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INAUGURAL ADDRESS

By

SHRI MORARJI R. DESAI

*Minister For Finance
Government of India*

I am very happy indeed, Mr. Chairman, to be given this opportunity of inaugurating the Annual Sessions of the Indian Economic Conference, the Indian Agricultural Economics Conference and the Indian Labour Economics Conference. Modern economics, they say, began with the concept of division of labour. At the same time, the problems and pressures of our work-a-day world have made us think of planning, of co-ordination and of co-operation; and I am glad to note that your practice of having three separate associations of economists which hold at least their annual sessions together represents a happy blend of the virtues of specialisation and co-operation.

I am well aware that all of you assembled here in your professional capacity are naturally interested in listening to each other, and more particularly to your distinguished Presidents for this year. My role in inaugurating the Conferences is purely ceremonial; and if I venture to intervene for a few moments between you and your Presidents, it is only in the exercise of my prerogative as a greatly interested consumer of the product of your deliberations.

As you can well imagine, my attention was drawn particularly to one item of your agenda—the current topic which is to be discussed jointly by all the three Conferences, the topic of “Economic Mobilisation for Defence.” For more than a decade now, we in this country have directed our attention and energies towards the central task of planning for economic progress. Our achievements in the economic field have by no means been insignificant. Perhaps the greatest achievement of all has been that through our successive discussions on our plans and our experience with them, we have gained a reasonably accurate measure of the problem and have arrived at generally acceptable and sound strategy for tackling the problem. Barring a few notable exceptions—and one cannot altogether overlook the exceptions in this city of Ahmedabad—, I think there is general agreement both among experts and others that India can achieve its rightful economic destiny only if it succeeds in attaining at least a five per cent per annum rate of growth with social progress and financial stability and without continuing dependence on foreign aid. There is, I think, also general agreement that these are objectives which required in turn a progressive and rapid increase in the rate of saving and a growing diversification of the economy with emphasis both on agriculture and basic industries, both on exports and import-substitution.

Given general agreement on the objectives and strategy of economic development, the task of mobilising the resources on an adequate scale was by no means an easy one even before the onset of the present emergency. And the complexity of the task has now increased with the threat not only to our territorial integrity but also to our aspirations and values as a nation. There cannot be any sprink-

ing from the responsibility of building up our defences; and I have no doubt in my mind, that equally, we cannot take the easy but suicidal course of sacrificing the plan in order to provide the resources for defence. Defence and economic development go hand in hand, given the persistent nature of the threat to which we are exposed. And mobilisation for defence, therefore, has to be superimposed on the equally vital need for mobilisation for development.

How then is the job to be done ? This is the question you as economic experts must answer, for it is a question that we as a nation can evade only at our peril. It is not my intention to anticipate or to influence your deliberations on this vital subject. But, perhaps, as a potential consumer of your advice, you would grant me that privilege of defining the kind of product that might, shall I say, answer my prayers.

I am sure you will agree with me that broad generalisations are of little avail when we are faced with as urgent and complex a problem as that of stepping up our defence and developmental effort rather sharply. The real problem is that of defining the measures and policies which would make the job possible in a rational and integrated way. Unless this task of defining concrete measures and policies is tackled, we would be generating more heat than light. Indeed, in matters of policy, one must go beyond mere prescriptions of measures. One should also analyse the consequences of the measures and recommend appropriate action to deal with these consequences. There would, I think, be general agreement that more resources must be raised by taxation and that a part of such taxation may tend to raise prices. An integrated set of policy recommendations, I should think, should also define how one should deal with policy-induced changes in prices. Would it be appropriate, for example, to compensate workers and salary earners against price changes induced by taxation or would such compensation defeat the very purpose of additional taxation ? To put it differently, policy recommendations must outline clearly the total change in the situation that is sought to be brought about, for economic phenomena have a way of acting and reacting on each other.

I am well aware that a conference of this kind cannot embark upon the task of formulating detailed policy recommendations. But I hope I am not asking for too much when I suggest that we would appreciate some guidance on the direct and indirect repercussions of such policies as you might recommend. Besides, many of you, I am sure, have given these matters a great deal of thought and I can assure you, on my part and on behalf of the Government, that any suggestions that any of you have to offer will be given the most careful consideration. If any of you, as a Surveyor of economic advice, encounters a measure of consumer resistance, I hope he or she would have the forbearance to remember that we, in the Government, are only substitute consumers of such advice. The real consumers in the final analysis are the people; and when it comes to interpreting the mood and the response of the people an economist *qua* economist cannot claim any particular advantage of specialisation.

There is, I think, little doubt that we have now reached one of these decisive stages in the life of a nation. The next ten or fifteen years in our history will prove or disprove whether a nation dedicated to the ways of peace, freedom and social

justice can nevertheless build for itself a secure and ampler future. If the challenge is great, and the task difficult, we are not without considerable reserves of energy and talent. Wherever I have gone to visit academic institutions abroad, I have been told, for example, that young Indian economists studying there are among the best in the world. And what is true of economics is true of other fields. Given this talent and given the wisdom to harness the energies and enthusiasm of the people, the task is by no means unattainable. But it is a task which would require getting down to brass tacks, working out details, soiling hands with facts and figures so to speak and even coming in contact with the rough and tumble of politics and administration. Perhaps, it has been our national failing of long standing that the Indian mind is more at home in abstract, metaphysical thought than in concrete details and adaptations. Whatever the reason, we have yet to see the full harnessing of such talent as we have to solution of our own peculiar and complex problems. There are areas of our economic life—areas of transport, power, export promotion or engineering industries—which cry out for detailed analysis and study just as much as problems of agriculture or labour.

Please do not misunderstand me. I do not wish to suggest that you should have an Indian Power Economics Conference or an Indian Transport Economics Conference. But I do think we have reached a stage of complexity and diversification of the economy where a greater measure of specialisation in economics with detailed analysis of problems in individual sectors would repay handsomely. We have talent enough in the country as I said earlier; and economics is at least one discipline where self-sustaining growth is or should be within easy reach. Perhaps what we need is greater effort to spread the excitement of Indian economic development among the young, great facilities for the young and the talented to gain varied experience of work in Universities, research institutions and Government departments, and indeed greater interchange of experience and information at all levels. But whatever the answer, I think, Conferences such as this should devote some attention to what is after all an economic problem of the greatest interest to you—the problem of developing and utilising most efficiently such economic talent as we have.

Lastly, I should not forget to mention how happy I was to note one particular subject on your agenda. The Gandhian approach to Labour Problems—a subject which cannot but come to mind when your Conferences bring you to this city of Ahmedabad.

I wish your Conferences all success.

Thank you.