy in the village Buddhist monastery. There was a social demand for education. It had an economic value but that was merely incidental; its purpose was to teach boys how to live as Buddhists and as citizens of Burma, and it did not result in the overproduction of lads who could not turn their education to account in the employment market. Under British rule education in the Western schools was merely an economic asset; it did not teach boys how to live but how to make a living. The schools were for the most part managed by missionaries who certainly did not regard education as primarily economic. But the people appreciated only its economic value. The boys crowded into the schools which soon began to turn out graduates in excess of the demand and there was a surplus of educated unemployables. This of course is true in general of Western education in the tropics. It is transformed from a social into an economic asset. Now the monastic schools decay because monastic education has ceased to be a social asset; it has no meaning in the modern world. To the general rule however that Western education is merely an economic asset there is one significant exception. The Christian Karens attend the Western schools for the same reason as Burmans formerly attended monastic schools - to learn how to live. Similarly nationalism seems to be stimulating a demand for Western education as a social asset, but this must be regarded as a symptom of a nascent social will.

So far as this analysis of the economic structure of society in South Asia is sound it leads to conclusions of great interest and of practical importance. It raises problems similar to those so long disputed in political science regarding the will of all, la volonté de tous, and the general will, la volonté générale. In the West one may perhaps assume that the promotion of individual welfare will result in social welfare, but in South Asia it would seem that in order to promote welfare we must aim directly at building up, reintegrating a disintegrated society, as only by this means can we achieve the social welfare which is a condition of individual welfare. On this view we may attribute the comparative stability of India to the Hindu religion which consecrates the divisions of a plural society and over-rides their fissiparous tendency by the common bond of caste. Similarly in Siam a common allegiance to the Crown has hitherto sufficed to hold society together despite the conflict of economic interests between Europeans, Chinese and the various groups of the indigenous inhabitants, and at the present moment the problem of restoring welfare in Siam is far less formidable a task than in Burma and other former dependencies of European powers.

8. Production. If we turn from the problem of demand in a plural society to the problem of supply, from consumption to production, we find ourselves on less unfamiliar ground. The basic problem as in Europe is how best to organize supply, how to produce the greatest output of wealth with the least consumption of capital and labor in the process. World welfare, no less than

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the welfare of the people immediately concerned, demands that we shall harness the whole available supply of human and material resources to production. But in a plural society what are the available resources and how can we yoke them so as to pull together?

At present in South Asia, apart from India, practically the whole supply of capital and sometimes even a great part of the land is owned by aliens. Either we must obtain their co-operation on terms compatible with national welfare, which may conflict with their economic interest in immediate large returns, or we must find some way of dealing with their capital. Confiscate it, say the Communists. But what happens when we try to confiscate it? It disappears, or so much of it disappears that the rest is hardly worth confiscating. Confiscation is attractive but impracticable. Pay it all back, says the Capitalist. But can we pay it back? Before the war Burma was exporting goods to about double the value of the imports. If we try to pay back the capital we shall find ourselves for some years exporting all our produce and getting nothing in return for it. That is no more practical than confiscation. And when capitalists demand that their capital shall be returned, is it really going back? Most of the so called "foreign" capital in Burma, as in the neighboring countries represents accumulated profits. They were accumulated in the country by cooperation between the foreign capitalist and the people, and represented so much of the profits as could not conveniently be sent out in the form of dividends. They remained in the country in the name of and as the property of the capitalists. This could in some measure be justified so long as the capitalist used them in developing the resources of the country. But it is a different matter when he asks to take them out of the country. Very well then, prohibit the export of capital. But how does one prevent it? How does one achieve a watertight control over foreign exchange in countries where political experience is so immature and the administrative machinery so inadequate as in South Asia? Again, vast masses of capital have already been destroyed during the war. The capital which formerly accumulated out of profits in the country must be replaced by capital newly brought into the country. It really will be foreign capital, whereas in the past the capital has only been foreign because in the plural society the managerial function was performed by foreigners. How can we attract it with prospective profits when these will be lower and less certain than under the former colonial regime? Must we then buy out foreign enterprise, nationalize it? But nationalization is not the same thing in South Asia as in Europe. Nationalization in Europe means transferring money from one pocket to another within the same country, but in South Asia it means transferring money from the people to foreigners, sending it abroad and complying with the demand of capitalists to get "their" money back. And such capital as the Government can raise, either by borrowing abroad or from domestic savings, will be better expended on developing the national resources along new lines than in merely taking over enterprises already in existence. All the capital available should be applied to building up new production.

Where, however, is this capital to be obtained? Enterprises already in the country will probably try to replace capital destroyed during the war even if they have to bring in fresh capital. Apart from this source who will risk fresh capital in South Asia when Africa offers a prospect of more lucrative employment, and when other parts of the world promise a greater security for investments? Even if these countries can borrow the capital

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they need, is it prudent at the present time to buy machinery and other capital goods which will have to show a profit when prices have fallen? And can they borrow it without strings, visible or invisible, being attached to it? Moreover their experience of foreign capitalist enterprise in the past has made them reluctant to seek capital abroad.

The problem of raising capital is of course linked up with the problem of obtaining managerial and technical experience and a supply of skilled labor. Expensive machinery is useless, worse than useless, if men do not know how to handle it. As regards foreign capital for large scale enterprise some form of partnership seems the only possible solution. Apparently some firms, especially in America, will provide capital goods and at the same time training for a period of years until the local people can take over the management for themselves. That seems a promising solution. But it requires a preliminary investigation as to the proper line of development such as the International Monetary Fund has recently offered to conduct. In general however the conditions suggest that the development of large scale enterprise must of necessity be gradual and should be linked up in the first instance with the development of domestic and small scale industries, especially those connected with local agriculture. The development of small scale industry would require less capital and yield speedier returns. It would also be more effective in dealing with the problem of unemployment. It is often suggested that rapid industrial development would provide a remedy for unemployment. But the unemployment is mainly seasonal and it will not be easy to combine large scale industry with seasonal employment. Unless this is borne in mind unemployment may grow instead of declining with industrialization.

Even with concentration on small scale local industries the countries will still need capital; it will be difficult for them to raise the capital abroad on favorable terms and they are apprehensive as to the conditions which will be attached to foreign loans. What prospect is there of raising local capital? Some, probably a substantial amount, could be raised by a capital levy on foreign enterprises, as for example by requiring them to transfer one-tenth of their shares to the Government. This would need tactful handling but if combined with a plan imposing similar sacrifices on the native peoples the Government might reasonably ask foreign enterprise to cooperate in this way in reconstruction and development. Moreover it would give foreign enterprise and the Government a common interest in industrial development, and should conduce to the greater security of capital investment. There is also considerable scope for compulsory saving. We have heard a good deal in the Conference about the "Hungry Forties", and the difficulty of inducing starving peasants to tighten their belts still more closely. But we may assume that steps would be taken to relieve the cultivators of the burden of rent and debt under which they have been struggling and they would still be in a much better position than before even if required to save and pay into a National Development Fund a portion of what they have hitherto paid the landlord and the money lender, while the accumulation of savings in this form would tend to inculcate a habit of saving. It is, in the last resort, from the rent and interest paid by the cultivators that the large surplus of exports over imports has been derived in former years and the savings would in fact come not from a further tightening of the cultivators' belts but out of the surplus of unrequited exports. Again, if capital were borrowed, some would go to pay for labor. But if a levy be imposed on foreign capital and the cultivating and income tax paying classes are required to save, then it should be possible to induce the laboring class to make a corresponding contribution in the form of labor. This could be so arranged as to relieve seasonal unemployment.

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Thus the chief obstacle to enhancing production in South Asia is not the lack of capital but the difficulty of obtaining and training managerial and technical assistance and an adequate supply of skilled labor. The first condition of giving the necessary assistance is a survey to see how it can be utilized to the best account, and the conduct of such surveys, either by the Economic Commission for Asia and the Far East or by some other competent body, is perhaps the most urgent need for economic reconstruction and development. The actual development of the resources of these countries should in the long run be remunerative, but the foregoing analysis of South Asian economy suggests that any plan for their development should be designed with the express object of promoting national reintegration and enabling them to maintain their political and economic independence, in order to contribute to the fullest extent from their human and material resources to the welfare of the world.

9. Co-operation, Competition and Isolation. National integration implies a development of national unity, the substitution of a unitary for a plural society. One outstanding feature of new Burma is the growth of national unity. This statement may seem paradoxical in view of the obvious and complicated disunity that fills the news from Burma. Nevertheless it is a fact. One thing that struck me forcibly on my return to Rangoon eighteen months ago after an absence of some years was that it was no longer as before an Indian city but a Burman city. It was not quite so Burman as it seemed at first; there was still a Chinese quarter and an Indian core. And it is indeed a collection of Burman villages rather than a Burman city. Still, it is far more Burmese. In the papers one reads that Venketaswami, a Madrasi, or Lim Hock Chong, Chinese, or John Smith, an Anglo-Burman will in future be known as Maung Maung, Maung Gyi or Maung Gale. Probably most of these people are half-Burmese, but formerly they took the non-Burman name and remained separate from Burmans, now they adopt a Burmese name and Burmese nationality. In mixed marriages between Burmese men and European women, the men formerly wore European dress, now the women often appear in Burmese dress. There seemed to be fewer Chinese than before. But that was because many had come to dress like Burmans. And one found Burmans in all sorts of occupations that formerly had been reserved for Indians and Chinese. There was a new national unity in both cultural and economic spheres. I do not wish to exaggerate this new development but it is remarkable and unmistakable; it signifies a new aspiration towards unity.

How far will greater national unity make for greater international diversity? How far will it interfere with the growth of regional unity? The regional unity of Southeast Asia has been questioned. But to me it is beyond question. There is unity in physique. Burmans, Siamese, Malays, Javanese, Annamese, Filipinos in European clothes frequently mistake a stranger for a compatriot. There is in my view strong regional unity throughout the whole of Southeast Asia; in racial origin, in ethnology, in their food, dress and general way of life there is much common to the whole region. There is regional unity even although they are for the most part unaware of it. A region defines itself and exists long before it acquires regional consciousness, and now this regional consciousness is beginning to develop. India of course differs greatly from all of Southeast Asia from the cultural and economic standpoint. But a region has different boundaries for different purposes, and from certain political and economic points of view India may usefully be treated together with Southeast Asia

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as a common region. This however is a digression. The immediate question is as to how far national reintegration may conflict with regional unity. But I would suggest that the question is not diversity or unity. The two are quite compatible. There may well be diversity in unity. National unity of the constituent elements, even if it emphasizes their diversity may and should lead to greater regional unity. In their political and economic problems they have so many difficulties in common and it is obviously wasteful of effort and money for each people to try and work out its problems by itself.

Burma cannot afford an agricultural service that shall be first class in all respects. A common agricultural service could help all the countries of the region, with Burma for example specializing in rice, Malaya in rubber, Java in sugar and so on. That is only one illustration of a possible functional co-operation promoting greater unity while recognizing diversity. Already in the various conferences that have been held in connection with such matters one can see the beginning of co-operation along these lines. Perhaps the most urgent problem is that of military co-operation for the preservation of internal order. There is a need for an international police force. It should not try to direct internal political development as for example by acting against Communism. But it could ensure that any change in the direction of either Communism or Capitalism should be effected peacefully and not by force. One of the most acute difficulties of these countries lies in the maintenance of internal order that was formerly maintained by foreign troops. They distrust outside help and no outside power is likely to do much to help them. But it might be possible to build up an international police force incorporating military units from each State that would provide a pool on which they could all draw at need without derogating from their national prestige. This of course is only a crude suggestion of a possible line of action. I fear it is impracticable but I see no alternative if we are to avoid a relapse of the whole region into anarchy.

One thing is certain: that if we cannot build up regional co-operation we shall have to face regional competition. The rice millers of Rangoon for the past seventy years have pleaded inability to promote welfare among their coolies because of competition in the world market with Bangkok and Saigon. That did not matter much; except to the coolies. But what is going to happen when Burma, Siam, and Indo-China will be competing in the market as national units with strong national interests at stake? Already there are complaints that Siam is making a better bargain for its rice than Burma. Burma has tried to obtain the co-operation of Siam to present a common front against the buyers, but so far without success. If we can not have co-operation we shall have competition, leading to isolation and economic and cultural decline.

I have long believed in regional co-operation in Southeast Asia. Before the war I was teaching Burmese in Cambridge and we had a club to which all those interested in Burma belonged. There were similar clubs or societies for Siamese, Malays, etc., and I tried to interest them in founding a common society for the whole region. At one time I discussed the matter with a Siamese and a Burman. Both greeted the idea with keen enthusiasm until we came to the practical question of choosing a President. The Siamese wanted to be President because Siam was an independent country. The Burman disputed his claim because the Burmans had always defeated the Siamese in battle. The dispute became so hot that I had to close the discussion before there was another battle. This is an allegory. And with this allegory I may conven-

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

VIII

Round Table V: AMERICA'S STAKE IN SOUTH ASIA

Saturday morning, May 28, 1949

Presiding: Phillips Talbot

DIRECTOR TALBOT: Ladies and Gentlemen, before starting our proceedings this morning, I should like to say that we have in the room the gentleman who is our host here at the Public Administration Clearing House, Mr. Herbert Emmerich, who has made available to us this room and all the facilities which we have enjoyed during these Round Tables. I would like to introduce Mr. Emmerich.

... Applause ...

(Current announcements by Director Talbot)

DIRECTOR TALBOT: This morning we shall go outside the agenda to get a few brief statements on the record to help clarify the meaning of our discussions. Later in the morning we shall turn to the question of the United States in relation to the whole area of South Asia. I trust I need not repeat what I said the first day, that these discussions are not public.

We will start out on three or four basic matters. Mr. Brodie, could you make a statement on the aid that has gone from the United States to South Asia since the war.

UNITED STATES AID TO THE FAR EAST

Henry Brodie

United States aid to South Asia, as you probably all know, has been directed principally to the Philippines. Direct aid to the Philippines under the Rehabilitation Act aggregates $620 million. $400 million of this is to compensate private individuals in the Philippines for war damages to their property; $120 million is for the rehabilitation of public buildings damaged during the war; an additional sum, which is being appropriated annually but is not a fixed amount, for the technical training of Filipinos, may add up to another $30 million; and finally, there has been transfer of surplus property with an estimated fair value of $100 million.

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Actually, the procurement cost of this surplus property ran in excess of $650 million.

In addition, the Philippines received civilian supplies for relief purposes following the liberation, which had an aggregate value of about $50 million. The other aid from the U.S. included a considerable amount of military equipment, an RFC loan of $60 million in 1947 which was used to finance an internal budgetary deficit, a War Assets loan of $10 million and a Maritime Commission loan of $3 million.

In addition to this direct aid, the Philippines has received large United States dollar receipts as a result of our military expenditures out there, payments of insurance claims, payment of the proceeds of the coconut oil, sugar and other taxes, etc. The aggregate amount of those payments is actually greater than the direct-aid payments. I think it was estimated that by 1950 those payments will have aggregated almost $1 billion.

As a result of this U.S. direct, and indirect aid the Philippines has been the most favorably situated dollar country in the Far East. As I pointed out in my paper, these aid payments have enabled the Philippines to finance a very substantial trade deficit.

MR. SARKAR: Yesterday at General Romulo's reception at the International House people asked him some very definite questions. He said he was very bitter, that the Philippines had received absolutely nothing from the United States, and it seemed to me very unusual. My impression had been exactly the opposite.

MR. PIPLANI: He gave a statement of $4- or $5 million for war damaged property.

MR. PELZER: May I add that he also pointed out yesterday that these $600 million are to be paid back once Japan pays the damages, and the damages having been estimated at $8 billion. Romulo claimed that the Philippines would have to pay back this direct aid of $500 or $600 million once Japan would pay for war damages caused in the Philippines.

MR. BRODIE: That is a slight distortion. The Rehabilitation Act states that if as a result of reparation payments and war damages the Philippines is compensated for more than the actual amount of damage it suffered, then this excess will be repayable to the U.S.; but it was always recognized that there was little possibility that such over payment would occur.

MR. REUBENS: It seemed to me what General Romulo was saying was that nothing further was going to be done, that at the present time nothing specific is in U.S. contemplation for the Philippines, and that was what he was most bitter about.

MODERATOR TALBOT: As the discussion indicates, this has a certain relevance because we are going to be treated this noon to Ambassador Romulo's frank commentary on American policy in Asia, and particularly American assistance to the Philippines, with reference to American support to the Zaibatsu and related questions.

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MR. BRODIE: In the case of Indonesia, U.S. assistance has been principally in the form of ECA aid and surplus property credits. The exact amount of ECA aid escapes me at the moment, but I think outright grants plus loans amounted to about $70 million. Some of the outright grant was stopped because of the unsettled conditions in Indonesia. In addition, Indonesia received from the U.S. a $67 million surplus property credit and a $15 million Commodity Credit Corporation loan to stimulate copra production.

MR. WRIGHT: I take it that this $70 million was given to the Dutch government.

MR. BRODIE: Yes, but it was earmarked for expenditure in the Indonesian territories.

MR. ISAACS: May I interject that I found a good part of that money in a long line of Ford and Chevrolet trucks being used in connection with military preparation.

MR. BROEK: How do you know?

MR. ISAACS: I think it is reasonable that when you see brand new Ford trucks in Java, you can assume that the dollars used to buy them certainly did not come out of Holland's rather thin pocket. Theoretically that transport was being used for civilian purposes, but in that kind of situation civilian purposes and military purposes have a way of getting mixed up.

MR. BROEK: It is impossible to make a distinction, to say how much was from trade and how much through loans.

MR. BRODIE: A lot of civilian supplies were purchased in the United States for shipment elsewhere.

Aid to India was limited to a surplus property credit of between $15 and $16 million to purchase trucks and other equipment that were in India.

MR. REUBENS: India has been buying dollars from the International Monetary Fund, most of whose funds came from the United States contribution. India has been the only Far Eastern country that has been able to get dollars from the Fund: last year they got some $68 million worth, and have obtained additional substantial sums this year.

MR. BRODIE: Burma also got a surplus property credit of $10 million.

MR. WRIGHT: This is to be paid in full?

MR. BRODIE: The proceeds of the surplus property sale will be used to finance educational exchanges under the Fulbright Act and to purchase property for, and meet operating expenses of U.S.Government agencies in Burma.

MR. CHARTRAND: About $4 million is the Fulbright figure for Burma.

MR. BRODIE: The proceeds of the India surplus property sale are to be used in the same way as for Burma, when arrangements are worked out.

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MR. CHARTRAND: That has not happened yet. Both Pakistan and Indian agreements are being negotiated and should be signed before long.

MR. BRODIE: And they will involve this $15 million. Actually, the United States does not get very much out of these transactions.

Siam was authorized a surplus property loan of $10 million and I think used between $6 and $7 million.

MR. BEKKER: Indochina got some surplus property under the surplus property credit extended to France. It was largely the same sort of thing as in Indonesia, particularly transportation equipment from the Philippines, surplus rather than new.

MR. ISAACS: You mean that was stuff that the French bought from the United States and shipped in from the Philippines. There wasn't any in Indochina.

MR. BEKKER: That's right.

MR. BRODIE: I don't have the figure on that. It would not have been more than $10 million.

MR. BEKKER: I have the figure of $8 million in mind but I am not sure enough as to what it relates to.

MR. HOLLAND: Wasn't there a big item of material in New Caledonia?

MR. BRODIE: That is the story on the United States assistance.

MISS DUBOIS: What, not precisely but in order of magnitude, does that come to for the whole South Asian area?

MR. BRODIE: Outright aid would amount to about $800 million; loans to about $200 million, and indirect payments to almost $1 billion.

MISS DUBOIS: All of the latter, however, to the Philippines?

MR. BRODIE: Yes.

MODERATOR TALBOT: That gives us one starting point for discussion.

Mr. Chartrand, would you like to talk about the technical assistance program?

THE TRUMAN POINT FOUR PROGRAM

Chester Chartrand

I came to the conference as an observer. I have been intensely interested in the presentation of the economic, political and social problems of the area. You may be interested in what the State Department is thinking in terms of Point Four assistance to under-developed areas.

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The Point Four Program may be referred to as economic development through international co-operation. It envisages the exchange of knowledge and technical skill and the fostering of capital investment.

The purpose of the program is to promote peace (I am quoting from President Truman's Inaugural Address) "by strengthening the free world; by helping the free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens. In some of the under-developed areas the economic life now provides only a very low level of living, and consequently a basic improvement in health and education may have to accompany, or even precede, the increased production and improved standard of living."

The economic development referred to in the Point Four Program includes the development of all productive resources, whether they be natural, human or capital. By natural resources is meant soil, plant and animal husbandry, forests and fisheries, water power, mining and fuels; human resources refer to health, welfare and social services, education, with emphasis on rural and vocational education, and manpower training and utilization; and the capital resources: industrial technology, facilities and equipment, organization of business and finance, housing, transportation, marketing and distribution.

Some of the means which may be used to aid in the development of these resources are:

(a) Expert advisers and missions to advise governments and private organizations or business enterprises; that is, the exchange of persons, experts and technicians, the research and experimental centers and laboratories, demonstration projects, the operations of business enterprise, on-the-job training, supervision and instruction in the use of sample materials and equipment;

(b) Consultation and advising with foreign visitors;

(c) Publication and translation of specialized reports;

(d) Financial assistance to schools and universities, especially, for example, the engineering sections of universities, because it is primarily an economic assistance program;

(e) Exchange of students and teachers;

(f) Conferences and seminars;

(g) U.S. libraries and film services abroad come into the program; and

(h) Special technical staffs attached to diplomatic establishments overseas.

The President's program is bold and new only in that it now makes technical assistance a major element of U.S. foreign policy.

The introduction of new techniques can advance economic development most

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if capital investment from within and without takes place at the same time. It is essential, of course, that relatively stable political, social and economic conditions be created and that there be established guarantees of fair treatment to both the investors and the people whose resources and labor go into these developments.

So far as the relation to other programs and illustrating the co-operative nature of this program, we expect that the people themselves in these countries will provide the main effort. A special objective is to work together with other agencies, especially through the U.N., the International Trade Organization, the Reciprocal Trade Agreements, ECA, FAO, the International Labor Organization, and the International Bank for Reconstruction and Development.

In other words, the old imperialism, exploitation for foreign profit, has no place in this program. There should be a positive and co-operative effort to increase production of commodities that are short throughout the world, which will contribute to the flow of international trade and thus to the economic well-being of all co-operating nations.

The Point Four program must take into account the needs of each country and the assistance possible in view of the economic and social status of the people. Balance in programming must be maintained by developing the human resources parallel with the economic and capital resources. Finally as our Government is concerned with furthering understanding and developing better relations between the people of the U.S. and those of other countries, it is essential that throughout the whole technical assistance program the motives of the U.S. be fully understood.

MODERATOR TALBOT: Thank you.

There may be a number of questions about this program. Professor Reubens, would you like to comment on it?

MR. REUBENS: There are a number of features in the gradual evolution of this Point Four program that might be considered from the view-point of those who have no official commitments. One of the facts is that the President originally laid his greatest stress on the technological assistance feature, and then under further discussion, both within the government and in private groups, particularly the U.S.Chamber of Commerce and the International Chamber of Commerce, a great deal more insistence has been placed on the fact that technological assistance without capital is practically useless. The experts may advise and draw up plans, but these cost money, they cost capital goods as well as sheer capital funds. So it is necessary to find the means to provide the capital and capital goods, and in that the President talked very largely about leaving it in the hands of private business; the idea was to stimulate the flow of private capital.

Now there are a number of problems involved in leaving this in the hands of private capital, which may be insoluble problems if the program is so restricted in its application to the Far East.

For one thing, consider the tendency to concentrate on individual projects rather than over all plans. Individual investors are inclined to lend money on specific projects which

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offers opportunities for a specific profit which they can draw out of a specific enterprise. Well, so far as that goes, it is good; but unfortunately it does not go far enough. It does not allow for balance between one kind of enterprise and another; it does not allow for sequence in necessary order - first things first; and it does not allow for all kinds of internal measures which may be necessary on the part of backward countries to insure the flow of resources to the places where they are needed, and particularly, it does not provide for this matter of balancing consumption versus production in order to keep going a continual flow of domestic capital formation.

If this program is designed to raise standards of living as the President indicated, then it is likely to lead to a very rapid conversion into rising consumption levels. Since this will mean, under Oriental conditions, that the development of substantial domestic capital formation will be ruled out, the program will come to a very quick and inglorious end. It would require an additional and continuous supply of capital from the outside if they try to raise consumption at the same time that they are trying to increase productive resources.

This brings up a related matter concerning the rules of foreign investment. The effort to stimulate the flow of private capital has been discussed in this country chiefly along two lines: guarantees to the investor by the U.S.Government or by international agencies, and guarantees to be provided by the recipient country. Almost no attention has been given to the matter of guarantees to be provided by the investor in the interests of the recipient country. What I have in mind is undertakings to maintain a given investment over a reasonable period of time, to plow back a good part of the profits, to train local personnel and ancillary native enterprises, and the like. A "suitable climate for foreign investment" is not likely to be achieved unless both parties contribute to its creation.

MR. WRIGHT: Might I add to that, giving a high priority to public health would mean a rapid increase of population in these countries. You would have a great increase in consumption without raising the standards of living.

MR. PELZER: Improvement in health would also mean improvement in efficiency, improvement of ability to produce more. I would put the emphasis there rather than on the increase in consumption. I think that is much more important.

I was very much impressed by the able statement made by Mr. Chartrand but my feeling is that this may be the thinking of officials in certain sections of the Department of State but I wonder to what extent that feeling is shared by individuals in key positions in other parts of the Department of State.

I should like to call your attention to two important paragraphs. I think Mr. Chartrand pulled out one or two sentences and I should like to pull out some others:

> Such new economic developments must be devised and controlled to benefit the peoples of the areas in which they are established.

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> The guarantees to the investor must be balanced by guarantees in the interest of the people whose resources and whose labor go into the developments. The old imperialism--exploitation for foreign profit--has no place in our plans. What we envisage is a program of development based on the concepts of democratic fair dealing.

That is a pious and determined, but vague, statement. I think I raised the question yesterday, what type of interpretation is being given to this part? Each one reads into this program what he would like to see done, and you pointed out one aspect. I should like to call your attention to the other and try to show the slant that has been given to that part of the Point Four program. I have here one report:

> Hostility toward private foreign investors on the part of governments in many underdeveloped countries is giving way to increasing eagerness to attract their capital into ambitious projects, conceived under the "bold new program" of President Truman's inaugural address, pledging American technical assistance to economically backward areas throughout the world.

I wonder to what extent this really reflects the opinion of planners of Southeast Asia. This is from the New York Times, May 1, 1949 dateline, Lake Success, Special to the New York Times. I question this initial statement very much. I think this is wishful thinking, and of course it is quite possible that the newspaperman is responsible for this slant.

MODERATOR TALBOT: Is this supposed to reflect the attitude of the delegates of the South Asian countries?

MR. PELZER: I don't think that it does. I have tried to discover whether there is any basis for such a statement. I don't know where it is coming from but it crops up again and again. I can refer to half a dozen similar statements. I have here one statement credited to the United States Council of the International Chamber of Commerce which expresses a similar philosophy.

As I see it, what private business is asking for is removal of all risks, but in addition to that they are asking for special privileges because of the risks that are to be removed. Despite the fact that some people are confident that there is a considerable change in the attitude toward the investment of foreign capital because this question was raised by President Truman in Point Four, other groups within the business world feel differently. They apparently are not certain that the change is really in existence, and therefore they are thinking in terms of a shift of investment from Southeast Asia to another part of the world where the political climate may be stable, at least for a while.

I have here the report from the New York Times of May 15, 1949 in which Charles E. Eggan reports that "Africa and the Middle East lure our capital," that there the climate is attractive, and that other areas, for example, Southeast Asia, prove increasingly unattractive.

I wonder whether the people who have this philosophy are not extremely

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shortsighted. I for one am convinced that the political development in Africa will move along the same lines as it has in Southeast Asia. I think we shall be impressed by the speed with which these developments will come about. Parts of Southeast Asia were, after all, under foreign rule for 300 years; others, such as Burma, for a shorter time. I am impressed in the case of Africa by the crystallization of thinking on the part of a small intellectual group, which compares favorably to corresponding groups in Indonesia and other parts of Southeast Asia.

It is important that we ask ourselves: What is our overall program, what is our overall policy from a long-range point of view? We should not think in terms of small programs and small policies which will take care of a situation for five or ten years. We have to look ahead and we have to think in long-range terms. The officialdom may have been too silent on a number of key points and this has permitted the development of the sort of thinking that I have been discussing. We may be ending up with a situation wherein the philosophy that I was referring to will get a hold on the American public and the American public may favor a type of program which would disturb me. On the other hand, I am convinced that most of the countries with which we are here concerned would not accept that sort of approach, and I am also convinced that these quotations that I have here will be used by the agents working for Moscow, and I think we are giving Moscow at this point, and a very critical point, the best ammunition they can want. The type of philosophy expressed by Mr. Chartrand is a very beautiful philosophy but I am afraid that it may lose out in the end unless we watch out.

MISS DUBOIS: May I inject a remark here? It seems to me that Mr. Pelzer has expressed a point of view and a concern about characteristic American thinking; in other words, we inevitably have to frame a program of this sort in its preliminary phases in terms of our own motivations and culture patterns. However, I keep insisting - I think it has been an element somewhat omitted in these sessions - that international affairs are usually two-way relationships. So, going back also to Mr. Reubens' comments, although this is the way we see things at the moment, the intention is that it be a reciprocal arrangement. By the time these programs reach the areas that are requesting them they may be differently shaped, I would feel that it is legitimate to expect of the recipient areas a certain amount of responsibility in planning for themselves the long-range and consistent and integrated programs which will give them the greatest value from the technical assistance program.

MR. LEVI: I wanted to supplement what Dr. Pelzer said by a number of letters that I got from abroad after Point Four was announced asking me whether this fits into a statement that was made twice by the Government, first by Clayton, I remember, that the United States will support with all its power any private investment in strategic materials anywhere in the world; they wanted an interpretation of the meaning of that statement. Does the government think, not so much in terms of reciprocity, as Miss DuBois tries to interpret it, but rather one sidedly about what it wants to get hold of, and get that with all the might that the Government has at its disposal?

MR. SARKAR: Do the British suspect American imperialism and colonial expansion?

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MR. CHARTRAND: I don't think so.

MR. ISAACS: I think I can possibly add another facet to the problem with which we are dealing. Mr. Chartrand referred to the necessity for doing something to make American motives plain, and Mr. Pelzer raised the question as to what these motives actually are. A third factor in that case is: How in South Asia, not as result of what we are going to do tomorrow but as a result of what has been happening in the last three years, are we understood now?

I would like, if I may, to call your attention to this week's NEWSWEEK, in which I have attempted a very brief report on the attitudes toward the United States in the area we have been discussing. I would suggest to you that what we have done during the past three years has hardly built up any political credit. Quite the contrary. Anything we do now is going to be looked upon with utmost suspicion.

MR. HOSELITZ: I would like to supplement some of the things that have been said about the relative merit and prospects of different forms of investment in Southeast Asia. In prewar times Southeast Asia had an export surplus with the United States and to the extent to which one can expect U.S.private capital to be attracted into Southeast Asia it may be assumed to go into those industries producing commodities which we traditionally imported. I think that the experience with Marshall Plan aid and the analysis in the technical journals of the prospects of European development under the Marshall Plan tends to impress upon us the conclusion that the U.S. expects a fairly exact re-establishment of the trade patterns existing before the war. I think that to the extent to which American private investors are going to think about Southeast Asia they are going to think about re-establishing also a similar pattern.

I should like to add something on the source of investment in South Asia. Not very long ago we had at this University a guest who is a member of the International Bank for Reconstruction and Development. He told us something which, to me at least, was surprising. The Bank had applications for a number of loans in Latin American countries. From the United States' point of view the political climate in Latin American countries certainly is a good deal more favorable than in Southeast Asia. These requests for particular loans were for projects planned and outlined by the Latin Americans to go predominantly into the kind of industrial and agricultural developments which, from the point of view of these countries themselves, tended to be most conducive to their economic development. The International Bank for Reconstruction and Development has tried to pass these loans on to private investors in the United States without any success whatsoever.

That means, even in a region in which a political climate certainly is a lot more favorable than in Southeast Asia, the kinds of economic development which are requested by local governments do not have much appeal to private American investors even though rates of interest are not unreasonable and are certainly higher than one can get in this country.

Hence I think that it is unwise to expect that the programs, which are often on a large scale and which those countries might develop will find much approval among American investors. Therefore I should like to ask a "bold

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new question:" Are we supposed to discuss whether the application of some kind of Marshall Plan for South Asia is in order? In my opinion, it is an inevitable question which is going to come up sooner or later and I think one of the problems which we might discuss is how a plan like the Marshall Plan might and would fit in the South Asian situation - a Marshall Plan or Truman Plan or Acheson Plan or whatever you want to call it.

MR. PELZER: I don't think it is possible to revive the trade pattern. One important point was overlooked and that is the United States' policy on synthetic rubber. How can you say that the trade pattern can be revived if we are going to continue to produce 600 thousand tons of rubber a year? That is the question I should like to ask.

MR. PERLOFF: The more one studies the problems of underdeveloped areas, the more he must become convinced of the fact that once a nation has fallen behind technologically and economically, it is one of the hardest things in the world for it to catch up, even under relatively favorable conditions. It is only too obvious that little driblets of aid here and there cannot do the job.

It may well be that the basic problems of most of the underdeveloped areas cannot be solved at all short of a thorough-going and carefully planned world effort -- an effort which would involve creating trade patterns based on physically and economically sound specialization in both agriculture and industry, which would create a stable and flexible world currency, and which would provide for aid to underdeveloped areas in terms of sound multiple-development plans rather than in terms of isolated projects which on the surface seem to meet private investment standards.

This becomes increasingly important as the world runs short of many crucial minerals and metals. This calls not only for a freer exchange of goods -- as an alternative to imperialistic struggles -- but also for a joint world-wide search for new uses for the minerals and other resources we have in abundance, so as to free us from dependence on the scarce resources.

It seems to me that one of the most urgent problems of the mid-20th century is to develop the kind of world organization which can plan for this type of development and carry it out on a world scale. Considering the difficulty of the task and the delicate balances which are involved in getting the under-developed areas on their economic feet, it seems doubtful that the problem can be solved at all if the advanced nations, which are in a position to offer technical and financial assistance, give aid in the form and to the areas dictated solely by their own national interests and national policy. It would be a miracle if such national policy coincided with the real needs of the underdeveloped areas. Nothing short of a co-ordinated and planned world effort would seem to suffice.

MODERATOR TALBOT: That carries us forward a step.

In reference to the U.N., Dr. Piplani, will you please make a statement about the aid that is available now through the specialized agencies and the extent to which that has been drawn upon by South Asia and what the importance of this part of the program is.

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UNITED NATIONS AGENCIES AND SOUTH ASIA

B. M. Piplani

Mr. Chairman, I find it a little difficult to tell the group in more or less concrete terms (on the lines on which either Mr. Brodie or Mr. Chartrand has done) the details of actual financial aid that has gone to the area of South Asia from the U.N. or the technical assistance which has been given by the U.N. agencies. So far as I see the specialized agencies of the United Nations, like the Food and Agriculture Organization, the International Monetary Fund, the International Bank for Reconstruction, the World Health Organization, and perhaps finally the Children Emergency Fund, I do not think that during the last three or four years the amount of assistance that has been rendered by these agencies has been at all on any really significant scale in relation to the problems involved in these areas. I think perhaps the best way for me would be to take up the agencies separately.

The Food and Agriculture Organization has held some important technical conferences on a regional basis, such as fisheries or forestry conferences. The delegates discuss problems and exchange their research work; and no doubt to that extent the work of the international agency is of mutual benefit to the member governments. The FAO has also sent out a few experts and one technical mission, which went to Siam to advise on general food and agricultural problems.

So far as the International Monetary Fund is concerned, besides India, and perhaps Siam now and one other country, most of the countries are not even members. In any case the functions of the Fund are limited, namely, to provide exchange accomodation as and when required under special circumstances to meet a running deficit in the balance of trade. The services of the Fund which are available against contributions by member governments has so far been primarily used by India in this region.

As to the World Bank for Reconstruction, I do not know of any loan that has been given to any of the countries in this region by that Bank at the moment. I know of a number of loan proposals, one particularly that is under active consideration having come from the government of India.

To my mind the World Health Organization has recently started on some very important projects in those areas, especially the malaria control operations.

It is difficult for me, as I said previously, to give any idea of the degree of magnitude of the assistance that is being rendered by these specialized agencies but I hope it will be clear that in relation to the immensity of the task involved the real contribution in the nature of actual technical assistance, advice or by sending out experts, is really inconsiderable.

MODERATOR TALBOT: Thank you very much.

We shall pass directly to another subject.

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MR. SARKAR: I should like to have said just one thing in connection

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with this suspected American imperialism.

MODERATOR TALBOT: We are going to get on to that as rapidly as we can get to it.

Would Professor Broek care to make a statement on the potential contribution of this area to the rest of the world in the new circumstances and on the question of this area as or as not a region.

THE REGIONALITY OF SOUTH ASIA AND ITS CONTRIBUTIONS TO THE WORLD

Jan O. M. Broek

I am quite willing to say something on that subject, but I would like to see it in a broader way and link it up with some of the remarks made yesterday.

I hope you will excuse me for once more returning to the matter of the region. We can for good reasons discuss South Asia as a unit when we think of the present day problems. I believe, however, that in a long range view we do well to make a distinction between India on the one side and Southeast Asia on the other. Southeast Asia lies, after all, between these massive and potentially powerful blocs of China and India. These latter areas dominated Southeast Asia before the Europeans came, and they may do so again in the future. I have sometimes compared Southeast Asia to the Balkans in Europe in that you have here an area consisting of some half dozen relatively small countries (with many minorities) under pressure of more powerful neighbors. It is for that reason that I think we should keep an eye on potential points of friction. It is therefore particularly important to consider how the countries of Southeast Asia can be strengthened.

As for Southeast Asia, I see three possibilities. It may come under the guardianship of India; I do not think, however, that the peoples of Southeast Asia would receive the necessary assistance in capital and technology; neither do I think that they would welcome a domination by India. Another possibility is that China by way of Communism will gain a predominant position. There is a strong anti-Chinese feeling in this region. The Western countries certainly should oppose Communist-inspired regimes in this area. The third possibility is that the West gives help to these countries of Southeast Asia, building up their strength by developing their economic and political effectiveness.

What interest does the West have in South Asia? The West, as I think of it, is essentially the "Atlantic Community." The interests are partly ideological, partly economic and partly strategic. Ideologically, it is the struggle against Communism. The majority of the leaders may not want the Russian form of Communism, but -- as in China -- a political vacuum or an economic chaos may open the door to seizure of power by Communists. Material assistance, not piecemeal or to a few selected countries, but strong support on a regional basis is necessary. Private capital is not likely to be available, or only on onerous terms. The assistance will have to come through government loans, inevitably mainly from the United States.

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Some kind of Marshall plan may be necessary. Thus a situation facing the United States in Europe repeats itself halfway around the world in Southeast Asia. At the same time we should support governments that appear to have the power to insure order, even if they have strongly socialist tendencies. Most of the present governments tend in that direction, and they are in fear of being pushed aside by Communist groups. If they now receive the necessary help on a liberal basis I think that co-operation between the West and the former colonial countries, on a broad regional basis, can be re-established to their mutual benefit. Several of us here have raised the point that Southeast Asia may sink into anarchy, but I feel very strongly that we should do everything possible to avert such a disaster.

As to the economic significance of South Asia to the West, most of this is rather obvious, but one point should be stressed. Before the war Western Europe paid a good deal of its imports from the United States by profits made on the sale of tropical commodities to America. Although part of this trade is irrevocably lost, there remains a substantial European investment in Southeast Asia. If the United States -- for its own protection -- wants a prosperous Western Europe, these investments should be allowed to produce profits again, a revival that should also benefit the local economies in Southeast Asia.

Strategically, South Asia through its location controls the links between the Pacific and Indian Oceans. With all seapower gathered in the Atlantic Community this fact seems less important than before, but if South Asia, or at least Southeast Asia, would fall into the sphere of influence of the Soviet Union, the consequences for the West would be quite serious.

And what about the strategic commodities? Here I think it is clear that Southeast Asia does not have anymore the position it once had. This is so because of the competition of other areas and of synthetic materials. But we have not yet reached the point -- if we ever will reach it -- where we can do without its products. Natural rubber and quinine are still valuable. Consider also the manganese from India, the tin from Malaya and Indonesia, and the vegetable oils and fats.

Altogether then, it appears that the West has still a considerable stake in the region. That is all for the good. If substantial and sustained help is going to be given it will not and cannot be done as charity, on a purely humanitarian basis. It will have to be done as a business deal, be it a farsighted business deal. I may end up by saying once more that the time is now and not later. The present circumstances are favorable. The local governments of the area feel the pressure of Communism, and the West -- after the experience of China -- should realize that a determined stand must be made in the remainder of Asia. These considerations should lead to a new relationship in which the Atlantic Community and South Asia are partners in a common enterprise.

MODERATOR TALBOT: Thank you very much.

A couple of days ago Mr. Hoselitz said he had been trying for an hour to get two minutes to talk. I am going to give him two minutes now.

MR. HOSELITZ: We engage here as concerns the theory of foreign trade in

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thinking which seems to me to be terrible. In connection with the possibility of Europe's ever balancing its international accounts again there are individuals in Europe who have been talking about structural changes in the world economy which will make Europe permanently dependent upon the United States. There are people here who think that the resource pattern in Southeast Asia is such that at least as far as this country is concerned it never can regain an export surplus. This seems to me quite wrong.

I grant that the development of synthetic rubber and other synthetics imposes difficulties, but I think that fundamentally the principle of international specialization on the basis of comparative advantages is still operating, and however much we may oppose its operation by setting up trade barriers it operates at the very bottom and does so very strongly. Although I am not a believer in natural economic laws, as Mr. Furnivall upholds, I will say I am a believer in "almost natural" economic laws. I think that considering the principle of comparative advantage we may assume that South Asia will have the commodities which it can use for export and to balance its accounts.

MODERATOR TALBOT: Thank you.

The question of Communism has been raised. We might look into it a bit more closely than we did yesterday. Mr. Soedjatmoko, as an individual of the area, what is your feeling on the evaluation of Communism?

COMMUNISM IN SOUTH ASIA

Soedjatmoko

I think that with regard to that question two factors should be borne in mind: The internal situation in the countries in South Asia, and the effect of the approach of the Western countries towards the political and economic problems there. As to the internal political situation, it should be remembered that the Communist parties in their propaganda in a great number of the countries in Southeast Asia have made use not of social slogans but of purely nationalistic ones.

That is especially true in those areas where social tensions were not too acute, as for instance in Indonesia, where because of the absence of landlordism no acute peasant problem exists. It is understandable that in those areas where the struggle for political independence was still the main issue, this was the approach with the greatest appeal. Especially so in those countries where the policy of negotiation with the former colonial ruler did not bear fruit as a result of the unwillingness on the part of the former ruler to implement its agreements as was the case in Indonesia. And wherever a mood of political nationalist frustration set in, it resulted in a tendency to look away from a policy of conciliation and away from the Western powers, away especially from the United States, and to look towards Russia as the only hope for the fulfillment of the nationalist aspirations.

And this is the point I would like to stress here. In the course of our discussions now we have been dealing with Southern Asia in a way that

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would indicate that these countries are already free in pursuing their own course. It should not be overlooked that colonial warfare is still going on in two of those countries. It is impossible under those circumstances to try to take stock of the political potentials in those areas and to base any political strategy on such an analysis. The colonial problem will have to be solved first.

Coming to my second point, concerning the effect of the approach of the Western countries with regard to that area, there seems to be too great an inclination on the part of the Western countries to approach Southeast Asia merely in terms of anti-Communist strategy. I think that is a serious mistake. An approach in terms of anti-Communist strategy would only tend to further polarize the political elements in that area and it would bring about the complete disruption of whatever amount of coherence there is actually and potentially in those areas. Several countries would not survive such a polarization. The only fruitful approach would be one of a complete acceptance of the general temper of the political feelings there, and that is a complete acceptance of the fact that the political movements in that area are left of center, and certainly left of what is considered the center in American political life. There seems to be some difficulty on the part of the American public in realising such a need; consider the difficulties they have had in coming to an acceptance of socialism in Western Europe. But that is the only possible basis which I see.

In this respect, I would also like to refer again to what has been said here about Truman's Fourth Point. The remarks which were made then, tend to confirm the direction which my own information seems to suggest. It seems that in the development of the thinking regarding this Point Four program, the emphasis has shifted from the use of public money to a greater role of private capital. And that that private capital, in developing its own thinking on this point, seems to press for conditions of operation and guarantees and safeguards which none of the countries in Southeast Asia would be able to afford to meet, either in the economic or in the political sense.

It should be remembered, as Mr. Isaacs pointed out, that the United States has not much investment in goodwill left in Southeast Asia. This is completely the reverse from the position the United States had in the minds of the peoples of Southeast Asia immediately after the war. The fact is that those peoples have been puzzled, to put it mildly, by the political stand the United States took in the colonial conflicts in those areas and with regard to several other problems of that area in the past three years. This has not left much of what was originally present in investment of goodwill. For instance, when President Truman announced his Four Point Program, the fact that none of the Asian leaders stood up and embraced that plan unreservedly the way the Western European statesmen did when Marshall made his statement at Harvard is already an indication that the first thing the United States will have to do is to build up again the confidence of those peoples in the sincerity of its intentions.

There is, on the other hand, a growing realization on the part of the Asian leaders that foreign capital is necessary and that conditions should be created in which foreign capital would be able to function and to operate on a basis acceptable to the foreign investors. It should also be realized that with the present speed with which political events in Asia are taking place and their projection on the psychological atmosphere, the United States

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will have to move quickly, and above all boldly and with imagination, and with its intentions clearly understood, in order to approach the economic problems of Southeast Asia under the terms of its Four Point program with a reasonable amount of success. Despite the expressions of good intentions in the inaugural address of President Truman, this entire plan and the entire approach of the United States with regard to this area will fall or stand with the actual substance of that plan and the conditions under which that plan will operate.

I should also like to say a few words with regard to the trend of thinking which seems to be present both in some quarters of the United States and in some quarters of Great Britain. People seem to play around with the idea of setting up a Pacific pact as an extension of the Atlantic pact and other strategical systems of that kind. I am afraid that such a pact, especially because it seems to be an approach in what I would call terms of anti-Communist strategy, would bring about the very polarization which, as I said before, would be disastrous for the creation of an atmosphere in which stabilization would be reached in Southeast Asia.

The approach of the Western countries in regard to Southeast Asia should be entirely based on a complete acceptance of the indigenous factors operating in that area and complete acceptance of the present political temper and on the basis of the idea that the only possible way of attaining political stability is by fostering the constructive nationalist elements among the factors operating in Southeast Asia.

MODERATOR TALBOT: Thank you very much.

MR. FURNIVALL: May I put in a word? I do most emphatically agree with what Mr. Soedjatmoko has just said. I scribbled a note here just as he began to speak, "There is practiaally no Communism in Burma, and almost all the Communists are anti-Communists." If you regard communism as subservience to Russia and the belief in violence, that is confined to a very few leaders of the movement.

MR. SARKAR: I think you are quite right. In regard to India also you could say that.

MR. FURNIVALL: In communism there are some constructive elements that are very necessary, certainly in Burma, and I imagine in a good part of the rest. There is necessary a reintegration of rural life, which requires strong leadership under a strong government. What communism there is in Burma derives its strength from the rural population which wants, not communism but communalism, which is common to Socialists and to a very large extent to the conservative element.

MODERATOR TALBOT: Doubtless holding in mind many of the ideas that have been presented, Mr. Isaacs will now discuss perspectives of American concern in South Asia.

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A POLICY FOR THE UNITED STATES IN SOUTH ASIA

Harold R. Isaacs

I shall concentrate on what the American perspective should be in relation to South Asia, because that aspect is directly germane to what we have been trying to get at this morning: what is the fruitful approach?

I think the starting point is the fact that in the past three years the great opportunity the United States did have, the tremendously favorable political climate which existed for some kind of bold new intervention by the United States in the affairs of Southeast Asia has largely been dissipated. The fact is that friendliness toward America and hopes of American dollar intervention are now increasingly confined to rather small groups of self-seeking politicians or aspiring capitalists who think that if they can get their cut of the American pie that they will be able to profit from it enormously and to strengthen themselves militarily. That would be particularly true of leaderships like the one you have now in Siam where a small clique of politicians and generals is in power. They dream of the possibility of enjoying American aid on the basis of the Communist menace and they go to considerable lengths to drum up this Communist menace in the hopes of arousing American interest.

In general, what you encounter among more thoughtful people is a feeling of complete frustration with regard to the United States. They were acutely conscious in the midst of their struggles in these years that they were in the midst of great changes. They actually believed that the United States, which was not directly identified with the imperialist structure of the past, with its immense power and its immense capacity and with its new democratic idea (which meant something to all people at almost all levels), was going to be a dynamic force, that it was going to introduce a new era, and was going to make possible a real start at the big job of reconstruction.

That illusion, to begin with, was unfortunately a myth. The United States in 1945 could have identified itself with the nationalist revolutions, at least to the extent of preventing the forcible return of the old colonial masters to the areas that had been held by the Japanese. It could have taken the position that the war had created new de facto situations that had to be recognized, and sponsored negotiations for fixing the new relationships between the ex-rulers, i.e., the French and the Dutch, and the new nationalist leaderships which had taken power in Indochina and Indonesia. Instead, the United States reverted to recognition of the old "legalities." It accepted the position that French and Dutch "sovereignty" had to be restored in the colonies before the colonial system could be revised. It stood by passively while American military equipment and Japanese troops were used in cynical and brutal attacks on the nationalists both in Indochina and Indonesia. As a participating ally in the Southeast Asia Command, the United States accepted responsibility for shoehorning the French and Dutch back into footholds and for starting the colonial wars which have continued intermittently ever since.

That was the critical time. Those were the critical decisions. It may be that their effects will prove to be irretrievable. In any case, the myth about the United States has become one of the major political factors in the

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objective situation. The spiking of that myth was, by the same token, a major political development. It has gone on progressively in the last four years. The result is that today even those South Asians who most ardently desire to enter into a partnership with the United States are disappointed, baffled, and confused. The Communist description of the United States as an imperialist power supporting its own imperialist satellites against the nationalist movements has won wide acceptance and is not easy to refute. But it would be a mistake to think that the negative attitudes about the United States are a simple product of Communist propaganda. The Communists are simply able to exploit the facts and feelings apparent to everybody and which are shared in no small measure by the most moderate nationalist leaders.

There is now also a strong feeling, which Mr. Soedjatmoko has reflected for us here this morning, that any American interest in the area at the present time or in the immediate future will be determined purely by considerations of anti-Communist stragegy; i.e., that any new interest or initiative by the United States in the area is directly due to the Communist victory in China.

People are extremely cynical about this now and it seems quite likely that their cynicism will be justified. It would not be surprising if the State Department did not now start casting about desperately in South Asia in search of anti-Communist allies. It will look for stooges it can prop up. I submit that if the United States develops such a policy in South Asia, its defense there against the Communists will be just about as effective as that wooden fence that was built around Shanghai during its last weeks under Nationalist control. Given the present political climate and the total situation in Southeast Asia, a policy based upon armed anti-Communism alone will lead only to new bankruptcy. If it should ever come to actual war in South Asia, the United States would find itself with even less effective support than the British, French, and Dutch found against the Japanese.

Mr. Soedjatmoko is entirely correct, in my opinion, in stressing that the American approach to the area has to be based on more than military or strategic considerations. I found throughout South Asia that apart from the most cynical little groups of ambitious politicians virtually every articulate person is determined to keep clear of the cold war between the United States and Russia. Nehru's policy of neutrality as between the power blocs gets a big response everywhere. People do not want to get sucked into another war between the powers. They have had their fill of such wars. They hope that they can find a non-Communist road for themselves by their own means. This, to be sure, is not an easy position to maintain in the present state of world politics and since most of the nationalist leaderships are not ready for bold social programs in their own countries, there is a strong impulse to fall back on naked force.

What then could an enlightened American policy be? This is a formidable question. There is no easy answer. In the first place, any new American initiative will have to be able to overcome the suspicion and distrust engendered by American acts in the area since the end of the war. This will make any policy more difficult to carry out, in contrast to the relative ease with which bold initiative could have been taken in 1945. It may actually

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be impossible. But I still believe, somewhat grimly, that there is still time, still a surviving opportunity.

As Mr. Soedjatmoko has suggested, the first prerequisite is a political settlement. The American failure to help put an end to colonial rule is the main source of the distrust of American motives. Verbally, the United States has spoken for equitable settlements and expressed sympathy for nationalist aspirations. It has not, up until now, effectively translated these pious expressions into active policy. One result has been to worsen the situations in the two countries directly affected, i.e., Indochina and Indonesia, and make settlements on desirable terms more difficult.

In general the American attitude has been conditioned by the needs of American European policy, an unwillingness to upset the applecart of the Atlantic community plan in order to deal more satisfactorily with the colonial problem. A corollary to this has been the conviction held by many influential people in the State Department that only the foreign rulers in these countries could hold the front against the Communists. Both these ideas have, latterly, been compelled to give way to realities. It has become plain that the Asian problem could not wait. China has taken care of that. It has also become plain that an American European policy that loses the friendship and support of millions of Asians is self-defeating.

As a result the half-hearted pressure applied on the Dutch has grown a little stronger. The Dutch "police action" last December evoked strong American opposition. Only the opposition was not strong enough or consistent enough. Negotiations for a settlement are taking place now amid conditions of serious division and hardship in Java. It is extremely late in the day, but stronger American pressure might possibly still retrieve enough ground to help the Indonesians win real political power from the Dutch and force Dutch military withdrawal from the archipelago.

In Indochina, the initial failure of the United States to support the nationalist movement has helped the Communists in that movement to win strong, and perhaps, dominating positions. The French have traded shrewdly on the Communist issue to avoid the kind of pressure that has been applied on the Dutch. But at the same time they have failed, after nearly four years of intermittent warfare, to re-establish any significant degree of control over their colony. Defeated politically and all but defeated militarily, they are attempting now still another experiment in establishment of a puppet regime, this time under the ex-emperor of Annam, Bao Dai. American support for Bao Dai has been solicited and has been half-withheld only because of the unanimous testimony of observers in the field that he has no chance of succeeding and that the future in Indochina lies in the hands of Ho Chi-minh, the Vietnamese nationalist leader. Ho, a former Communist, still maintains an equivocal position in international politics, has shown signs of distrusting both Moscow and the Chinese Communist leadership, but will undoubtedly now deal with both of them and eventually lead Indochina into the Communist Asian sphere. Future American policy, as in regard to China, will depend on the future evolution of intra-Communist relationships, about which little is known. But it does seem plain, in any case, that Viet Nam will gravitate only to strong poles and its future will depend still in some degree on whether any new center of polarization is created in South Asia.

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It is in this respect that American initiative is still clearly possible. Once again it is a question of whether there is a willingness to take bold steps, to think in new terms, and to bring South Asia into a new international structure based on rationalized common effort. We can start by orienting ourselves to South Asia as a region. Much has been said here to dispute the practicableness of a regional approach. But I can only revert to the statement that the need for it is there and it is urgent. Antagonisms, differences, even conflicts, tend to iron themselves out sufficiently where there is a common aim and a common need. It is not a matter of accommodating ourselves to old prejudices but of opening new paths.

South Asia's countries must likewise move far along this road. They have to develop a concept of mutual relations that goes far beyond the inadequate machinery of exchanging ambassadors and ministers between separate nations. It would make much more sense, I submit, to begin, right now, to set up a radically different structure. Each country could have a minister for South Asian Affairs. Each of these ministers would be a member of a Council for South Asia, uniting all the countries concerned. This Council could employ foreign technical experts and work in co-operation with the specialized agencies of the U.N.

Such a Council could draft regional plans for dealing with such common problems as food, transport, education, health, agricultural services. It could establish machinery for carrying out these plans. The scope is almost unlimited. It is really restricted only by the extent to which these nations are willing to go in pooling their resources and their problems. Working with such a Council, possibly through the U.N. or in a more direct relationship, the United States could certainly provide technical assistance of every kind, participate in many of the projects, and make available sufficient capital to get these regional projects underway. These sums need not be astronomic. South Asia is a region rich with products the West has exploited for decades and centuries. It has sources of internal wealth which can be applied to such programs, provided that these new countries are not required to shoulder staggering burdens of compensation to pay off the old rulers and old owners. In any case, political returns in the shape of returning stability, of common effort attracting the vigor and resources and vitality of the people, of creating a new center of polarization, would be immeasurable in dollars. A small fraction of America's present military budget diverted to these purposes would buy more real American security than any quantity of armaments that will be obsolete and useless almost before they are delivered.

Incidentally, to anticipate an obvious question, I certainly believe that Viet Nam could and should be included in this program, whether or not it is under Communist domination or threatened with it. I believe such an organization as this would strengthen the hand of the left-of-center elements in every country - and these are the only elements which can possibly carry out the projected program. It would tend to disarm the Communists politically because it could effectively bolster the kind of revolutionary change that the situation so urgently requires without surrendering to totalitarianism. Action along these lines is one remaining means of making a start, of beginning to prove that there <u>is</u> an alternative to the totalitarian method, and a better one at that.

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Obviously this is contingent upon a world-wide policy designed to prevent the outbreak of war, as distinct from a policy that is based on preparation for war. This is a crucial distinction and colors all policy thinking. If the calculations are for a war in the more or less near future, then obviously all bets are off and the outlook is filled with all forms of defeat and no forms of victory. I think we have to travel another road. There is a real struggle to be waged against expanding Soviet totalitarianism. But it will only serve totalitarian ends if we allow ourselves to be drawn into a military contest. I think the answer to totalitarianism is the effective reorganization of the world, or at least of those areas still accessible to new experiments. A political and economic offensive of this kind is the only way to disarm and push back the expanding Soviet totalitarian power. It is the only way to neutralize the development of indigenous Communist movements, which are and always will be the major weapon in the Soviet arsenal. It means that these countries will be embarked on a heroic program along new lines. It will call for "Hungry Forties" and Hungry Fifties and Hungry Sixties for a great many people, including ourselves. It will mean bold use of scientific methods. It will mean applying to these purposes of peace at least as much vigor and sacrifice and technical genius as was applied to the purposes of war.

There has been mention here of Point Four, President Truman's program for technical assistance to backward countries. We do not yet know much about this program or what it is intended to be. But the form it seems to be taking strongly suggests how little we appreciate the real magnitude of the problem. It appears to be based on the idea that private capital can be encouraged to do the job, with guarantees both on the American and and abroad, to protect investors against loss of their investments. This is like trying to put out a big fire with a cup of water. Private capital has been unable to carry out a single major social task in our time on the basis of so-called "free enterprise." Where such taske are involved, it has demanded and has been given guarantees and protection and subsidy to an extent that virtually eliminates the investor's risk. This is a pretty costly way of keeping a system going. Private capital, as such, could not swing the recovery of Europe. It certainly cannot do the job in Asia.

It seems to me we have to start from new and different premises. Whether we like it or not, we are in an era of statism. The problem is to create a statist system based on expanding human freedoms in opposition to a statist system based on human enslavement. We have to be done with the old shibboleths, the old categories, the old ideas. They are bankrupt and unproductive. An immense vacuum exists in the world. It has to be filled with new concepts, new approaches to society's problems. If we abdicate to the totalitarian power in advance by stubbornly clinging to the past, we can only blame ourselves for the inevitable outcome. Our opportunity is slipping away from us. But it is still within our grasp.

MODERATOR TALBOT: Thank you.

Mr. Levi?

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AMERICA'S STAKE

Werner Levi, Hans J. Morgenthau, Col. F.R. Zierath, Harvey Perloff

MR. LEVI: I cannot agree with the whole analysis of Mr. Isaacs. I want to make a few remarks as the devil's advocate on the proposals he has made and to question some of the positive suggestions he has made.

First, it seems to be taken for granted generally here that the creation of an area including India and the Southeastern nations is necessarily desirable from the United States' standpoint. That may be so for the moment but whether in the long-run it is in our so-called national interest or from the standpoint of power politics to have a huge, very powerful bloc established there under the leadership of one very powerful nation I am not sure. Secondly, the question has always been in my mind whether the Southeast Asiatic nations would accept such a Council as Mr. Isaacs suggests when India is in it. I still say that the only concrete evidence of anything driving toward regionalism politically in that area is the fear of India and the fear of China. I would like to hear something on that point either from Mr. Isaacs or from our friends from that area. So if it is true that the drive toward regionalism in that area is stimulated and provoked by fear of the power of either India or China, I can hardly see how they would voluntarily or gladly join some such council. All the talk that I have heard from the Southeast Asiatic nations was for some sort of regional organization under the exclusion of India, quite specifically under the exclusion of India, as well as China, of course. So I am just wondering about the feasibility of that suggestion.

Furthermore, there is also the rivalry between India and China for leadership in Asia and from the purely, shall we say, power political standpoint I am wondering whether some of the Southeast Asiatic nations that are situated closer to China than to India would consider it wise to get off the fence, join a bloc or organization in which India has leadership when they know that this obviously will provoke resentment on the part of China. We do know that after the war China was greatly interested in having some sort of influence over Indochina, there were even invasions of Burma from China, certainly there is a considerable amount of indications that China has expansive intentions, and I for one believe that whether or not the Nationalists or the Communists are in control of China that aspect of the foreign policy will remain the same; as a matter of fact, I could imagine that if the Communists take over the expansionism actually will be increased.

Then United States loans to this region on a governmental basis are bound to have strings attached also, at least I doubt whether loans can be granted in a completely altruistic manner. I think altruism is too much to ask in international relations. If the United States even on a governmental basis makes loans it will tie them in with some sort of political policy, which to me seems to be at the moment to maintain the absolute control and power that we have over both the Pacific and the Indian Oceans, and we will not do anything that might strengthen any actual or potential rivals to that power position. This would lead back to the first point that I made.

We might very well consider -- not in the near future but nevertheless at some future day -- the possibility of a rival to our position developing there. From that standpoint I think it would be impossible to expect any

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government, whether the United States or any other, to make loans without any reciprocity or anything to expect in return.

That is really the dilemma in this whole discussion of the economic aspects, too. It seems to me that we have been somewhat in a vacuum here because we assume, at times at least, that our interest would be to put these nations on their feet, with no particular expectation on our part. I wish it could be done but I doubt that it can be done. Economics in the world today have changed to power economics and no matter what we may have told the other nations and ourselves, I may quote Professor Morgenthau here who once said, "We have become the prisoners of our own propaganda." That is very applicable to the area in which we deal.

Furthermore and finally, I have yet to see any constructive requests from any of the peoples of Southeast Asia for what we could lend the money for. To be sure, they have asked us for money, but that is about as far as they went. Mr. Soedjatmoko criticizes us for ignoring the Socialist forces. I am in perfect agreement with that, but I think that these forces also are under the obligation to give us some really constructive ideas on what they are planning to do with the funds that they get from us.

One more point in answer to Mr. Furnivall. He said, "Well, there may be some leaders among the Communist forces, among the masses of the people," and so on. That is undoubtedly true.

MR. FURNIVALL: I never said there <u>may be</u>; I said there <u>ought to be</u>.

MR. LEVI: You say there are leaders who are Communists?

MR. FURNIVALL: I don't see them. There is a need for leadership but the leaders are just as absent among the Communists as they are among the Socialists.

MR. LEVI: I may have misunderstood but you said "some Communists," is that right?

MR. FURNIVALL: Among the people who call themselves Communists the leaders themselves do accept the Russian Marxian doctrine.

MR. LEVI: My answer would be, if there are a few that is enough. The dynamics of that totalitarian system are such that if you have a few that is quite enough.

MR. ISAACS: If I may comment on a few of the points that Mr. Levi has made: In the first place, with respect to the relationship of India to such an area organization, there is a real problem. The way it would evolve would depend a lot on the internal evolution of India. I would agree that if by any chance India does develop into a conservative Nationalist state, and does get the opportunity over a period of years to acquire regional power, the other nations of Southeast Asia would have every right to be afraid of India. For this reason I think any kind of regional plan would have to include checks and safeguards against possible Indian domination. It could well take the form of having a separate Southeast Asia Federation with certain internal safeguards of its own, and with India associated with

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it on some special basis. My main point remains that the good to be derived from it by all the countries concerned would be so great that the difficulties could and would be worked out.

On the other hand, I think that to begin to think in terms of the possibility of great new power formations taking shape in this area is, to say the least, premature. Such a thing is based upon the assumption that beyond the present Russian-American power struggle there lies still a further century or two of new forms of power struggles with great new centers of power developing in Asia, eventually becoming a threat to the American position, and so on. That is all pretty hazy stuff. That conceivably could be the shape of the future world, but I think we ought to proceed on the premise and on the possibility -- I am willing to admit it is a rather slim possibility right now -- that in the middle of the 20th century we can make a start at creating a structure that is going to be different. I think if we proceed on the premise that Mr. Levi suggests, then obviously we ought to adopt the idea that Professor Wright suggested yesterday, just leave these people to stew and do everything possible to prevent them from acquiring any new coherence and strength in 20th century terms.

MR. WRIGHT: I strongly object to that statement.

MR. ISAACS: I will let that pass. But remember that is what Western Imperialism did in Asia. What Western Imperialism did in Asia was to prevent these countries from acquiring cohesion, from developing in accord with new techniques. If you could accept that perspective and could agree that what we have to do is to find a way in this century to prevent Asia from getting on its feet, you will have to say also that it would fail. Asia is going to get on its feet anyway. If it is going to get on its feet despite the West, then perhaps a hundred years from now or sooner we really will have the "Yellow Peril" of William Randolph Hearst realized on a scale of which even he never dreamed. But I think the 20th century has hope of something better than that.

By all of this I don't mean to suggest that the situation is not governed by the power struggle, but again I say that the power struggle is not one that is going to be determined primarily by military weight. I say that on both sides, from the Russian side and from the American side, if the power struggle arrives at the point of military decision, then the result will be catastrophic for both.

To think of the Chinese Communists having a strategy in the coming decade or so which would involve large-scale invasion in South Asia seems out of the question. They don't need it. If continued frustration exists in the areas contiguous to China and if the present situation drifts along as it is going now, there won't be any need of Chinese Communist armies crossing these frontiers. As has been pointed out, in each of these countries there is more than a nascent Communist movement with a very real relationship to the life of those countries. They will automatically fall into their places in Communist Asia's new economy. It won't be a question of invasion. I am assuming, however, albeit grimly, that we have a period of time in which the Chinese Communists will be rather deeply preoccupied in China. I am suggesting that even a period -- one cannot measure periods

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of time in more than years now in our situation -- we still have an opportunity to embark upon a different kind of political and social effort which will possibly create the basis for something other than a Communist totalitarian solution in Asia.

MODERATOR TALBOT: Professor Morgenthau, your new book is "Politics Among Nations"; that is what we are considering. Do you have any comment?

MR. HANS J. MORGENTHAU (University of Chicago): I have some comments which are not directly related to the discussion which is going on, comments which probably are more fundamental than the present discussion. We evidently start with the assumption that the United States has an interest in Southeast Asia, but I have not heard any statement as to what exactly that interest is and what priority it has in the hierarchy of interests which the United States has in the world. A decade ago it was a widely held assumption that the United States was not involved at all in world affairs outside the Western Hemisphere. Today it is an even more widely held assumption that the United States is universally involved in world affairs and without any distinction as to priorities.

So the only question which has been in my mind this morning is: What is actually the interest of the United States in Southeast Asia, in what respects are our national interests involved in Southeast Asia, and if they are, what kind of involvement is it? Is it political, is it military, is it economic, is it humanitarian, or is it the mere competition of two ideologies and two systems of political institutions? If such an involvement of some kind exists, a further question must be asked: What is the priority of that involvement in view, let me say, of our commitments in Western Europe, or of our interest in the situation in China?

Speaking of American foreign policy with regard to Southeast Asia, I don't think we can take the answer to those questions for granted, but must ask ourselves, what is the position of Southeast Asia in the whole framework of our foreign policy and of its commitments?

MR. HOLLAND: I think we suffer somewhat in our discussions from not having a hardboiled representative of one of the armed services planning agencies here. I cannot pretend to speak for any of those people but having sat in a somewhat similar study group recently in New York where there was an extremely able member from the Air Force I was struck by the fact, judged by his remarks at least, that there have been some very appreciable shifts in the priorities of what were regarded as essential United States defense needs. In this connection I am struck also in our discussions thus far with our avoidance of the defense needs of South Asia for its own purposes. After all, there are certain limited defense needs which any area must have, simply to guard against relatively minor frontier problems developing into more serious things.

We have said very little about the minimum defense requirements of this area, which we must remember has always depended in the past for most of its defense for local purposes on military power supplied from outside. India is certainly on the way to acquiring a substantial body of military power itself, but I think it is still too early to assume that, even if there were the general political willingness, Indian military power would be adequate to take care of all of the defense needs of Southern Asia.

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To come back to the problem of the place of this part of the world in United States strategic priorities, my impression from this expert's remarks was that Southeast Asia and the Indian Ocean generally, in fact, even the Southern Pacific, has now a much lower place in the scale of priorities than it had at the beginning of the second world war. Part of that is just another way of saying that the experts are now more concerned with an air war over the top of the world. Compared with such areas as Alaska at one end of the scale and the Middle East on the other that this in-between area of India, Southeast Asia, even the off-shore islands of East Asia including Japan, now appear to have a much lower scale in the priorities. That perhaps was reflected in Mr. Royall's unhappy remark in Japan some months ago when he implied that the United States had no obligation in its own interests to defend Japan, though it had often been popularly assumed that Japan was a kind of outlying American airbase against the continent of Asia. There must be a great deal more to this problem than I am able to sketch here, but it is a factor which we are not sufficiently studying and there has certainly been an appreciable shift in what used to be the traditional ratings of these areas as regards their importance for U.S. strategic needs.

MODERATOR TALBOT: Colonel Zierath, I wonder if you would care to make a comment?

COL. F. R. ZIERATH (National Military Establishment, Washington,D.C.): I had not intended to volunteer any specific remarks, but since the discussion has taken this particular turn, I feel it incumbent to extemporize with a few personal observations.

MODERATOR TALBOT: Because your name came so late it does not appear on the mimeographed roster of participants. I might explain to the group that Colonel Zierath has come here from the General Staff.

COL. ZIERATH: We in the military establishment regard ourselves as the strong right arm of the State Department. I suppose the left arm would be the ECA and the Point Four Program, and continuing the analogy further, the brain power and spiritual guidance would be furnished by the State Department. I don't mean for it to be assumed, however, that the State Department has a monopoly on brain power. This question of strategic interest which has just arisen reminds me of hearings before the Bureau of the Budget recently in which this term came to the fore, in discussions by an ECA representative. Actually strategic interest became the primary consideration for sponsoring this particular program and the case revolved on that point. Regardless of how his remarks were interpreted, the speaker did not have a military strategic concept in mind at all. I think, therefore, you have to define terms; whether a military strategic interest or a general academic strategic interest is inferred.

I have never been exposed to a formal course in logic but many of my colleagues back the opposition into the corner very easily with, "Why and how?" I think we can do that very well with proponents of aid to China who view the situation as one vitally affecting United States' strategic interest as well as national interest, by confronting them with, "Why and how?"

We classify military strategic interest as "vital" or "essential" or "important" and logically to complete the chain I suppose could be included

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the classification of "non-essential" and "non-important".

My own belief is that this area of South Asia does not fall into the category of vital. It cannot because of the lack of homogeneity now prevalent in the area which the program outlined by Mr. Isaacs may eventually overcome.

We place an area or country in the category of having a military strategic interest when we consider its war-making potential and its war-making capacity. Interrelated very closely with that, of course, is the availability of strategic materials.

It appears to me that only after we establish a regional arrangement, a power bloc to provide some form of equilibrium in the bi-polarized world later on in this century, that a true strategic interest really obtains. I think that a regional arrangement requires planning and organization, it requires programming, and it requires an instrument of implementation. Mr. Isaacs' proposal establishes the basis for such an approach.

I agree with the philosophy of Mr. Warburg that the problems of the world do not lend themselves to being capable of solution by military means; they should be resolved in the political, economic, cultural, and psychological fields.

We have not given a great deal of prominence to Australia in this discussion, but I think India, Australia and Philippines are the three pivot points for a regional arrangement. The question then comes up, which is the focal point, India or Australia? Where is the threat militarily or overall for Communist infiltration of this area? Is there a possibility of it coming from this direction (China) or coming from that direction (Middle East)?

MR. PELZER: Isn't that third pivot too weak? How do you feel about that pivot of the Philippines?

COL. ZIERATH: It perhaps is weak, but there may come a time when we could extend it.

MR. PELZER: Why retreat to the Philippines?

COL. ZIERATH: I say that in the future the pivot probably will rest here. (Indicating on map area of Japan.)

MR. PELZER: Would it not be better to start higher up?

COL. ZIERATH: It might. I think that is relative, Professor, based on the settlement we obtain in the Council of Foreign Ministers in Europe and based on settlements in the Far East. For the time being we have to accept it at this point and eventually look forward to its expansion. There is no question that Japan is the key to the entire Asian area.

MR. PELZER: General Romulo, I am afraid, will have something to say on this, and if I understand his temper and if his temper is any indication of the temper in the Philippines, you will be without your third pivot in a very short time.

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COL. ZIERATH: I think historic and traditional interests will keep him oriented in the pivot. (Laughter)

MR. PELZER: He was the one who coined the term "Mother America" but I don't think that we can rely too much on that relationship.

COL. ZIERATH: The question of reparations, of course, is a very moot point, and we face the same question elsewhere of the Almighty Dollar being a considerable factor in determination of policy. I think the present feeling will temper and modify as the months go along. We hope it will.

PROF. JOHN EMBREE: (Yale University): Isn't Mr. Romulo trying to get more money?

COL. ZIERATH: We have to back off and look at these problems long-range without confining ourselves to the narrow, short-range perspective.

MR. HOLLAND: When you pointed up to the top of the map and said, "The key area is up there", were you thinking primarily of Japan as an industrial and power complex or further North, namely, the North Pacific and Alaska?

COL. ZIERATH: I was speaking specifically on the complex of Japan, and how it will play an interrelated role to North China, Manchuria and the Maritime Provinces of Russia.

MR. PERLOFF: May I suggest one other American interest in this area? That is the role of the foreign-aid prop under our economy -- a prop consisting of many billions of dollars yearly, making possible the export of many American products. There is concern in many quarters as to what will happen to our economy when Marshall Plan aid stops, and I wonder whether the Point Four program may not have very real significance in terms of our internal economy - as the economy is now organized.

MR. HOLLAND: You think we can no longer sell the Marshall Plan to Congress?

MR. PERLOFF: We may have to sell some other plan to take its place within the next few years.

MR. BRODIE: I would like to correct Mr. Perloff to say that the Marshall Plan was proposed not as a method to combat communism but as a means of correcting the economic imbalance of Western Europe.

MODERATOR TALBOT: I wonder whether Mr. Adams has a comment to make.

MR. A.C.S. ADAMS (British Consul, Cincinnati): I would just like to say that I go along with Mr. Isaacs in his opinion that the Communists will not have to fight for it in Southeast Asia, but I do think it would take them quite a time. The populations of Southern Asia are largely peasant ones, and certainly judging from the population of Siam, which I know better than the others, it takes a long time to sell the Siamese peasant any idea. I don't thereby minimize the Communist long-range risk there but I just want to try to put it into relation to the peoples whom it would concern. The Siamese, as far as I know, don't have any genuine, Simon-pure Communism.

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They certainly have a Chinese Communist population in their country, and the Chinese population is relatively so large - it may be as much as 4 million out of the 17- or 18 million of the whole country - that it could form an imperium in imperio; but even amongst those Chinese, most of whom have been settled in the country for a long time and have a stake there, I should say that the possible Communist element is a small and recently-immigrated one. It may be paralleled by the Communists in Malaya, I imagine. I believe that the authorities in Malaya reckon the active Communist leaders of the present troubles, number between 500 and 1,000 and they, we are told, take good care not to expose themselves to the risks of capture, wounding or shooting.

MR. FURNIVALL: May I just presume one word? It certainly has not taken long in Burma and I don't think it would take long anywhere to sell to the peasants the idea that they need not pay their debts, they need not pay their rent and they need not pay any revenue. Those are the doctrines with which the Communists are indoctrinating the Burmese peasants and they take to it with remarkable levity.

MR. LEVI: As far as priorities are concerned that Colonel Zierath talked about, I think perhaps it should not be forgotten that one of our strategic interests in the Pacific is related to Great Britain. It has been our policy for a long time and certainly in World War II days to consider Great Britain our fortress in the Atlantic. I think the two volumes the State Department published on Japan 1931-1941 made it quite clear that we told the Japanese innumerable times, "We cannot permit the lifelines of the British Empire to be cut." That is one of the reasons why we began to be tougher and tougher on the Japanese as they moved closer and closer to these lifelines.

I would imagine this sort of interest would exist today: Great Britain is still a strong base for us in the Atlantic wherever the future war is to be fought, if it is to be fought. For that reason we still have if only a secondary interest in maintaining access, if not of ourselves, at least of Great Britain to South Asia. I think an illustration of the fact that we consider this as a secondary interest is the fact that the Australians have been pushing us for quite a while now to sign a Pacific pact but we have refused.

This is an additional comment which I wanted to make.

MR. ISAACS: The fact that Southeast Asia today has low military priority is shown by the wholesale American withdrawal from the Philippines. The much-debated American treaty with the Philippines provided for 23 American military bases. Only two are to be kept in being, one of them at the holiday resort of Baguio. This, incidentally, adds an ironic twist to the Filipino accusation that the United States gave the islands only half-independence because they kept military guarantees that cut into Filipino sovereignty.

But the very fact that the area is given low military priority is an advantage from the point of view of the possible effort we can make to shape a better society. It is not necessary in Southeast Asia to count benefits in terms of immediate strategic value. This gives us a chance to think about Southeast Asia in non-military terms, to help in a program out there that

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will increase productivity and serve the general well-being of the people there as well as ourselves. It is an opportunity we are letting slip - to begin thinking in world terms, to become world citizens in a truly new sense of the term.

But I would like to offer one reservation to the reported military attitude: It seems to me quite possible that the day might come when the Southeast Asian peninsula will acquire in the minds of our military people approximately the same role as the Aegean Peninsula, a toehold on a continent. That may well happen. It may happen to our State Department people even without military pressure. The danger is that we will pursue in Southeast Asia the same kind of policy that has been followed in Greece, and with even less effective result. The whole experience of the war should have taught us that military decisions without effective political and social changes are of small use in the long run.

MODERATOR TALBOT: Thank you very much. We shall continue this with our Rapporteurs' reports at nine-thirty tomorrow morning.

... Following some current announcements the conference adjourned at 12 o'clock noon ...

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

IX

NATIONALISM, COMMUNISM AND REGIONALISM IN SOUTH ASIA

H.E. Ambassador Carlos P. Romulo*

Asia today is a study in contradictions.

Amidst the conflicts that divide it, we find at work a powerful impulse towards integration and unity.

With no military power to speak of, it is gradually assuming the role of a Third Force interposed between the two great Powers, the United States and the Soviet Union.

Ruined by the war, betrayed after the victory, disillusioned by its friends, menaced by new enemies, Asia has emerged from her travail as the most dynamic region in the world today.

Strong winds are blowing across the ravaged face of Asia, sowing seeds of great social and political changes that may alter the course of history and transform the very texture of our society for a long time to come.

It is an historical misfortune that the renascence of Asia should coincide with the ruthless struggle among the Great Powers for the mastery of the world. In an era of real peace and a just order among nations, the immense creative energy generated by Asia's awakening might have been channeled into constructive enterprises to the lasting benefit of mankind.

There are three main drives behind the revolutionary changes sweeping across Asia. They are nationalism, Communism and regionalism. Of these, nationalism is the oldest and still the most powerful.

The history of the Philippines provides the pattern of developing nationalism throughout the region. During the three centuries under Spanish rule, the Philippines had won the distinction of having the oldest and most agressive nationalist movement in Asia. The oppressive character of Spanish rule had produced uprisings and rebellions once every three years on the average. Hand in hand with the desire for liberty, this oppressive rule had developed a sense of common nationality among a people speaking different languages and divided from one another by strong sectional loyalties. This growing sense of nationalism and desire for liberty together culminated in the Philippine Revolution of 1896, and, but for the intervention of the

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American occupation during the next four decades, would have created a new independent state in Asia at the turn of the last century -- the prototype of a simple and straightforward freedom movement from colonial status, untainted either by the racialist and regionalist appeal of Japanese anti-Western propaganda or by the ideological appeal of Communism.

On the eve of Pearl Harbor, as a newspaper editor and publisher, I visited all the countries of Southeast Asia, including China, Burma, India, Siam, Indo-China, Malaya, and Indonesia. In a series of articles written for my newspapers and for world-wide distribution in the course of my travels, I warned the Western powers that the regional, anti-Western appeal of Japanese propaganda had made serious inroads in the region, and predicted that the peoples there, unlike the people of the Philippines, would either be indifferent to a Japanese invasion or welcome it with open arms. Events quickly showed how close to the truth my estimate was.

For I found that nationalism was the dominant force among the peoples of Indo-China, Malaya, Burma and Indonesia, as it was in China and India, and as it had been in the Philippines throughout the three centuries of Spanish rule and, in a somewhat less violent form, throughout the four decades of the American occupation. I found little or no tinge of Communism in the libertarian movements in those countries. They were essentially nationalist struggles for independence and were recognized as such by the metropolitan powers, even while they opposed them with all the power at their command. The Communist rising in China was still in the embryo stage, and was not yet a serious threat to the Nationalist government.

It was only after the war that some of the nationalist movements in Asia began to be suffused with Communist influence and to be described to the Western world as Communist-inspired. To be sure, these nationalist movements developed strong leftist strains, reflecting the universal trend. In Indo-China, the leadership fell into Communist hands, not so much on account of the intrinsic appeal of Communism as because the Communist party was identified with the nationalist struggle, first against the Japanese and later against the French, who made the grievous miscalculation of trying to reinstate their pre-war control of the country through violent means.

In the Asian countries where the metropolitan powers bowed to the historical imperative and recognized the native peoples' right to a free and sovereign life of their own -- as in the Philippines, India, Pakistan and Ceylon -- the nationalist movements were saved from perversion and found healthy expression in new democratic states functioning in the Western tradition.

Even hapless Indonesia, all but abandoned by the Western Powers to the mercies of the Dutch "police actions," mustered sufficient will and energy to put down the Communist rising within the nationalist movement.

In Burma, the strength of the Socialist leadership is in direct proportion to the faithfulness with which it represents the popular will for social and economic reform.

In China, where the Communists are winning their greatest victories today, they owe their success as much to the bankruptcy of the nationalist leadership as to any positive appeal which Communism may have for the Chinese masses.

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I have no intention of minimizing the importance and the probable consequences of the Communist triumph in China. Whatever its cause, it stands forth as the most decisive development in Asia since the defeat of Japan.

It is bound to affect the balance of power not only in Asia but throughout the world. It has already caused the partial retreat of America from Asia. It undermines the security of the free states of Asia and strengthens the Communist movements within their gates. It opens up the grim prospect of Communist ascendancy over the entire region. Those are facts that we must face - bitter and unpalatable though they may be.

There was a fateful moment after the war when America could have made all of Asia safe for freedom and democracy. Asia hoped for a new life after the war. Without exception the peoples of Asia looked forward to a new dispensation based on the Four Freedoms and the promise of the Atlantic Charter.

That promise was never fulfilled except in the Philippines. Elsewhere America returned to Asia as a liberator and remained -- in Asian eyes -- as one of the protectors and preservers of the colonial system.

American guns helped restore French rule in Indo-China against the wishes of the inhabitants. American tanks and planes enabled the Dutch forces to carry out their infamous "police actions." And when the United Nations intervened in the dispute, American sympathy for the Indonesian cause was too lukewarm and equivocal, to impress Asia as anything more than a pious protestation of an intention already discarded in practice.

What a difference it might have made to the situation in Asia today if America had stood uncompromisingly for the freedom of Asia. That would have electrified all of Asia's peoples.

The consequent disillusionment has had a profound and far-reaching effect in Asia. In lieu of peace, the peoples of Asia found themselves involved in new conflicts. The new life of freedom under justice for which they had fought did not materialize; instead, they were subjected to fresh attempts at domination. They found their interests subordinated as in the years before the war to the interests of Europe; their wishes disregarded when these ran counter to the demands of power politics; little account taken of their fate as they were forced to revert to their age-old role of pawns in the new struggle for the mastery of the world.

Even their modest hopes for the reconstruction of devastated areas and a measure of relief from the crushing burden of poverty imposed by the destruction caused by the war and the limitations of their own feudal economy were destined to disappointment, as the recovery and security of Western Europe took prior claim on the funds and resources that might have been their salvation.

As with economic assistance, so with security from attack or subversion. Coincident with the grand sweep of the Communist armies to the Yangtze, A Europe-first policy went into effect. American forces in Asia were reduced, heightening the feeling of abandonment among those who had looked to them as tokens, if nothing else, of their own security.

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The crowning touch was the reversal of American policy on Japan, which has confronted Asia, barely four years after the war and before a peace treaty has even been signed, with the spectre of a revived and strengthened Japan.

This reversal of policy springs from the same primordial weakness. This weakness, in turn, springs from the constant temptation of adopting piecemeal remedies and makeshift solutions for every problem as it arises, instead of adhering to a set course essentially based on inflexible principles of right and justice, and embracing the world as a whole.

Japan, in the opinion of a certain group of influential Americans, must be rebuilt speedily as a bastion against the encroachment of Soviet power. Japanese industries must, therefore, be revived, Japanese commerce must be stimulated, the Zaibatsu must be re-established, right-wing political groups must be encouraged, and reparations must be stopped.

Whatever the objections of China, the Philippines, Australia, New Zealand, and India, the Japanese economy must be revived and Japan developed as a potential ally. Little or no account is taken of the legitimate fears of the wartime allies of America and the West in Asia, and there is a tendency not to inquire too deeply into the question of whether or not we should make certain that it is a peaceful and democratic Japan that we are helping to revive and strengthen. We seem to feel that it does not matter, although it does matter greatly, even decisively, as the story of Greece and Korea and China so plainly shows.

The upshot of all this has been to deepen the Asian people's awareness of their common needs and problems, and to heighten their sense of common danger and common destiny. Out of the crucible of Asia's travail is now emerging a strong feeling of regional kinship and unity.

The dream of Asian unity is an old one. I was one of its advocates in the Philippines years before the war. In 1945, at the San Francisco Conference, I pointed up the role that a free and united Asia could play as one of the stoutest pillars of peace. The formation of a regional association of Asian states working in equal partnership with like-minded groups of nations to safeguard human liberty and foster its growth under a regime of enforceable world law has always been one of the major objectives of our foreign policy.

It was not until 1947, however, when the Asian Relations Conference was held in New Delhi, that the ideal of Asian unity began to take definite shape. At this Conference the peoples of Asia through their spokesmen recalled their ancient heritage of wisdom, dignity and freedom, and defined Asia's role in world affairs as an exponent of the moral factor, a mediator between embattled ideologies, a firm and consistent advocate of peace in a world divided into hostile camps.

These precepts were applied faithfully in the first practical test of Asian collective action. The New Delhi Conference on Indonesia last January, acting strictly within the framework of the United Nations, brought moral pressure to bear on the just and speedy solution of the Indonesian problem. The conferees followed this up by putting the question on the agenda of the recently concluded General Assembly session, and by

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keeping it on the agenda of the forthcoming session, pending the outcome of the negotiations between the Netherlands Government and the Republic of Indonesia.

The New Delhi Conference envisaged an association of Asian States dedicated to peace and pledged to use their combined influence in support of freedom and justice. This would make the Asian Union conceived in New Delhi the first born within the United Nations to operate strictly in accordance with the principles and purposes of the Charter, without benefit of military pressure but only with the force of embattled conscience. The over-all objective is to throw the collective weight of Asia behind the United Nations effort to establish a workable system of international co-operation and security.

With regard to the problems of Communism and colonialism in Asia, it is our hope that the projected Asian Union would develop into an effective counterpoise against the menace of a renascent imperialism on the one hand and of an aggressive totalitarianism on the other.

This would also be its role in the struggle between the great Powers for world supremacy. I consider it significant that no Communist delegate took part in the New Delhi deliberations. The evolving Asian union would be non-Communist rather than anti-Communist, democratic according to the new pattern of a free society, the better to enable it to perform the all-important work of synthesis in a divided world.

It remains to be seen how long and how effectively it can play this role under increasing Communist pressure on the one hand and waning or indifferent Western support on the other. It would seem to be the wisest course for the Western Powers, particularly the United States, to give every encouragement to the non-Communist states in Asia who are willing to stand for their freedom in the face of the Communist advance.

In keeping with her own history and traditions, America should seek to befriend, influence and guide the forces of freedom and social progress in Asia along democratic channels instead of trying to contain and stifle them within the arbitrary mould of a negative anti-Communist policy.

The battle for Asia is not yet over; it has just entered the crucial stage. Even if all of China should fall under Communist control, it does not necessarily follow that the rest of Asia will go Communist. China itself is too vast and populous a land, too massive and unwieldy, too heavily overgrown with the mellow traditions of individualism and tolerance to be recast in the iron mould of a doctrinaire ideology. There will be a time -- a long time, it is almost certain -- of internal reorganization and adjustment, of agrarian reforms and reforms in government, but the basic characteristics of the Chinese people will reshape instead of being shaped by the mould of imported systems.

In the meantime, the free, non-Communist peoples outside China, and the non-Communist elements within China itself, can still be rallied under the banner of a strong, positive, uncompromising policy.

The tides of change in Asia have not yet congealed into set patterns; everything is fluid; and no possibility should be ruled out, including the

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maintenance of a union of free Asian states strong enough to withstand the Communist pressure.

There is a mighty race for the still fluid and indeterminate loyalties of Asia. Those loyalties have today only one thing in common: nationalist sentiment and the desire for freedom. The regional spirit which has but recently sprung up among the Asian peoples is an extension of that sentiment and desire. The methods and principles of Western democracy have a special appeal to countries like the Philippines that have had some experience of democracy. But the methods and principles of Communism have an appeal no less to those peoples who, from their condition of colonial bondage, may be led to believe that they have nothing to lose from aligning themselves with Communism which promises plenty for all and loudly professes its irreconcilable antagonism to the colonial system.

Asia can still be saved for freedom and democracy; it would be folly indeed to write it off or to let it go by default to Communism.

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THE NORMAN WAIT HARRIS MEMORIAL FOUNDATION

25th Institute-Nationalism and Regionalism in South Asia

X

Round Table VI: SUMMARY AND APPRAISAL

Sunday morning, May 29, 1949

Presiding: Phillips Talbot

DIRECTOR TALBOT: As it is Sunday morning, there seems to have been no protest at getting a slightly late start. Two or three people have asked a chance to make comments. When they sat here with bland smiles on their faces I assumed they were agreeing with almost everything that was said; but it turns out that that was not necessarily the case. First, Professor Quincy Wright.

MR. WRIGHT: I wanted to comment on Mr. Isaacs' discussion of my earlier remarks. He said I was advocating a policy of letting the South Asians "stew in their own juice." I certainly did not intend any such implication to be drawn from my remarks. I was interested in the proper relating of the economic and the cultural aspects of Asian nationalism. It seems to me there is a danger that nationalism, which, as General Romulo said yesterday noon, means primarily liberation from imperialist rule, either will go the way of proletarian nationalism, demanding revolutionary action to better economic conditions of the masses; or that it will go the way of bourgeois nationalism, maintaining traditional abuses. The Soviets, as you know, distinguish those two different types of nationalism and it seems to me that either of them has considerable dangers.

I was urging a middle-of-the-road nationalism which would avoid promising the peasants what was impossible to achieve, ending possibly in disillusionment and either a police state or chaos, and which indirectly would also avoid subjecting them to unlimited competition and exploitation. Rather than that, develop a nationalism which would give them self-respect in their own cultures and folkways so as to hold their societies together while economic activities were initiated that would start the formation of capital in these countries. The primary problem is to maintain a certain amount of order and stability in these highly over-populated countries while the gradual process of capital formation and technological introduction goes on. It seems to me that the economic goals should be the increase in capital formation in the countries rather than an effort at immediate improvement of human conditions.

Mr. Pelzer said the other day that he thought that health activities should be looked at from the point of view of increasing productiveness rather than increasing consumption. I would seriously question that in countries under the conditions of South Asia. I think it is true that in countries such as the United States anything you do to improve the health

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of the population increases production. In South Asia or any highly over-populated country where, because of the present very high death rate, you have a tremendous potential of population increase it seems to me that work done in public health will have inevitably the first effect of greatly increasing the population and absorbing any improvement which might be made through an increase in efficiency or through the upbuilding of capital.

You have here countries which are up to their necks in the operation of the Malthusian law. When you have those conditions, I think you have to think of economic improvement in the sense of creating certain oases of prosperity, certain areas, either particular industries or particular agricultural areas, where you can begin the process of capital formation and where you can get a little ahead of the game. But a general effort at improvement of health can hardly have that effect.

I remember a good many years ago we had here at the University an adviser of one of the native states of India. He said he thought the general conditions of the people in his state were better than those in the surrounding territory of British India, a condition which he attributed to the lack of any public health efforts in the native state and the very important efforts in public health in the surrounding areas. He gave some statistics showing that in the last fifty years there had been practically no increase in population in the native state, whereas in the surrounding areas of British India because of these health measures the population had increased greatly. He said the result was much more impoverishment in the surrounding areas of British India. He, of course, may have been saying this with interested motives.

There is another point I wanted to say a word on, that is the question of determining the kind of projects which might be best supported. I raised the question with Mr. Piplani as to what the criteria were by which the Indian government selected projects to support. We subsequently had a good deal of discussion as to whether the United States, influenced perhaps by Chambers of Commerce, should determine what projects should be supported, and it was suggested that that raised obvious difficulties because it would look like American imperialism. Projects would be likely to be supported that would make returns to the investors, but which might not be the best for Indian or Southeast Asian interests. On the other hand, I think it can be recognized that if the governments of the countries determine the projects and they simply receive technical aid or capital to support these projects, under the pressure of democratic influences the projects are likely to be ones with immediate humanitarian effect. Also, they are likely to be ones which may not be too productive for the foreigner and consequently they will have difficulty in attracting capital.

There was also the suggestion, which I believe Mr. Isaacs made, that you should have a South Asian organization which would get together and propose general projects for economic improvement. Well, I can see some difficulties in that. Personally, I don't see much in the integration of South Asia. It seems to me our discussions have indicated that there is not very much complementariness in the various territories there, that each one of them is complementary to some state such as the United States which is entirely outside the area, and consequently from the economic point of view to me that

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if you attempted to have a rather loose council of ministers of the various countries there, you would have the projects developed by a kind of log-rolling process such as is familiar in our Congress in tariff-making, that each one would agree to support someone else's project "if you support mine," so the whole thing would be done on a political basis.

It would seem to me that the best initiative for the projects to be undertaken would be in the United Nations, that technological agencies or specialized agencies under the United Nations would be in a better position to deal with projects on a scientific application of certain criteria. If you set criteria which will maximize internal capital formation, you can get technologists in the Food and Agriculture Organization, the I.L.O., the Bank, and other agencies, who could be trusted to give a fairly impartial scientific judgment in selecting projects according to these criteria. Such a selecting agency might be regarded with less suspicion by the countries in which capital was to be used and also might be looked upon with less suspicion by the countries that are to contribute the technical skills and the capital.

I may say on this matter of the criteria which should be applied in determining such projects that I think probably those that can utilize technological skills should come first, those that require great quantities of capital would come second; but I am inclined to agree with those who think that the Point Four project won't get very far unless technical skill has added to it considerable quantities of capital.

At a recent meeting on Point Four we had some officials of the Department of State who were thinking in terms of a few hundred million dollars a year in providing technical skill. One of the members of the group thought that you would not get anywhere unless the United States thought in terms of at least $20 billion a year in sending capital to the area. There seems to be quite a disparity in the way in which this bold new program is being thought of.

MR. MERRIAM: Are you distinguishing between capital and technological skill?

MR. WRIGHT: Point Four emphasizes technological skill.

MR. MERRIAM: But you could have capital without technological skill.

MR. WRIGHT: You would not use capital very well unless you had a lot of technological skill, but I think the two can be distinguished; you can educate people so they can be engineers, but they can't do very much unless they have steel beams to work with.

I want to say a word in regard to Mr. Morgenthau's very interesting suggestion yesterday as to what are the basic interests of the United States. I say that we have two: a stable world is the first. I don't think that a democracy can exist unless you have a stable world, and I don't think you can have a stable world if a quarter or a third of the population is under conditions of misery, of unrest. So I would say that that is the first interest of the United States in regard to South Asia.

The other basic interest is to prevent South Asia coming under the dominance of Moscow. It has been said, and I think rightly, that we don't

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want to formulate any policy in regard to South Asia as an aspect of the cold war. I would agree with that, but at the same time one can recognize that the United States has a basic interest in preventing South Asia from coming under Soviet dominance, even though you say our prime interest is in building up South Asia. We think that the Communist control of the area would not be good for the people that live there. Thus we have, I think, an immediate interest in South Asia if we hope to have a world that is reasonably stable.

Mr. Morgenthau also referred to the priorities among the various policies. I would probably agree with the State Department that Europe has a certain priority but I think our interest in the long-run in Asia is greater. There is a greater immediacy, perhaps, to the European problem but the two problems, I should say, are fundamentally the same. We say we want stability in Western Europe because we want a generally stable world and because we don't want the Soviet Union to take over that area. It is exactly the same interest in Asia, and in the long-run Asia, being much larger and also being more liable to being taken over by the Soviet Union, is perhaps most important. So I don't think there should be any question as to the vital interest of the United States in this area.

I perhaps have said enough. I will simply summarize my general position, which is that we should wholeheartedly accept nationalism. I agree entirely with General Romulo on that. We should recognize that these countries want to regain self-respect in their own cultures and we should support those movements and in pursuance of that give no support to the various imperialisms which have operated there. I think that any development has got to be on the basis of nationalism, and I may say that I think that is one of the great dangers of the pending Atlantic Pact. From the point of view of Asia it would make it look as though the United States has associated itself with the Western European countries who have an imperialist interest there, and the result may be that it will be more difficult for the United States to pursue an independent policy based solidly upon nationalism in the sense of developing self-respect and respect of others for the traditional cultures of the area.

I think also that we should wholeheartedly support the general thesis of "Asia for the Asiatics" and try to differentiate any policy from that of simply using South Asia as an instrument in a cold war. I would be a little afraid that standing for South Asian integration would look like that. As I say, I don't think South Asia has any particular economic grounds for integration. Southeast Asia is certainly as closely connected with China as it is with India. It may look as though we are trying to make a bloc of the most non-Soviet areas in order to have a spear point for attack on the Soviets. It seems to me whatever regional integration there is in Southeast Asia should spring from the desires of the Asiatic people and not from any pressure one way or the other from the outside. It may be that any of these countries that deal individually with Western countries will do the best. Maybe Asia will come together as a whole in a New Delhi Conference, maybe no union other than a world union would be adequate, so I would let that take its own course.

Finally, I think the United States should show a certain reticence in contributing projects for economic aid. The bold new program should aim to build up capital in the area. In developing it we should try not to break down local cultures and not to encourage prematurely the acquisitive instinct among the peasants, but to give them some opportunity to develop

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on their traditional cultures.

I should think that the co-ordination of technical skills could be best accomplished through a co-ordination of the technical agencies of the United Nations. I believe there has been some controversy there: whether, as the Secretary General of the United Nations has suggested, there should be a committee that would bring together the wisdom of the various technical agencies that are involved so they could act together under a United Nations Commission. It seems to me there would be a great value in that as compared to the alternative policy of the United States, for example, dealing independently with each area. I think the co-ordination should be in the United Nations.

MR. SARKAR: I would agree with the suggestions by Professor Wright as very reasonable and very sound.

MR. VANDENBOSCH: Mr. Chairman, it seems to me that we are confronted with a number of dilemmas. The magnitude of the problem is staggering. We are told that the United States has poured nearly two billion dollars into the Philippines since the end of the war, with practically no effect as far as raising the standard of living on anything like a permanent basis. There was great disappointment last year at Bogota because Secretary Marshall did not announce a Marshall Plan for Latin America. We have had a Latin American specialist at the University of Kentucky this past semester and he talks about the problem of raising the standards of living of that region with the same urgency that we have heard here. The United States can not extend this program to all the regions of the world which cry for it. We shall have to select and in doing so we shall undoubtedly cause more bitterness in the areas that we do not help than we shall meet with gratitude in the regions which are chosen for our help.

The problem is also difficult politically. We want, of course, to encourage the development of democratic governments in the region. If not, it might have been better if these countries had remained under their colonial status. But will democratic governments in these countries be able to maintain themselves under either a long-range or a short-range policy of improving the standards of living? The example of China seems to indicate that more than a distant promise of better things is necessary to enable a government to keep in power. On the other hand, drastic measures on a short-range basis would require the imposition of so many restrictions and such rigid governmental controls, that no democratic government could long survive their imposition. Moreover, democratic governments are more likely to consume such capital as has accumulated than to add to it. It would take a very strong government to prevent the outside aid from going into consumption.

Then there is the difficulty that arises from the fact that there are in nearly all of the countries of the region bitter political antagonisms. Aid given to the government in power will be regarded by the other group or groups as intervention. We had that situation in China.

MODERATOR TALBOT: I think the subject of democratic governments in South Asia was handled very well by Mr. Furnivall in his first lecture. Clearly, we in the West are not going to dictate the form of government in these areas. There are priorities that the locals consider. Those who

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have gained independence can now confront some of their more basic problems. Those who have not gained independence are making, so far as one can judge, very, very little progress in confronting their basic problems. Once they rid themselves of colonialism, then they expect to approach these questions.

Next, are we to have oases of prosperity to lift the living standards of the whole territory? There again a distinction is to be made. There are certainly some heavily over-populated areas; on the other hand, many of the countries are under-populated. In those latter countries, I think it has been sufficiently pointed out, the problems of raising the standard of living and of getting along in this modern world are comparable to those in the overly populated areas. This suggests that population by itself does not basically change the nature of the problem that confronts us.

In respect to public health there may be some thinking about Puerto Rico and its problem of population and resources. From the Indian Princely States that I know, I would hesitate to -- in fact, I would not -- accept the argument of a Princely adviser of pre-independence days that conditions in the State were better than those of the neighboring territory of British India because the State had no public health program. Not only by Western standards but even by any Indian standards I have been able to understand, many Princely States have not succeeded in advancing themselves very much.

Mr. Poleman would like to make a comment.

MR. POLEMAN: On the political side Mr. Wright has very ably expressed what I had in mind, and perhaps on the cultural side Mr. Embree will do very much better than I can. I may be wrong but I felt I detected a feeling here from the beginning that regionalism without regard for the traditional culture patterns and developing nationalism was something we should concentrate on more than anything else. There has been very little said about the importance of the cultural and ethnic patterns and their historical strength, the validity which they may have in forming nations or in being manipulated by various persons to form nations. Again I refer you to the already classic example of Pakistan.

I don't agree with Mr. Isaacs that nationalism is bankrupt as far as this area is concerned or any part of the world, and if the imposition of regionalism is to be considered, who is going to impose it? Mr. Wright has said that we cannot impose it, that it should be developed by those countries themselves with regard to problems as they come along. Certainly the United States government is not going to foster the Socialist regimes in these countries in the hope that they will evolve a pattern of regional cooperation as distinct from nationalities.

In other words, I think we have failed to concentrate more specifically on the problems that arise from the strong cultural patterns in the various areas and what role they may play in the forming of nations and in the interaction of those nations, not only in the countries which are still harassed by imperial domination but even in those countries in which we have assumed stable governments already exist: Pakistan, India, Ceylon, and perhaps Siam and Burma. Within India itself there are still strong forces which may any day split the country, and I'll go on record as being able to produce evidence that that is possible. You can pick up almost any Indian paper, any day in the week and read this sort of thing:

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> South Indians are celebrating regularly the anniversaries of their great poets, Bharati, Camban and Tiru-valluvar. The renowned poets who are thus almost worshipped by their admirers, prayed to their gods in Tamil but the admirers of these poets, while extolling Tamil with their lips, themselves seek a different medium of expression. They have forgotten that there is glory in one's own Dharma, while another's Dharma brings disaster.

That is the feeling which pervades all of these cultures, has for years, and if anybody thinks that cultural patterns are not much stronger than any political forces you may only turn to the pages of history and see what has happened in all recorded history.

MODERATOR TALBOT: Many cultural forces are subject to manipulation and have been manipulated. Some efforts are particularistic; others, generalistic. There is manipulation in the effort to create an Indian nationalism; and further, in the effort on the part of such people as Nehru and, if you will, Romulo, and others, to create some larger context in which certain expressions can be made, perhaps eventually certain actions taken. The question is not whether there is any manipulation or whether the manipulation is in one direction or the other, but whether the contrary manipulations will lead toward one result or toward another result. That, too, I think leads into the question which was raised also by Professor Wright.

MR. SARKAR: That contention is to be respected in regard to the linguistic categories of India; I think it is very substantial.

MR. POLEMAN: Perhaps you have misunderstood me. I believe that some of these cultures have sufficient strength themselves without any manipulation to give rise to nations.

MR. WRIGHT: Isn't there a question of whether you manipulate the cultural environment or whether you manipulate human nature? Everybody wants to have enough to eat. If you launch a new movement, as the Communists do, based on elementary drives of the biological human being you can create an acquisitive instinct easily. You can also manipulate the traditional cultural patterns but I think there is a considerable difference in the cultural pattern as opposed to human nature.

MODERATOR TALBOT: In India, there is danger that various cultural groups will split apart unless there is a central control stronger than the fragmental urges. The Government is now addressing the problem with an overall educational program, an overall language program, and, foremost during this period, a very tight central political control. We need to watch the comparative strengths of the centrifugal force, in regard to language, for example, and of the centripetal tendency.

MR. PELZER: Mr. Chairman, I would like to raise the question, are these tendencies [illegible] you do not see the same

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tendencies in Germany today? Do we not know that such tendencies exist in France, in Great Britain? I am just wondering what is the trend of the conversation this morning.

MR. SARKAR: I just want you to know that the contention raised by Mr. Poleman is very valid in regard to the linguistic categories of India. Many of the problems that are likely to arise in India tomorrow will not arise from political considerations. From administrative, economic and financial angles the people are trying to unify the country as firmly as possible. As a matter of fact, India is politically and administratively more unified than Europe can possibly be in the next fifty years. But in spite of that, the linguistic difficulties are very solid.

MODERATOR TALBOT: Some of us have been talking about this area without ever having had to meet a payroll there. As a business executive, Mr. Barr has been in a different position. I should like his reactions to several of the points raised during this conference.

MR. BARR: I should like to preface anything I may say with the statement that my experience has been solely confined to India, Burma, Ceylon and Pakistan, and I cannot speak with any degree of knowledge of the other countries of Southeast Asia.

For one thing, I must definitely align myself with the optimists: I cannot see South Asia, and India in particular, going to "hell in a hand basket". There is a lot in the country and a lot will come out of it, despite the pessimistic views, many of which I can agree with, but I think they have been overemphasized.

There is no doubt of Mr. Isaacs' view that the West has lost considerable face since the war in the Orient, and more particularly in the area which we have under consideration, but at the same time, while that may be true of the masses, I do not think that the leaders of the country are so blind or so ill-informed that they are really misjudging the position in which the United States finds itself in that we appear to be speaking with two voices. I think they realize that we are opposed in principle to the colonial system. I think they also realize that for other - and which appear to be more important at the moment - reasons we have to give support in another area to those same colonial powers, and I do not think that the thinking man, the reasoning man, is prepared to deliberately misunderstand that. He realizes, I think, as time goes on that we can make our position a little less double-voiced.

During the course of the discussion several points have come up, and while they were not of sufficient importance at the time to interrupt the general trend I have tried to make some notes. They seemed to pose questions and then they were left there. There have been no answers to the questions. I think some of them could have been answered, and answered perhaps more authoritatively, by some of our Indian gentlemen who are here who know the country better than I do, but still I would be glad to speak for them and I think they will support me.

I am sorry I was a little late this morning because I partially missed Quincy Wright's comments on capital, so I may be confusing the issue again, but I [illegible] is capital

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in India and there is a lot of capital. They also need outside capital. The point is: Will it be forthcoming? Has it been forthcoming? Are the terms attractive? I think they are.

I cannot give the figures accurately, but it is within my knowledge that since the war the Petroleum Industry has put over $100 million into Indonesia. That is not "puny" capital. The remark has been made that it comes in "puny" amounts. That is a fairly sizable amount for one industry. I also know that the industry has recently made a survey at the request of the Government of India of the possibility of erecting one or two refineries at a contemplated expenditure that runs to the tune of $75 million. I don't say that it will be spent, but I can assure you that the discussions with the Government of India were not along the lines of placing obstructions in the way. The capital negotiations have not advanced to the point where it is a go-ahead proposition, but it was perfectly clear they had an open mind in the matter and were prepared to accept private capital on terms that were mutually agreeable.

So I think when we say that capital isn't there or can't be made available, again confining it to the countries with which I am familiar, it is not precisely the case. Furthermore, there is a vast volume of Indian capital which is at present idle. It is idle largely because the capitalist is waiting, as he says, until the dust settles or he sees which way the cat is going to jump.

The Indian capitalist is used to a very substantial return, and if he can say that we as a nation have been speaking with two voices as regards our political policy in the East, I think it reasonable to say that various members of the Indian Government have spoken with a multitude of voices. It is not uncommon to pick up an Indian paper and see that possibly a person of ministerial rank will say something to the effect that "We should nationalize all industry in five or ten years." The following day the statement is immediately denied, again at ministerial level, and usually it eventually devolves on either Patel or Nehru to make a statement which is the answer. I think Patel's most recent statement, made in Madras in March of this year, covers this point. I cannot quote it, but in substance he said: "We have neither the time, the capital nor the manpower to nationalize at this stage, nor do we propose to do so."

As regards other foreign capital, - not necessarily American - the Swiss, the French are all making capital ventures in conjunction with Indian capital on various industrial undertakings at the present time. Factories are actually under construction. I don't say they are large.

What are they doing themselves? Are they "pulling themselves up by their bootstraps"? That expression has been used. I say, yes, most emphatically they are! They have had some of the best consulting steel experts from this country advising them on their steel industry at Jamshedpur. I presume it is common knowledge to you that the Jamshedpur steel plant is the second largest in the British Empire. It produces one million tons of steel per annum, and that capacity is to be doubled. That does not indicate to me the general tendency which has been expressed in this meeting of "we are dealing with a backward peasantry." I admit that there is a tremendous block of peasantry in which the standard of living, health and education must and will be raised, but does that not follow as a natural consequence of the general economic development of the country?

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The fissionary tendency has been brought up on the linguistic basis. I agree it has great prominence, largely since complete independence on August 15, 1947, but I think it might better be expressed, "We have no 'whipping boy', the British have gone, we have to have something else to pick on"; but I cannot for the life of me see that it is going to be a real issue. I think of one practical illustration of it. The Indian has a very, very sharp and beautiful sense of humor. The debate in the Central Legislature at Delhi had attained some heat as to whether a certain speech could be delivered in Bengali, one of the prominent languages, and the discussion became somewhat more than acrimonious. I think the matter was brought to a very satisfactory close by Dr. John Mathai, presently Finance Minister, rising to speak to the Assembly. He spoke in beautiful Maliyalam. No one knew what he was talking about and the whole house burst into laughter.

I think everyone agrees it was a misfortune that Pakistan and the Union of India ever divided, and all thinking nationals of both countries agree with that, I am sure. I predict they will be back together again, at least economically. In the last year they have made appreciable strides in that direction. You will not heal the scars of the unfortunate incidents of the Punjab immediately following partition in the course of a few years; they are too bitter, they are too deep -- but I would remind you that it is only in the last two decades that the expression "damn yankee" has lost its currency. It has taken us fifty years, and I have no doubt that in one or two generations on the sub-continent this bitterness will disappear. They were economically strangled by the impossible barriers which they set up at the outset. It simply would not work, and both Governments had to come to a realization of that. Mr. Piplani mentioned the other day the joint conferences - the committees that meet every week, once in Delhi and once in Karachi - trying to sort the issues. You can't have that situation without future unification. If you have economic unity, the political, having been closely allied with the former for centuries, will come along in time. I don't think many people will agree with me on the long-term view of Indo-Pakistan unity, but I will stick to it.

MR. SARKAR: Mr. Barr, you have presented a very good nationalist point of view.

MR. BARR: The discussion has mentioned the Princely States. I hope everyone appreciates that they are disappearing at a pace absolutely beyond conception. They are, you might say, almost nonexistent now. They are being taken over by the Government under central administration and this will help the problem of education to disappear authmatically. This, contrary to the violent statements that the division of India meant the Balkanization of it (and this has not been the case), has proved its unification.

The question was raised: Will the industrialization of the country fit its culture, its customs? I cannot see why not. I have in mind the "Pujas" occurring in the fall of the Indian year. I am not sufficiently versed in their religion as to the whys and wherefores of the ceremony, but essentially it involves the harvest festival and the worship of the tools with which you make your livelihood. We have a number of factories in India engaged in the manufacture of various products, and in 1922 I went to one of the factories to attend the Tool (or Puja) Festival. All

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the machines, of American manufacture, were suitably saffroned with the various marks on them. The ceremony went on normally and fit right in. There is nothing difficult about this; they know how to handle these matters.

MR. SARKAR: A good example for our anthropologists who want new illustrations.

MR. BARR: The question of projects in India has been raised. They make requests for their projects. They are not defined. I would point to the Damodar Valley Project in Bihar Province which in size compares with T.V.A. That is no idle dream; it is going through. It involves ten years' work and I hesitate to say the amount of money. India is going ahead with it. They would like some help in a monetary way - they may get it; I think they will. I could go on with illustrations.

I must say that there is a degree of unrealism in some of their projects, but remember, it is a new country, only 18, 19 months old. Give them a chance. We did not attain our present position as a world power without making some very stupid mistakes, and I think they have done extremely well.

An illustration of how they can over-estimate their ideas, again in the petroleum field: India has vast resources of secondary coal, and it was suddenly announced that they proposed to erect a plant that would turn out one million tons of synthetic gasoline, from coal, annually. The fact of the matter is that the largest plant in the United States (not yet completed) will produce only one hundred thousand tons of synthetic gasoline per annum and the cost of this plant is fabulous. This shows a degree of impracticability, but it was proposed by the Indian Defense Department, who said: "We must have an indigenous source of motor fuel," so Government decreed, "This is the way we will do it." They will not try to erect it themselves. They get the best people they could find - Koppers of Pittsburgh - to go out and tell them what to do, and Koppers are doing a pilot plant job for them now. But I say it is illustrative. In their anxiety to get ahead and accomplish things they sometimes over-reach themselves, and it is a natural mistake that we all make.

I think Professor Broek has made a point, that this area under study should, perhaps, be divided, with India, Pakistan and Ceylon as one group. I don't want to see it divided, but force of circumstance appears to dictate that this may be the way to consider the problem. I assure you that some of the problems which appear to be more important in the other areas are certainly not important in India. It is the coming country.

I think that is all I have to say.

MR. WRIGHT: May I make a comment on one point? I was delighted at Mr. Barr's optimistic view of capital going into India but to give a sense of proportionality as to how much has to go in I recall in our Institute on Technology and International Affairs last year there were some statistics as to the amount of horsepower energy available per capita in various countries in the world. Possibly the effectiveness of capital is illustrated by its contribution to productive energy. I cannot give these figures

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exactly but from recollection they were something like this. In India there is something less than a horsepower per man available; in the United States something like 20 or 30 horsepower; in other words, you can think of every American citizen driving 20 or 30 obedient horses to do his work and every Indian driving perhaps half a horse. That gives some idea of the unbalance between population and capital in India. So it is not a question of putting $100 million into certain oil companies. It is a question of hundreds of billions of dollars if you want to bring them up to anything approaching what we have in the United States.

MODERATOR TALBOT: We will let our Economic Rapporteur cope with this question when he gets to it. We have now reached the stage for summing up. During these days we have raised a good many questions, followed a good many trails, and reached a very small number of conclusions. I have a distinguished bank of specialists here on my right to make the necessary integration.

First, Mr. Embree.

XI

REPORTS OF THE RAPPORTEURS

1. CULTURAL CONSIDERATIONS

Prof. John Embree

Mr. Talbot tells me that the function of the rapporteur is to give a meaningful synthesis to the proceedings. I am not sure that I will be able to do that. I am not going to attempt to do it directly but indirectly. I was asked to speak as an anthropologist about the cultural aspects and implications of the discussions.

On Wednesday night, the night I arrived, after Mr. Furnivall's opening lecture I was sitting, according to the American culture pattern at conventions, having a drink and discussing what was going on with other delegates. I mentioned to Dr. DuBois a paper by a graduate student of mine at Yale on Southeast Asia studies. She asked me what it was about. I replied that it concerned the role of the Plaza in the Philippine community. Mr. Kingsley Davis, who was also present, remarked with some scorn, "My God, cat's cradles!"

The following evening Miss DuBois gave her talk on "Cultural Facets of South Asian Regionalism." She was speaking as an anthropologist. After the meeting I talked with another anthropologist who said to me, "Where is the anthropology?"

There is some truth, I think, in the fact that anthropologists when

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when they get involved in meetings on international relations are so scared of being accused of dealing in "cat's cradles" that they sometimes feel that they must talk only about international relations and sometimes skim over the basic facts of culture or the important contributions that a study of culture can make to such meetings.

Actually, it was Mr. Broek, the geographer, who brought up the only reference to a traditional culture datum when he mentioned house types. It wasn't until this morning, really, that we had two non-anthropologists, Mr. Poleman and Mr. Barr, bring in important matters of culture.

In recent years anthropology has been concerned with a number of interesting problems. One of these is the influence of culture in personality development, a study of national character structure; another is the problem of the processes and products of acculturation; still another is the problem of cultural evolution. I think all of these researches have some bearing on what has been going on here - more than has been indicated in the previous discussions.

During the war a great deal of attention was paid to the character structure of the Japanese and of the Germans. We wanted to know why those people behaved the way they did during the war. I am not one who thinks that you can always transfer a study of culturally conditioned individual behavior to an analysis of national behavior, but still there may well be some connection between the two, and I am sure that in Southeast Asia some analysis of the national character structures of Siamese, Vietnamese, of various types of Indians and Indonesians would be of significance.

Acculturation, the study of culture contact, has been referred to before. I think we need to investigate further the processes by which this acculturation goes on and devote a little more attention to an analysis of cultural responses to culture contact. Here is where "The role of the Plaza in the Philippine community" would have some bearing because the Plaza is a central point of culture contact between outside influences and the people in rural Philippine communitees.

No one, I think, has defined nationalism at this meeting. I am not going to, but under that rubric there certainly is often included one of the products or several products of acculturation: the attempt of a nation or of a culture, to reintegrate itself, to re-establish cultural unity in the face of disintegration resulting from initial culture contact. Certainly some of the phenomena of nationalism in Southeast Asia are of this nature.

Cultural evolution assumes that cultures develop in certain directions and are irreversible. Dr. Eggan mentioned that indirectly the other day. There is a new interest in this subject. In the old days it was discarded because it was too naive. Then it was assumed that cultural evolution was a simple one line development from "primitive" to 19th century British. That kind of naivete in cultural studies is no longer in existence, and there is instead an interest in the matter of how cultures develop in diverse ways, what directions they take, whether there are any regular patterns of cultural development which repeat themselves. Attention to such problems in Southeast Asia again is relevant to making predictions as to what is going to happen in the next few generations.

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I say generations because cultural anthropologists think in those terms rather than in days or months or years. I think any attempts to reorganize these societies from the outside or to try to mold them according to the development of American society, are certainly doomed to failure because that is not the nature of the cultural evolution in the area.

Some mention has been made from time to time of culture areas, but only in passing. I should like to underline here the fact that there are a number of very distinct culture areas in Southeast Asia and in South Asia and that these have a definite political significance. The Islam-Hindu differences have been mentioned and analyzed by Prof. Thorner. The cultural differences between the Vietnamese and the Siamese are marked indeed in Indochina, and at the same time there are cultural similarities between the Siamese, the Cambodians and the Laotians. Taken together with the history of these areas these facts of culture area are very important and point, for example, to the likelihood of future conflict between Siam and Vietnam concerning boundaries. Such conflicts will not simply be political, they will have some of their origin in the very existence of these culture areas.

In this connection I think it is significant that when Mr. Furnivall discusses South Asia he discusses Burma, when Mr. Mandelbaum discusses South Asia he discusses India, when I discuss the area I usually talk about Indochina and Siam. In other words, we usually stick to the regions we know something about at firsthand, and having casual contact with the other areas we know the other areas are different. There are in reality tremendous cultural differences in the areas of Southeast Asia.

The possibility of having this cultural diversity at the same time that an administrative and economic unity is developed has been mentioned. I think an analysis of that is a constructive approach, but I think that to have valid conclusions from such a study of how that diversity can exist within the framework of administrative and economic unity requires more attention than has been given to the very hard facts of cultural diversity.

It has been pointed out by Prof. Wright that the philosophy of life of some of the peoples of South Asia is such as to lead them to have fewer material wants than the people of Western nations, particularly the United States. Mr. Isaacs leapt upon this particular statement as a kind of "let 'em eat cake" remark. I would like to refer to an analysis which has been made by Stuart Chase in his book called Mexico in which he discusses some differences between American society and Mexican society. In that book, you may recall that Stuart Chase took two communities studied by social scientists, one a Mexican community called Tepoztlan by Redfield, another an American community called Middletown studied by the Lynds. In discussing the differences between Mexican culture and American culture he pointed out what he called the "wantlessness" of the Mexican consumer and what a problem that was to the American in dealing with the Mexican. Both peoples, of course, like to eat; but they like to eat different things; they go about expressing their wants in different ways. It is also possible to make sacrifices, sacrifices of life, in order to maintain certain cultural aspects of your life which you want to keep. In our own society we kill tens of thousands of people every year in traffic accidents. That does not mean that we don't care for human life but it does mean that taken collectively

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we prefer an industrial life which includes the automobile at the expense of those deaths.

The Mexican comparison to which I referred raises another point which was underlined by Mr. Mandelbaum and a point which I think is extremely important. That is the fact that we do not have any good community studies from South Asia. In other words, one of the difficulties we have in talking about culture areas or the ways of life of the people or national character structure is that we don't have the data. The study by Mr. Chase could be made by an outside man coming in and utilizing studies by social scientists in Mexico and the United States. There is no comparable data by which people can go in and draw valid conclusions about Southeast Asia. A possible exception would be the Covarrubias study of the Balinese or some of these special studies like the one on Adat law, but in general we know very little indeed of a scientific nature about how the poeples of Southeast Asia live their daily lives.

We do have some histories available. History was pretty well ignored in all of the discussions but I think that the traditional enmity of Burma and Siam is not an irrelevant fact in discussing the future of Southeast Asia, or the historic Siamese foreign policy of playing one foreign Western power off against another foreign Western power in order to survive. She is carrying on that same policy today and seems more concerned with playing off one foreign outside power against another than with entering into any constructive regional framework within Southeast Asia.

Speaking of history, Prof. Wright made a passing reference to an analogy between Southeast Asia today and Medieval Europe. There are some points here which might be pursued by those interested. The role of religion in the daily life of the Southeast Asiatic is certainly comparable in some ways to its role in Medieval Europe. It is very important in the educational life, or was until recently. The agricultural population is a preponderant group, cities being commercial trade centers and also cultural capitals, foot and wagon travel being the ordinary way of getting about, there being a preponderance of illiteracy but at the same time great respect for written material, for learning and for scholars.

I don't think that the medieval analogy should be pushed too far. Dr. DuBois pointed out in her book Social Forces in Southeast Asia that the term "feudal" cannot be used in Southeast Asia in the way it can be used in reference to Europe. There is another difference, that the impact of industrial changes is coming with great speed in the area and that social changes of a different type than those we might have expected in Europe will probably result.

I would like to make a note or two about culture as such as a basis for some other remarks.

Culture as the anthropologist looks at it, is something like soil or climate or water. You cannot turn it into an "ism" like nationalism or regionalism. This suggests that in terms like nationalism and regionalism we are thinking about a conscious determinism on the part of people in the country shaping these things, whereas culture is not something that is ordinarily consciously shaped by the individuals who carry it. On the contrary, it very strongly influences the way of life, the attitudes, the

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behavior of the individuals brought up in the particular culture, always granting, of course, that you cannot have culture without individuals to carry it, but culture also has a certain existence, a reality of its own. Another trait is that it is never static, so any treatment of culture as being static or as being a museum piece is an unreal approach to it. Cultural change is always going on, cultural diversity is always developing, and on any main area such as most of South Asia acculturation is a constant phenomenon, not something which happens now and not then. Culture also has a vitality. I think that Mr. Barr emphasized that very well in regard to India. Culture does not suffer the danger of dying off very readily.

When a social structure or a culture is subjected to rapid change as the result of contact with another or as the result of various internal forces, the old structure perhaps becoming too rigid for the new conditions, there is always a reorganization, a reintegration of the society to fit the new social needs. With the exception of very small communities like some of the Polynesians which get swamped by culture contact, this reintegration always takes place and as a rule fairly successfully. It may take the form of a revolution. It may take the form of the kind of nationalism you see in Siam today. It may take the form of new religious values being emphasized to bring together new and old elements of culture. Various religious movements are often a reaction to strong cultural change.

Stress on national languages is one of the characteristics today in Southeast Asia which is a result, I think, of some of these attempts to reintegrate the society in the face of some of the difficult disintegrating factors caused by culture contact. That raises this matter of language which has been already mentioned several times. I think the emphasis on national languages in Southeast Asia is very significant. Mr. Soedjatmoko treated the Indonesian development in this regard, showed the way in which first of all, the language itself could readjust to fit new needs, and, secondly, how it spread out to serve the need of integrating Indonesia as a whole with a single language. Tagalog is serving the same end in the Philippines, Burmese in Burma. Language is not just a means of communication, it is a national symbol. But ultimately, while these national languages will serve the short-range function of unification, in the longer range period it may provide a rather serious handicap to unity in South Asia as a whole with this great variety of national languages and with great emotional attitudes attached to the maintenance of these national languages.

Another cultural point which was mentioned, but not very much, was the whole matter of religion in the area. There is a tendency now to regard any serious treatment of religious problems as minor and to be tossed off as simply the machinations of colonialists, but I think that religion is still important and must be considered in the region. The social importance of Buddhism in Burmese life, for example, is one of the very important blocks toward the development of Moscow Communism in Burma. The fact that the United States is a Christian country and backs Christians certainly has its political significance in regard to Chiang Kai-shek or, as the French feel with regard to Bao-Dai, whose wife is Catholic. That is on the negative side, perhaps. On the positive side there is what Dr. DuBois referred to as the "inclusive" characteristic of religion in South Asia. This is rather important because it does point up a rather significant cultural difference between religious attitudes in South Asian

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countries and certain religious attitudes still existing in Christian countries. It makes possible perhaps an easier integration on that particular level in South Asia, but we should remember here that the Philippines is Catholic and that the Philippines stands apart from Southeast Asia in this regard.

Coming back now to national character structure, I think this is relevant in discussing the matter of "bold new plans" for Asia. Bold new plans, incidentally, sometimes remind me of Aldous Huxley's Brave New World - I think we should watch our thinking on that.

The Vietnamese is an industrious individual and he has some of the Westerner's attitude in regard to the virtue of work as work and of labor as labor and doing certain things over long periods. Many Vietnamese have pursued higher studies and have become doctors, engineers, and so on. There is little doubt that with an opportunity to work out industrialization on their own they would certainly go ahead with it. Indeed, Paul Mus, who is a French person concerned both with culture and with administration, proposed in 1945 that the best thing for France to do in Vietnam would be to establish a series of atomic research laboratories in Vietnam in conjunction with the Vietnamese, using Vietnamese technicians and developing them industrially in that way. He was thinking of a culture on which he was as well qualified as anyone to work. To us that might seem a startling proposal. To General de Gaulle it was so startling that it did not get to first base, but it was interesting that Mus made it and I think that it had some validity and might have worked.

I don't think it would apply to Siam or Cambodia. The people of Siamese culture are not nearly so concerned with work as a virtue. They have other attitudes toward life and many a bold new plan introduced from the West has failed dismally in Siam and I think will again in the future. There is a basic cultural difference right there when it comes to bringing in Western technology.

The matter of attitudes was taken up by Mr. Isaacs. I would certainly suggest that everyone look at his NEWSWEEK article on the subject. A study of attitudes is basic, but not just the attitudes of these people as a whole to the United States but also the attitudes of the Siamese in contrast to the Vietnamese and in contrast to Hindus, etc. The attitude of each of these groups is different toward us; it is also different toward each other. National attitudes within the region have to be considered because these national attitudes are to a degree cultural. Also the attitudes of peoples toward their own governments and leaders are important. The reason Phibun is in control in Siam is because many Siamese think he is a pretty good person. The problem is why they think so.

I will skip over a few points here for lack of time. There is one point, however, I would like to make. In this matter of cultural differences and cultural unity there is the importance of the elite in the various societies. Very little mention was made of that except to say, negatively, that there seems to be no middle class in many of these countries. The elites, the people you find in urban areas in the upper classes, are rather important in this matter of cultural contact and cultural change in regard to outside countries. It is through them very often that some of these important cultural changes have come. Traditionally, for example, that many new things came into Siam. Today there has been a shift, the royal

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family is out and there is a new kind of elite coming in, an elite which draws on people in other levels of society but which nevertheless remains a small elite itself. These elites are important also because there is a certain cultural convergence among them so that, whereas a peasant in Vietnam and a peasant from Siam might have some difficulty with each other, a member of the Vietnamese elite and a member of the Siamese elite could probably talk the same cultural language a good deal better. Mr. Soedmatmoko's passing remark that the leaders in Southeast Asia could work together is, I think, based partly on this cultural convergence of elites. Some remarks in T. S. Eliot's new book, Notes Toward a Definition of Culture are relevant here.

In coming to a final point I may remark that we here are not concerned and should not be concerned with administration. We are not here as administrators, we are not here as government planners; we are here to analyze the problems involved. The planners are in Washington and Delhi and Bangkok and London and wherever, busy doing their planning and their administrating . That is not our job. Our job is to provide some analysis of the problem so that they can plan a bit less in the dark.

That raises a final question and that is whether or not individuals can consciously influence cultural change. An anthropologist like Kroeber in his study of the rise and fall of cultures would indicate not. A working political reporter like Mr. Isaacs would insist on an opposite view, I am sure. I would submit to the group an intermediate alternative, not intermediate, really, but off at another angle, and that is this concept that you find in South Asia of Karma, the idea that an incalculable series of past acts determine future acts - the idea of the past within the future. By this concept an individual cannot singlehanded change the course of history. History is a result of a multitude of collective acts. The individual should not feel frustrated because he cannot turn the stream of history at a right angle, but his small present effort, an effort also determined to a large extent by previous acts of himself and his predecessors - i.e., his character structure, - helps to keep the stream flowing, and this, perhaps, is what counts.

MODERATOR TALBOT: Thank you, Mr. Embree.

Now, Mr. Thorner.

2. ECONOMIC CONSIDERATIONS

Prof. Danial Thorner

First, a word on the ground I shall attempt to cover in this brief report. Our discussions showed rather broad agreement on the way in which the older societies were transformed under Western influence. No one denied the resulting existence of formidable economic problems today. These phases of the discussions are sketched - only in their barest outlines.

The question, what should be done about these problems, called forth several sets of proposals. In the case of each set, however, the further

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question, what was likely to be done, (or what actually was being done), received almost uniformly the same answer, much less than should or could be done. This gap, and some of the reasons officers to explain it, occupies the central part of my report. An appraisal of the economic discussion brings the statement to an end.

Transformation of Older Societies.

The economic problems of South Asia in the middle of the 20th century are the product, it was generally agreed, of the extension of western influence in the area. They are a legacy of imperialism, not so much of the older mercantile expansion of the 16th to 18th centuries, as of the more systematic economic opening up of the chief countries by modern steam transport (railways and steamship lines) roughly since the middle or latter half of the 19th century. This made possible the extension of commercial agriculture, facilitated the growth of industrial crops, the extraction of minerals, and the import of western manufactured goods. The economies of the colonial countries became subordinate, dependent parts of the metropolitan capitalistic economies of the ruling powers -- favorite spheres for the profitable investment of new capital, or reinvestment of profits from earlier operations. In the process, the older societies were drastically transformed. Formerly they had been self-sufficient economies - "backward" economies - some noteworthy for what may be called "friendly backwardness." The economic foundations of these older societies were dissolved over the years, without providing the foundations for a new or modern type of life. They lost their old world without gaining a new one.

The present economic position of the peasantry throughout South Asia is very black: stark poverty, heavy indebtedness, loss of land resulting in tenancy, and (particularly in India) a formidable growth of landless laborers, a low level of nutrition leading to poor health, and low resistance to disease.

Urbanization in the area has proceeded slowly. The cities have generally served only as commercial centers. There is little industry. Even in India, actual factory workers number only one percent of the total population; and the strength of the Indian middle class should not be exaggerated.

Capital accumulation in the area is slow and the prospects for rapid industrialization on the basis of domestic economic strength were rated as slight. Analysis of recent trade patterns offered little encouragement. In a word, those countries which have gained independence or a new status politically, have remained dependent economically. The population problem attracted much attention. The growth of India's population in particular was seen as likely to swallow up increases in food production. Similarly, the demand of India's multiplying millions for barest consumer goods might divert attention from the underlying need to expand India's heavy industry and prevent that development of heavy industry which alone, in time, could lead to an adequate supply of consumer goods.

What should be done?

To meet these grave, depressing problems, several sets of proposals were put forward. The plan of campaign which attracted the most support called for heroic, if not revolutionary, measures of a socialist sort. The peoples of South Asia, it was said, had not a moment to waste in the fight for

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economic survival. Their position was likened to that of a man already up to his neck in water and threatened by a rising tide. Rapid large scale industrialization under public auspices and broad governmental control was essential; presumably, it was to be carried through at the expense of the peasantry. Yet agricultural development was stressed heavily, too. It was to proceed parallel with the growth of industry as rapidly as possible. In the agricultural field, stress was placed on sweeping agrarian reform coupled with a series of techniques and measures designed to increase crop yields per unit of land, without requiring expensive capital equipment. To execute such a program, a strong-handed, perhaps ruthless, government, in some views, appeared essential. Along with industrialization would go a broad campaign for birth control. In short, South Asians were called upon to pull in their belts (Indians particularly to tighten their dhoties), produce less children to play with at home, and expect repressive measures if they resisted.

It is relevant to note that most supporters of this rather radical program hoped to obtain from the U.S.A. part of the funds to finance it. To this we shall revert later.

Throughout the discussion of industrialization the case of India naturally received the lion's share of attention. Several speakers observed that in its relatively large indigenous middle class, India was quite different from Southeast Asia. In fact, the capitalistic elements in India were stated to be the real power in that country. Under their leadership, in the view of some, a capitalistic industrial revolution of India along 19th century lines was under way. It was frankly stated that the capital to nourish this process was likely to be squeezed out of India's underfed population in a fashion similar to the Hungry 'Forties of early Victorian Britain.

In another view, both the wisdom and the actuality of such a course of capitalistic-style revolution at the expense of the masses were doubted; strong opposition was simultaneously expressed by this speaker towards anything smacking of socialism. Instead, his emphasis was placed on the need for the fostering of conditions necessary to provide local and foreign enterprise with sufficient incentive for new industrial ventures. Hence, unduly dramatic steps were to be avoided, while law and order, stability, and gradualism were recommended; thereby, in time, the free international flow of capital in 19th century style might start up again and could be tapped for a fairly broad program of development.

As opposed to all three positions just stated, a fourth view was that it was not easy to improve matters, that industrialization should be gradual, that the main thing was the improvement of agriculture, and that the mere technical improvement of agriculture was very difficult. Alongside this sector of opinion were heard voices which frankly despaired of any progress at all, while still another view was that none of the proposals put forward was markedly different from things advocated by enlightened colonial regimes a decade or so back. As contrasted to these counsels of despair, a voice or two spoke up hopefully for vast new sources of power, perhaps solar energy. One lone voice staunchly insisted that the way out was for the countries of South Asia determinedly to shun industrialization, to block the growth of a spirit of acquisitiveness, and to cling to their traditional cultures. As against this, the point was made that the people of the area

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did not desire to serve as a set of permanent museum pieces, living relics of a long-forgotten age and society.

During the presentation of the various positions, the merits of diversification versus specialization in economic development were debated inconclusively. On the other hand there seemed fairly general agreement that the area as a whole did not present the features of an economic "region," however defined. Such foundation as existed in the area for regionalism had to be sought in spheres other than the economic.

What is being done and what is likely to be done? And why the large gap between these and what ought to be done?

The chief reasons why so much less is expected to be done than what should be done lie at first sight in the realm of politics, particularly the conflict between nationalism and colonialism. Here, though, we doubtless will remember that politics is the sphere where many kinds of issues, including economic issues, are fought and decided. Colonialism, both as a heritage and as a live fact, hangs like heavy thunder clouds over the entire area, obscuring the future of Indochina, Indonesia, and, in a somewhat different way, Malaya. That remark probably could be expanded. (Laughter) Little can be expected of the latter countries without a prior satisfactory settlement of the colonial issue. India, Pakistan, and Burma are plagued by internal issues partly traceable to social and ethnic differences, differences compounded and in part acute because of the way in which they were inflamed during the period of imperial political hegemony.

Outstanding in the current scene is the spectacle of both India and Pakistan spending at least half of their current budgets on military preparations, apparently each against the other. Such national jealousies in the area, in part manipulated by vested interests, severely hamper economic plans and activity. In referring to this in the course of the discussion, the ominous-sounding suggestion was made that perhaps an externally created "co-prosperity sphere" or economic Grossraum was needed for economic efficiency.

Turning to more strictly economic reasons for the disturbing gap between necessity and actuality, one speaker remarked that the task being set for these countries might be beyond the strength of any government that had ever existed or was likely ever to exist in the area. If India, for example, starting from its present position, were to try to do what the Soviet Union had done, it would pass through the greatest ordeal ever faced by a nation. In a word, there was no royal road to industrialization. If the most rapid economic progress was the goal, several speakers observed, then communism seemed to promise the most and bid fair to take over the area.

To the regret of many, the United States appeared to sit up and take notice only when communism was the question. Ardent appeals from the area for help from the United States in meeting pressing economic problems seemed to be judged largely in such a context; decisions in the past and probably decisions in the future were affected by the fact that the area as a whole is not termed "vital" to United States (military) security and that the chief country in the region, India, is not considered by the State Department a "sensitive" zone in the cold war. Whatever the possibilities may be for United States technical assistance and advice, substantial capital funds for

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the area from the U.S. Government or Government-influenced agencies, and other bodies on their periphery, I might add, do not seem likely in the immediate future.

The attitude of U.S. private investors is still less favorable. Historically, they have been interested in investment in Asia in terms of individual projects, say for mineral or petroleum extraction or for assembly abroad of goods manufactured in America. There is not much common ground between them and foreign governments seeking aid for heavy industry, especially if that industry is to be more or less under governmental control or supervision. The unsympathetic attitude of American spokesmen for American investors was shown by their cool reception to Nehru's statement in January 1949 that foreign firms would be permitted to operate and invest in India on a plane equal to that of indigenous firms. The magnitude of Nehru's concession, when considered in the light of the debate some years ago over the Government of India Act of 1935, in which one of the largest groups of clauses was the protection of British firms against discrimination by any Indian Government, should not be underestimated. In the eyes of some American bankers, however, India by this statement of Nehru's was simply trying to make little of the fact that considerable powers had already been established, or were about to be established, over the operations of indigenous Indian as well as foreign firms. For their part the Indians took this as indicating that the United States was in the fantastic position of trying to get better conditions in India for American houses than Indian houses themselves had. In short, to conclude this brief sketch of the economic phase of the proceedings, it would appear as though these countries for some time to come would have to promote their own economic development primarily from their own resources, a prospect which, as we have seen earlier, does not at first sight seem very promising.

Appraisal.

Reflection upon the position of the United States as brought out in our proceedings indicates several angles from which that analysis perhaps may be supplemented. The extent of United States' commitments in Western Europe under the Marshall Plan and related developments appears to have been brought out insufficiently. Further, in view of our discussions about the difficulties of industrialization, it is of significance that Western Europe, the area which is the subject of the keenest dispute between the U.S. and the U.S.S.R., happens to be one of the most industrialized parts of the world. From this angle at least, neither power turns out to be so foolish as it is sometimes said to be. The United States, as has been widely observed, is now virtually the sole strong supporter for capitalistic or partly capitalistic economies; does the United States have the economic strength to take on simultaneously the problems of the South Asian world and other underdeveloped regions? In this connection, is it not expected that at the "end" of the Marshall Plan in 1952, the countries of Western Europe will again have rather serious problems in securing adequate supplies of dollar exchange?

Perhaps these considerations help to explain the comparative reluctance of large American private investors and governmental agencies to extend capital to Southern Asia. So far as the Point Four program is concerned, one warning may be recorded about recent demands for state underwriting of Point Four loans against risk by private investors. There is nothing new about such loans in South Asia. The Indian railways, Asia's largest system,

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were founded under such risk-free debentures a century ago, in 1849. Once the Government of India guaranteed these debentures, incentive to economy was lost and both wild extravagance and shoddy construction occurred. For the entire second half of the 19th century practically no dividends were earned by any of these lines, with one important exception. The state therefore had to put up the money to enable the railways to pay five per cent dividends; the losses on this score proved a crippling burden on India's finances. It would be folly indeed for the United States to tread the same path a century later.

Review of the discussion about the capital needs of the South Asian countries indicates much vagueness, almost casualness, about their plans for economic development. It would almost appear as though a few ounces of fresh data rigorously analyzed were worth tons of 19th century Royal Commission Reports and 20th century, all-embracing brochures on planning. The fact is that there is no census of industrial capital in India, no solid, up-to-date study of national income, and only the vaguest estimate of capital formation. How then does India know whether it needs the $90 billion of capital over a 15-year period as estimated under the Bombay Plan of 1944, or the $8 billion for a 3-½ to 5-year period as mentioned here the other day? Certainly there is no really comprehensive overall plan for India, on the basis of which the pattern or timing of industrial development is to be guided. Such overall planning as did exist in India has now given way to a disco-ordinated series of specific projects sponsored by influential groups who find it difficult to obtain capital goods or technical know-how in their own immediate industry or business. There has been no thorough searching analysis of the extent to which domestic resources can be tapped for raising the necessary capital, and it may be that there is something to be said for the view expressed here in the last few days that domestic mobilization would yield in time results of rather surprising dimensions. If this is the statistical picture for India, what must be the case for the rest of South Asia, particularly if we put Indonesia aside in a category of its own, not necessarily higher than India?

These remarks about the deficiencies of our statistical data for the whole region - involving as they do rather serious consequences for our capacity to measure its needs and requirements - could be protracted greatly. I have no intention of doing so. My purpose in raising the subject was not to suggest that before forming any useful judgments about the area we needed all the data suitable for the most refined studies of the National Bureau of Economic Research. I did wish to indicate that our knowledge of the area is quite uneven, and that in some sectors of high importance for our discussions we are virtually without any solid data whatsoever. Relatively speaking, the area has not been important to the United States, and only a limited number of Americans have studied the area seriously.

Seen in this context, it is scarcely surprising that our initial discussions of economic affairs, particularly on Thursday, seemed somewhat unsure. Had we been more precise than we were, we would probably have been running ahead of our data. Among its valuable services the 1949 Harris Institute has revealed to us more clearly than before that our economic knowledge of the area requires strengthening.

To sum up in a few words. Economic analysis of Southern Asia has shown that the region is passing through a period of profound economic change,

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perhaps the most thorough-going change in its history. The indications are that a time of troubles is ahead. That should not necessarily incline us toward long-term pessimism. The character, the pattern, and the outcome of these changes are uncertain, and carry us over into the realm of politics, which is the subject of the final report.

MODERATOR TALBOT: Thank you, Mr. Thorner.

And finally, Mr. Holland.

3. POLITICAL CONSIDERATIONS

William L. Holland

Mr. Chairman, partly because the time is getting on and partly because I am supposed to be an economist by training, I find my position of being involved in the political aspects of this discussion a little easier than it might have been. In the true sense, the word "politics" as we should here understand it, really involves the sum total of all the factors that come to bear on the decisions made by the leaders of nations, and they certainly affect therefore the cultural and economic aspects that have been discussed. For that reason I am arbitrarily going to confine myself to what you might call the "dregs" of those aspects. That in fact means that I will be dealing largely with certain aspects of internal administrative and governmental problems on the one side and then with some of the more noteworthy aspects of international conflicts or communities of interest which have been brought out in the discussions, and finally a few words on some of the more specific political implications of these factors for American policy and for the foreign policies of other nations outside Southern Asia.

Running throughout our discussions on the political or economic level has been the unresolved question of, first of all, whether we are dealing with one or two regions, or even whether if broken down into two you have really general agreement on the validity of the regional concept. That has been discussed from various points of view. There are a number of theoretical and logical doubts which have been expressed about the validity of the concept either for South Asia or for Southeast Asia. One of the obvious points is of course that the disparity in power between India on the one side and Southeast Asia on the other is so great as to raise some doubt as to the notion of a "region" even in political terms. Perhaps even more important is the fact that both parts of the region, India on the one side and Southeast Asia on the other, do not look merely within their own boundaries for the major solution of their problems. Both of them look outside: India, because she regards herself increasingly as a world power and because in any case she has to look to the West, to the countries which have their affinities with the Middle East; and Southeast Asia, certain parts of it at least, because the historic ties have been until very recently with the Western World, and in the case of the Philippines that still remains true in a notable degree.

It is further to be noted that, despite these theoretical and logical doubts about the validity of the regional concept, certain practical events

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have certainly increased the evidence that there is the consciousness of regional identity. As Mr. Isaacs pointed out, that was perhaps first symbolized in the calling of the Asian Relations Conference in 1947, and then further intensified by the holding of the Delhi Conference on the Indonesian issue. But there I think it should be noted that the initiative in both cases came, not from the region as a whole or even from a group of the main countries there, but almost entirely from India, and that an important aspect of the Delhi Conference was the fact that it was extended beyond the region to include Australia and New Zealand and that perhaps contributed a good deal to its international significance.

I pass now to a brief review of the more important internal political factors. We have heard a good deal already of the numerous differences which exist within the countries of Southeast Asia, and that of course is true in the political sphere. I need not take the time to detail them all here. Perhaps as illustrations we might point to the fact that, though in all areas there has been up until recently an acute concern with the throwing off of external Western political control, the actual methods adopted have differed markedly between the different countries, and therefore you have a totally different political climate in such countries as the Philippines on the one side and India and Pakistan on the other because of the way in which their aspirations toward their independence have been handled by the former governing power and the less progressive and statesmanlike way in which those same tendencies have been treated by Holland and France in the case of Indonesia and Indochina. Moreover, because of historical accident, as Mr. Embree has noted, Siam having been independent has not manifested its nationalism in quite the same forms as the other countries, and that has a very real bearing on the nature of the internal political development there.

I now turn to see what principal common elements exist within the internal political situations in the countries we are considering. I would suggest that in all there is, even on the political level as distinct from the economic aspects, a noteworthy preoccupation with socialism as a general political doctrine, however it may be defined in practice, and with nationalism, involving, as I have said already, a considerable concern with the elimination of either actual or recent vestiges of external forms of control, whether those are explicit in the form of actual sovereignty or indirect in the sense that a country like Siam feels itself to be to some extent under pressure from other nations, as, for instance, Great Britain in recent years.

Second, in all of these areas - I regard this as a central problem - there are serious administrative deficiencies, which means that the technical level of governmental administration constitutes a very serious problem, all the more so because the problems that have to be grappled with by the new administrators are so acute and the margin in which mistakes can be made is such a very narrow one.

That leads us to the next common element. In all these areas there is appreciable danger of undemocratic trends, partly because in some cases the tradition of democracy, at least in the Western sense, was never deeply rooted, and even where it has been implanted, as in India, Pakistan and the Philippines, it is too early to say that it has taken deep and healthy roots. But throughout, the lack of parliamentary tradition and the weaknesses

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of the educational system mean that the aspirations toward political democracy are in danger always of being subverted. That danger is probably most serious in a country like Siam, and perhaps in Burma, less serious for the moment in areas like the Philippines, India and Pakistan, though we have all seen some of the rather serious tendencies in those countries which may offset the trend toward democracy.

A tendency in all these areas is for the real control of power to gravitate into the hands of rather tough party or military factions. That is perhaps all the more important because in a number of areas those factions for the moment hide behind more liberal, or more lenient, political leaders. The most noteworthy example of that is in India today in the contrast between the personalities of a man like Nehru and his rather tough henchman Patel.

Throughout the area I think a significant political problem also arises from the existance of minority problems, some of them being aggravated by the fact that the minorities are alien groups and not merely internal minorities. As we see in Burma, the fact of even internal minorities constitutes a very real problem, and we have had discussion on the significance of linguistic and regional minority groups in India.

Next I would stress, although it has been mentioned in the economic sense already, the absence or very great weakness of a strong middle class or of a modern business class, complicated by the fact, as we have already noted, that the middle class in many parts of Southeast Asia has been alien, either Indian or Chinese. A notable exception perhaps is India, where there is much more of a middle class and where consequently there is already in evidence a decided conservative trend, not merely, I suspect, in the economic sphere but in certain aspects of politics as well.

Next it might be noted that all areas here are affected in considerable degree by Communist movements, though those movements are of varying strength. The Communist movement has very strong internal roots, largely based on the fact that it has been able to exploit not only traditional social and economic evils but has been able to link them up to the problem of external colonial control, and furthermore to play upon the rivalries on the world scene between Russia and the other Western Powers. It is noteworthy therefore that Communism has shrewdly exploited the nationalist appeal, even, as Mr. Isaacs pointed out yesterday, to the absurd extremes of appearing at times to favor nationalism and nationalist independent movements at the expense of what might seem to have been rather desirable co-operative regional movements, even on the economic level. It is significant, since we often tend to make the mistake of assuming that Communism is a uniform phenomenon which operates the same everywhere, that there are appreciable variations in the South Asian communist movements. As Mr. Milton Sacks brought out, in the Indochinese movement it leads a coalition. In India for various reasons the Indian Communist movement has had to go through certain devious phases, some of which were undoubtedly forced by developments on the Indian political scene.

Throughout the region, despite the aspirations towards democracy and despite the genuine efforts of countries like Pakistan and the Philippines and India to adopt the orthodox parliamentary forms of government, actual leadership remains in the hands of very small minorities. On the other hand it should be noted that these elite groups are significant, and from the

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point of view of the outside world are the only groups that probably can be dealt with by foreign governments. The minorities, though small, are in fact able to mobilize considerable emotional and other support from the mass of the people. The obverse of that and the dangerous aspect of it is of course the risk that these small minorities can rather easily move in the direction of the establishment of oligarchies or personal dictatorships and police states.

That is a real danger because there exists in all these countries what might be called, as it was in China, the fact of an uncompleted social revolution. Nowhere in this area can it be said that even the mildly socialist and nationalist governments which have come into control or are aspiring to control have worked out far-reaching plans for dealing with some of the survivals of medieval or feudal or at least pre-capitalist social and economic institutions which certainly determine a great deal of the political climate of the country. That is obviously true in such matters as the failure to enforce drastic land reforms, or to curb the important political influence exerted by money-lending and merchant groups. That failure has its implications in that it provides the Communists or other extremist leaders with a very convenient rallying cry. Even though a Communist movement itself could not perhaps put forward any very effective positive program of its own for dealing with these intractable economic problems, it has a very effective political weapon in simply calling for the overthrow of these obvious and age-old evils, and, as the example was cited, you don't have to work out a new, a perfect system of agricultural credit; it is sufficient to call upon the peasants to stop paying rent to the existing landlords.

That is perhaps best summarized in a statement which was made that throughout the area the mass of the people, though often described as inert, unorganized, are nevertheless in a process of change, confused change but very real change, and that the one thing they are sure about is that they want some kind of a change, almost any change. In that sense, to talk of restoring something of the old stability of the prewar system is unreal because certain vital elements in the old system have gone forever. Certainly those vital elements depended directly on the fact of foreign control or of foreign economic participation, and for the most part those have broken down or disappeared. In that sense the djinn is out of the bottle. To make an outrageous pun, one of the ironies is that the Dutch, who ought to know most about gin, are least willing to recognize the fact and persist in the futile attempt to put the djinn back into the bottle.

Finally, I would allude to what was briefly mentioned but which I think to be a matter of great significance. That is the present, and even more the future, role of the military in these areas, all the more because throughout the area one of the significant political facts has been the wide and uncontrolled distribution of arms into the hands of the people and the fact that even among the so-called armies of the area the military organization is so loose that it has proved very easy, whether in Burma or Indonesia, for small armed groups to break off, to constitute a serious threat to security and political stability, even against the wishes of the nationalist leaders. However much we may discount the charges of the Dutch about the irresponsibility of the Indonesian leadership the fact remains, as we have seen in Burma or in the Huk movement of the Philippines, that the existence of arms and the lack of any organization constitutes a serious political problem.

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In the few remaining moments I want simply to sketch very briefly certain of the international aspects of the political side of our discussions. First, I would stress the fact of the disparity between the power of Southeast Asia as a whole, on the one side the nations of Southeast Asia, and to some extent India and Pakistan on the other. While it was not discussed at length here, it is worth noting that in the minds of a good many of the peoples of Southeast Asia this gives rise to certain anxieties which can be crudely expressed as the fear of a certain type of Indian expansionism or even imperialism, the risk of that being all the greater because India has in Malaya and Burma colonies of its own nationals who might conceivably provide an excuse for intervention.

Notably it was mentioned that, though there has been a change in administration in China, the Chinese Communists have already expressed concern for their groups overseas. That is most significant in the case of Malaya where almost all the leadership of the Communist insurrection there has been Chinese.

It was noted also that in terms of power structure, if we are trying to think of this area as a region, it is very difficult to envisage it as an effective functioning area unless we bring into consideration such outside areas as Australia as one of the so-called strategic "pivot" areas, and possibly even Japan, looking ahead and thinking of power in terms not merely of military power but a complex of industrial and commercial power.

The question has been raised of who could "impose" regionalism in view of the great strength of nationalist sentiment here? That constitutes one of the very serious problems and is at the back of the notion which has already been expressed by Mr. Thorner on the economic side, namely the perhaps inevitable tendency toward some kind of system in which a great degree of Indian predominance or leadership would have to be recognized. The only alternative would be some new type of regional organization in which with the guarantee of the outside powers there would be a sort of treaty of neutrality, in other words, an attempt to hold the ring and prevent Southeast Asia from becoming an arena for international rivalries. That in turn would require a much greater degree of self-control and statesmanship than most of the outside powers have been willing to show so far. In fact the real danger is rather the reverse, as was noted this morning; that the great outside powers, particularly the United States and Britain and Russia, because of their ability to give economic aid might couple that aid with political demands in the attempt to fight the cold war and extend the battle over Russian Communist influence into that part of the world.

I suggest that this concept of international co-operation for a guarantee of the neutrality or the protection of the area from external aggression is something that deserves more attention than we were able to give it here. In that connection we must note that American policy today is double-faced. It is full of serious contradictions because of its apparent decision to give priority to the strengthening of Western Europe, and that has in turn led to a decided reluctance to go ahead with any immediate plans for a Pacific pact, despite the effort of the Australians to push that idea. We saw from General Romulo's remarks how the United States has lost in Asia much of the good will it had at the end of the war, how any attempts which it might make now to propose regional schemes involving direct American

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political and military support would in fact be suspect and rendered difficult because of that very fact. I would suggest, however, that we tended in some of those discussions to overlook the fact that power does continue to exist in this part of the world. It cannot be wished out of existence and this part of the world may become an arena for conflict of world power systems. The important thing, I assume, is to devise means for canalizing those power systems so that they will not meet in head-on collision in this part of the world.

That leads then to some of the implications of our discussions for the United States and other nations. The remark which was made most generally and which seemed to command a great deal of support was that foreign policies which are merely based on anti-Communism and the desire to check either Asiatic Communist expansion or the expansion of Russian power in Asia, will not be sufficient. On the contrary, policies based on that idea will rather tend to polarize the political situation in this part of the world and weaken the all-important non-Communist leftist but middle groups. One might therefore conclude that if we were trying to come forward with an exhortation it would be that the United States and the other principal Western Powers ought to give much more attention to the support of the non-Communist leftist groups in South Asia, and that of course means that it is dangerous for us to be too obsessed with the mere preservation of stability, recognizing the need for this in certain respects. A measure of upheaval in this kind of situation is perhaps inevitable and one might even say that it is even necessary and desirable. Whether you can have such a thing as "controlled upheaval" I don't know but it is something which perhaps needs to be kept in mind.

Finally, since we have been concentrating so much on a partioular area here, I think we must conclude with a slightly chilling thought that by all the current evidence this part of the world for the moment is not one of the top priorities in United States overall Far Eastern policy. It may become much more important, but for the present it does not rate with Western Europe or even, let us say, with the Middle East in United States overall strategic concerns. That fact has a very real bearing on the urgency of American Far Eastern policy-planning.

Quite naturally here we tend to think simply of Southern Asia and the United States, and that relationship certainly is important. On the other hand we must remember that there are other important parts of the world which can influence Southern Asia and the most notable of those, I suppose, is still the British Commonwealth. I conclude by simply noting the fact that here is one case where as a result of the recent decision of India to remain even symbolically within the Commonwealth the international situation in Southeast Asia remains therefore one in which other Western powers can still be of considerable influence and can in fact decidedly influence American policy. Finally, I would note that the one functioning regional organization with some degree of executive power has been one within the British Commonwealth system, namely, the very small but quite important Southeast Asia organization set up under Lord Killearn and Mr. Malcolm Macdonald.

MODERATOR TALBOT: Thank you, Mr. Holland.

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We are right at our deadline and I know that some of you are planning to catch early planes; nevertheless, I want to give an opportunity for a word

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to Mr. Furnivall who has come halfway around the world from a place where his services were very much in demand in order to meet and talk with us about the problems of this whole area. We greatly value his contributions to the conference. Mr. Furnivall.

MR. FURNIVALL: Really, I feel there is nothing left for me to say. Right from the beginning of this conference I have looked forward, and I am sure that everyone who has heard Mr. Holland do this kind of thing before has also been looking forward, to the admirable comprehensive summary and survey that we have just been listening to. I don't know how he does it. I have heard him before and he works a miracle every time. Whenever I have felt at all bewildered wondering whether there was more diversity than unity, not only in South Asia but around the table here, I felt, "it will all come right in the end, Mr. Holland will tell me just what I think and feel." On this occasion he had the advantage of the preliminary summaries; but it was he who wove everything together, and once again I am tremendously impressed!

One or two points have occurred to me that it might be worthwhile spending just a few minutes on. There is one point about the dangers of overpopulation that has not received a great deal of attention. I remember the Dutch once asked me to talk in Java and I suggested that in Burma economic environment determined population. It gave them a shock. They thought that population was the great danger and that population determines the economic environment. Personally, I am not a bit afraid of having more babies, but I am afraid of not providing them with a world in which they can live as useful citizens.

We have had references to the Indian native states; some suggested they were better and some suggested they were worse than the provinces under British rule. I think there is no doubt that in certain of the native states, various statistical analyses of public health and so on, show that in many ways they were ahead of even the best administered British provinces, and many of the British provinces were miles ahead of the worst native states. But in many native states there was a great deal done that the British Government could not do.

MODERATOR TALBOT: Particularly in public health, you might say.

MR. FURNIVALL: That is a suggestion. I am not quite certain of the figures but my very strong impression is that the British Government spent a good deal more money on welfare activities than the most progressive Indian states. It occurred to me two or three times in the course of these discussions, and it has often occurred to me on other occasions, that people are apt to think that it is sufficient to spend money on welfare services to insure that welfare is promoted. It is much easier to spend money than to spend it wisely, and the example of the Indian states I think suggests that nationalism may help us to spend less money more effectively. That is only one argument that I would put forward in favor of nationalism. We have had the argument for nationalism also put forward on the ground of self-respect.

There is another point that I have not noticed brought out so clearly as I think one should bring it out, that in the past nationalism has been very useful in Europe in bringing the countries together internally though it

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has now in Europe become a dividing force rather than a uniting force. Right at the beginning of the conference I suggested the danger of thinking that these people ought to want what we want. We are also in danger of thinking that what is right for us is right for them; and in this case almost for the very reasons that nationalism is to be deprecated in Europe and the West, for those same reasons it is to be encouraged in the East in the present stage as a force for internal reintegration.

Then another point that I think deserves rather more attention than it has received is in connection with democracy. There seems to have been a tendency to identify Western democratic institutions with democracy without asking whether the forms of Western democratic institutions are the only forms compatible with democracy. I expect that most of you have read Graham Wallas and you will remember how he distinguishes the functions of representative institutions: they are organs of knowledge for representing the wishes of all the people, and for helping to ascertain the facts; they are also organs of thought for deliberating what to do by general discussion in the same way as we have been discussing problems around this table; and thirdly, they are organs of will. In the West these three functions are all performed by the same institution. I would like to suggest that it is not essential to democracy that the same institution should perform all those functions. We can expound democratic principles and explain our institutions, but should leave the people themselves to devise appropriate democratic institutions in accordance with the fundamental principles of democracy but adapted to the circumstances of their country.

Then again there is also the further danger that nationalism is apt to develop narrowness. I thought it was quite a good suggestion (I have forgotten who put it forward) that each country should have a ministry of South Asian Affairs. It is perhaps rather cynical and not entirely true to say that any new ministry means little more than a new secretary, a new department, new parliamentary secretaries and other additional expenditure, so that merely to create a new ministry is perhaps rather dangerous. But something along those lines would enable leaders from different countries to meet more often and to conduct a mutual discussion of their problems. I have already suggested that one of the advantages of a conference like this is that we can examine delicate problems in an atmosphere of dispassionate academic interest, but if there had been representatives of the various states around this table the proceedings might not have been quite so dispassionate. I dare say there might be a little heat generated, quite apart from the climate, in any meeting of this kind in Southeast Asia; but such meetings would tend to encourage the people to take wider and longer views of their local problems. Again it has been suggested that they have no common interest because they are all complemental to the outside world. That is one reason why they have common interests, they are all in much the same position with regard to the outside world. And all of the fundamental problems of getting the different racial and other sections together into one nation are much the same and their history and physical and cultural origins are fundamentally the same. Their present situation is the same and their problems are essentially the same, and I am quite convinced that they can solve those problems very much better by getting together then they ever can hope to do alone.

There is one other point on which personally I feel it incumbent on me to say something. I may not do so [illegible]

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Mr. Soedjatmoko probably has come a little bit farther. But the distance that I have come and also my age entitle me perhaps to speak for my colleagues. I myself do wish to express personally my very warm appreciation of all that has been done for us here, and I am sure that everyone will join me in that. I must thank Dr. Quincy Wright in the first place, not merely as Chairman of the Harris Foundation but for so kindly presiding at the opening lecture, and also for the weighty common-sense contributions he has made to our discussions. Then there is Mr. Hoselitz, too, he is another person to whom I am sure we are all infinitely indebted; and of course to Mr. Talbot not only for helping to do so much to arrange the conference but for the hospitality that he has given so freely. I greatly enjoyed his hospitality. I think that I can ask you all to join with me in thanking all the members of the Institute for their hospitality and for the opportunity of taking part, the great privilege of taking part in these discussions.

... Applause ...

MODERATOR TALBOT: I think I should say, Mr. Furnivall, that many persons here at the University of Chicago have expressed their appreciation of this conference and of the contributions made by Miss DuBois and yourself in the public lectures. Members of the University community have also been glad to become acquainted with the Institute participants. The extent of our debt to you is very considerable and we are most grateful and most pleased to have had you with us.

MR. WRIGHT: I want to add to what Mr. Talbot said that we have had the experience of twenty-five of these Institutes and I don't think there has been any one where there has been more discussion on really fundamental problems. I believe this conference, due to the presence here of experts from distant parts, is going to be of great importance in directing the scholarly opinion in this country to the importance of this area.

MR. SARKAR: From the viewpoint of Asia I should like to offer a word of appreciation. I happened to be in the U.S. as a traveler in American towns and villages and suddenly I found myself invited by Friend Talbot as a guest to this Conference. I am so happy to be in this company and the only word that I will be sending to my countrymen is to the effect that America has been advancing tremendously in the matter of amassing knowledge and building up experts about the different regions of Asia. This is tantamount almost to a revolution of the American mind when I compare it to the situation in 1914-1920 during my two visits of those days over here. I thank you for all the opportunities that I have been presented with.

MODERATOR TALBOT: I am delighted that Professor Sarkar has that impression. I must say that at the conclusion of this Harris Institute I am left with an impression of how much we don't know, how far we have yet to go in this field. As has been said repeatedly, South Asia is not a field of high priority for the United States. How fortunate that is for us, because compared with American knowledge of the other parts of the world we obviously are just beginning to know South Asia.

MR. SARKAR: That is an expression that calls for the very high standards which Americans use in everyday life.

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MODERATOR TALBOT: I do hope very seriously that what has gone on here will help stimulate thought on further projects and further lines of study of this area, and that if we were to gather again after a few years we would come a little closer to what Professor Sarkar suggests is our goal.

Thank you very much for attending the 25th Institute of the Norman Wait Harris Memorial Foundation.

... The 1949 Harris Institute adjourned at 12:10 P.M. ...

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