

CHARACTER OF SOVIET AID AND ITS IMPLICATIONS

There is a lot of praise of Soviet aid to India, even though the aid from the Soviet Union and other East European countries, known as '*Soviet bloc*', is not quantitatively much in comparison to the Western aid.

It has been noted previously that the amount of authorised aid from the USSR is not more than 8.3 per cent of the total external assistance received by India till 1968-69. Out of a total authorisations of Rs. 8,900 crores, total authorisations from the Socialist bloc countries as a whole was Rs. 960 crores - a little more than 10 per cent of authorisation. Yet, there is a lot of propaganda that Soviet aid has sustained India's independent economic growth. Is it true?

That Soviet aid has helped the public sector, that Soviet aid has mainly been directed to what are known as '*core*' sectors of the Plan, especially to increase production of steel, coal, heavy engineering, crude oil and oil refining, heavy electricals, and manufacture of drugs and medical instruments, is all true. That it has helped to increase the number of industries in the public sector cannot be denied.

But has this Soviet aid, as claimed by them, brought about a "measure of independence from Western resources, and foreign monopoly capital as well as pressures from Indian vested interest?" Has it helped to "break considerably the hold of foreign capital over the key supplies of oil, steel, machine building, drugs, chemicals, and so on?" A certain section of political and economic opinion in the country vehemently supports such a view.

Soviet leaders and their publicists have been consistently proclaiming the benefits of Soviet aid to India in comparison with Western aid in terms of softness of loan with lower interest and to be repaid in rupees to be used for the export of goods in repayment of loans and they went on asserting **that the Soviet aid has an anti-imperialist and anti-feudal character**, that it has helped India to make progress towards an independent economic development and industrialisation.

But the facts prove otherwise. Even if Western finance capital, mainly American, was frightened in the early years of Soviet aid to India that it might be an unsettling factor in India's close ties with them, after a short period of close study of revisionist Soviet aims in funnelling aid to India, Western finance capital including American capital was reassured and found that Soviet Union was only one of the competitors from the West trying to penetrate the Indian market through aid not to unsettle either foreign monopoly capital or the established landlord comprador bourgeoisie economy of the country.

Support for Status Quo

From the very start of the serious economic and trade relations in 1953-54, the Soviet leadership took enough pains to indicate its anxiety to the Indian rulers that it supported the social and political status quo in India. As Kidron reports, "it was at this time that Russia, underlined, symbolically, its acceptance of the social **status quo** in India by selling equipment on deferred payment terms to a privately owned firm, Birla's Hindustan Gas Co. Ltd.". From then on, Soviet aid is being offered off and on to the private sector. Technical aid was granted to Hindustan Files, Calcutta, according to the report of the Tariff Commission. Capital of Calcutta refers to a private textile machinery plant from Russia. In March 1956, Russia offered technical assistance to the overwhelmingly privately-owned coal-mining industry. In the course of 1956, Czechoslovakia supplied loans for three sugar refineries and steam power plants in the private sector and a cement plant in Assam.

By the end of 1964, other East European countries had entered into 70 collaboration agreements with privately-owned firms : East Germany 38, Czechoslovakia and Poland 14 each, Hungary 9, and Yugoslavia 5. Thus, to emphasize their acceptance of the **status quo**, and to prove the unconditional nature of their aid, they not only gave aid to the public sector but to an extent went out of this way to prove their **bonafides** to the Indian bourgeoisie by aiding privately-owned firms.

Several Indian papers noted these facts with satisfaction - especially the manner in which the Soviet leaders and the Soviet press greeted India's Prime Minister Nehru "as an outstanding statesman" and praising the Indian State, "as a peace-loving State

upholding its national independence" - at a moment when the historic mid-term election campaign in Andhra was at its climax with the Communist party fighting its bitterest election against the Congress.

Thus support for the ruling party and acceptance of the social, economic and political **status quo** was made abundantly clear, clearer than the Indian Government could have hoped for in their wildest dreams." (Kidron : "Foreign Investments in India" Page 116).

Having proved to the Indian bourgeoisie and the ruling Congress their friendliness towards them, the Soviet leaders and their publicists took great pains to assuage the fears of Western finance capital.

The Soviet leaders' and publicists' statements gave Western finance capitalists a subtle guarantee that the Soviet aid is not in any circumstances in contradiction to Western aid. In an interview to the editor of Blitz, a popular weekly from Bombay, Krushchev the, then Soviet Premier, made a 'realistic' appraisal of the functions of Soviet aid. He proclaimed that "I will venture to say that, if the Americans give India a loan for economic development, this loan to the extent of 60 to 70 per cent may be considered as result of the existence of Socialist countries". This statement not only expresses satisfaction at the successful begging spree of the Indian ruling class but also gives an un-asked-for certificate to the US assistance by characterising it as loans for 'economic development'. As P. J. Eldrige in his "Politics of Foreign Aid in India" remarks, it does also imply Soviet "approval of India's enjoyment of economic fruits" of non-alignment (Page 58).

In a book published in Moscow, R. A. Ulyanovsky, the eminent Soviet Indologist, expressed satisfaction at "the increased activity of the Bank (meaning the World Bank) in 1956-1966". He was happy that, due to "the general political line of international financial organisations, they stepped up their interest in the developing countries, particularly India, which registered the first successes in industrialisation". Just as Krushchev had said that Soviet aid to India was responsible for increasing American aid for India's economic development, so Ulyanovsky claims that "Growing Soviet assistance in India's industrialisation along state lines played a key role in shaping the loan policy of the Bank". "The Dollar

and Asia" Page 217).

It was the practical, pragmatic, political behaviour of the Soviet revisionists that was enthusiastically greeted by the monopolists in India. Capital, the economic journal of British business in India, as early as in 1958 wrote with utmost satisfaction, that "under the stimulus of American fear of Russian enterprise in Africa and Asia, they [the Americans] are determined to face up to some of the real problems of lending cheaply and efficiently to backward and temporarily insolvent countries such as India. We should make a sign of gratitude to the Soviet Union whose activities have brought this day nearer". (Capital, August 25, 1958). The Delhi daily of the Birla House, Hindustan Times, and Link, a weekly from Delhi, praised Soviet credits for having played the important role of compelling America to increase its aid to India.

Thus the Soviet revisionists, due to their explicit behaviour of support of the **status quo** in India, and by their open declarations of support to greater Western aid, have played the role of a catalyst for massive penetration of India by foreign finance capital.

Thus Soviet aid policy and Western finance capital's programme for India's economic development became complementary to each other to such an extent that "with regard to general economic aid (from the Soviet Union), the official view (of the American - administration) had changed to a neutral and in many respects friendly position" "Averill Harriman went so far as to emphasise the need for India to maintain good relations with the Soviet Union, claiming this was equally important to America's interest". (Politics of Foreign Aid in India, Pages 33,34).

How, and why, did this mutually complementary situation arise? American and Western finance capital is more and more satisfied with India's implementation of economic policies which had allowed, and has been allowing, foreign finance to enter and dominate every aspect of the Indian economy. Even public sector projects, such as the Cochin and Madras refineries in the most strategic oil sector, are foreign private capital dominated. Even in official and semi-official industrial financial institutions such as I.F.C., and I.C.I.C.I. foreign capital has a dominant voice. The fertiliser industry is dominated by them. If Soviet capital has entered the public sector in any field of economic activities, the simultaneous growth of foreign finance capital, both in the public

and private sectors in the same industry, has been faster - as in pharmaceuticals, oil exploration and refining, steel, heavy electricals, and so on. Thus foreign finance capital is no more afraid of Soviet aid. The U. S. takes it for granted that the Soviet aid has no greater competitive value than the competitive value of British, West German, and Japanese capital. The U. S. Department of Commerce points out that competitors from the U. K., West Germany, Japan, and the Soviet Union, make it necessary for Americans to be on their toes; it advises private investors to turn to mixed investments with Indian firms in manufacturing industry as a way to gain a foot-hold or maintain their positions in India.

Thus American finance capital had come to a clear understanding that there was basically no fundamental difference between Soviet aid and American aid in the penetration of the Indian market - even though there were various differences in the methods of penetration.

We have noted, in the previous pages, how private foreign capital has come to dominate every field of Indian industrial production. Complementing each other the Soviet revisionists and Western financial monopolies dominate the core sectors of Indian industry. If there are three oil refineries built by the Soviet Union and its bloc, there are at least a minimum of eight public sector companies in the petroleum industry in which foreign private capital dominates :

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| (1) Madras Refinery. | (5) Indian Oil Blending Co. |
| (2) Cochin Refinery. | (6) Lube India Ltd. |
| (3) Haldia Refinery. | (7) Lubrizol Ltd. |
| (4) Oil India Ltd. | (8) Hydro Carbons India Ltd. |

Even in the case of oil exploration, it is Western technical knowhow and Western capital which dominates the field now, after the early Soviet start.

Is it not the same in the chemicals field? Any other self-respecting State, other than the Soviet revisionists, would have vehemently protested against the insulting manner in which a deal was made behind the back of the Soviet Union by the Government of India and American finance capital. But American capital also knew that, in the long run, in its eagerness to maintain

friendly relations with India, the Soviet Union would be prepared to take a few snubs from Western imperialism. This was proved to them in the way Soviet government agreed to Western imperialist terms dictated through the Indian government in regard to collaboration in the establishment of the drugs project. Here is a long story as reported in *Frontier*, an esteemed weekly from Calcutta.

Russian collaboration in drugs manufacture in India is a nauseating story of submission to imperialist tactics, collaboration with them, and finally establishment of an industry which has thoroughly failed to meet the Indian requirements.

*Some time in 1956-57, Russians offered to help build an integrated pharmaceutical industry including manufacture of necessary organic chemicals. The Government of India, dilly-dallying in the negotiations, secretly arrived at an agreement with foreign monopolists for production of certain basic **antibiotics** and fundamental organic chemicals, and faced the Soviet government with a truncated plan. All the same, the Soviet government bowed its head and submitted even without a murmur and protest and acceded to help the truncated plan, almost agreeing to collaborate with the American plan to give away the most important sector of pharmaceutical industry to foreign private capital". (*Frontier*, January 9, 1971).*

[Therefore,] "there was a steady diminution of hostility towards Soviet aid and involvement in India. Above all, India was recognised as a key Asian country, in whose stability and growth the West had a prime interest, transcending difference of policy and outlook." (*Politics of Foreign Aid*", Page 32).

This steady diminution of hostility has further progressed towards acceptability. American imperialism knows that the public sector in India, even though it has progressed in the past 10 years in various fields of production, is still extremely small representing less than 10 per cent of the total output. It also knows that, under capitalism, where private enterprise - especially foreign private capital - predominates, the investment by the State

only helps faster growth of the private sector and that private capital including foreign private capital can even penetrate into the public sector. It is for this reason that, when the U.S.A. refused to aid the fourth public sector steel plant, knowing that its rejection to aid would not hinder its construction with the readiness of the Soviet Union to take up the job, the agreement between the Government of India and the Soviet Union on Bokarao Steel Plant was not regarded as a threat to the American interests. It is clear that this period of the Second and Third Five Year Plans witnessed some remarkable development in the basic policy assumptions of the two countries especially in the context of India - China war, and of growing Sino-Soviet differences. "India's close relationship with Russia has become more acceptable."

"At the same time, the role of the public sector in a developing economy such as India's has been gradually recognised" by U. S. imperialism recognising that "the total effect of Soviet economic and diplomatic policies towards India has been to strengthen the Congress government". With the emergence of the strategy of peaceful co-existence as the only and all important fundamental policy of Soviet relations with the outside world, good relations with the Congress government became all-important, providing perhaps the clearest focal point in cold war **detente** between America and Russia. This continued improvement of American-Soviet relations has allowed India to maintain at least the outward form of non-alignment. American-Soviet collaboration has reached such close understanding, that when India negotiated a substantial arms deal with the Soviet Union, causing some controversy with the United States, particularly with Jet air-craft, "there was considerably less objection on the American side than might have been expected." (*Politics of Foreign Aid*, Page 133).

As Kidron in his "Foreign Investments in India" puts it, by August 1963, the line of supply of arms from the Soviet Union was sufficiently secure for India to appeal for arms aid as distinct from sale. "Thus, political circumstances had changed radically since the mid-fifties : Arms from Russia were now to augment, not supplant, those from the West. But central to the Russian foreign policy then, as now, stands political and material support for the Indian regime as at present constituted." (Page 119).

P. J. Eldrige is entirely correct in characterising Soviet aid as a stabilising factor in the Indian sub-continent. "The Soviet

Union is now more involved in the balance of power question on the subcontinent. While she may continue to offer India an alternative focus to the West in terms of economic method, ideology, and diplomacy, it becomes increasingly plain that she shares a common interest with America in the preservation of an overall framework of regional stability." (Page 60).

The Soviet revisionist leaders and their publicists, in their efforts to hoodwink the people, are capable of giving a progressive facade both to their relations with India and to the Indian ruling circles' growing infatuation with the foreign monopolies by minimising the phenomenal growth of foreign capital in both private and public sector. Thus Ulyanovsky in his book, "The Dollar and Asia", highlights the progressive economic policies of the Government of India. In his effort to salvage the tottering image of Soviet revisionist policies, he seeks to hide the growing collaboration of the public sector with foreign private capital, by characterizing this as minor factors in the totality of growth of the Indian economy during the Plan period.

Noting that the Government of India in its practical activity "tends towards concessions to private foreign capital" and deviates from "the principles proclaimed in the 1956 official Industrial Policy declaration" with the result that "the sphere of new industries in which the influx of foreign capital is officially welcomed has been widened considerably", the noted Soviet Indologist nevertheless confidently declares that "it would be wrong to assume that concessions to the private sector and to the foreign capital are the main line in the policy of the ruling classes. The national and foreign monopolies did not succeed in preventing new State investments in big projects under the Third Plan and in increasing investment in the private sector. Nor could they obtain government consent to turn over the building of the fourth steel works at Bokaro to private capital. Foreign oil companies which sought the Government's permission for greatly expanding the output of oil products gained only in part. The further developments of these key industries will proceed in the State and not in the private sector."

There could not be anything more misleading and mischievous than this review of Government of India's economic policies. I have recounted how foreign private capital has been conducting itself as a super-government, not only in the private

sector but also in the public sector. I need not again reiterate here the massive invasion of foreign private capital into the fertiliser industry, both, in the private and public sectors - of late renamed '*joint sector*'. There is no need for me to recount the humiliating manner in which the Soviet offer to help in the basic chemicals field was thrown into the dustbin in the interests of foreign private capital. As Kidron remarks, wherever an alternative existed or was created, the Government was quick to choose a Western-sponsored project (raw film project), even at the prices of quality or even on extremely onerous terms as in the case of oil (Madras, Cochin and Haldia refineries), or pharmaceuticals (Hindustan Anti-biotics agreement with Merck & Co.).

Every time the West intervened powerfully - as in the case of oil, the pressure from the World Bank in 1960 leading to the establishment of Oil India Ltd., and later other oil joint sector companies, or in the case of chemicals, fertilisers, pharmaceutical industries - the policy of establishing new industries wholly in the public sector came in for liberal pragmatic interpretation. "The stance of the Government in its relation to the public sector is a frail shadow of its former self. It is also the result of East-West accord." (Kidron). Soviet-American accord, co-operation and alliance in the economic policies of India, was reflected in the announcement of the World Bank, that "the issue of public and private enterprise has lost some of its sharpness".

Thus the public sector has been made into a base for extending the exploitation of Indian nation by foreign private capital. Yet, the Soviet government and its publicists praise the Indian government's policy of developing the State sector.

Soviet revisionists are full of praise for the government of Indira Gandhi who, they claim, has played an extremely great progressive role in nationalising the banks and thus helping to control monopoly growth in India. In the course of my statement, I have tried to prove how the formation of the State financial institutions such as the I.C.I.C.I., I.F.C., U.T.I., etc, has helped the growth of monopolies in the Indian corporate sector - more particularly the foreign monopolies. Every official committee, that has been appointed to analyse the working of these institutions - including the State Bank of India and the Life Insurance Corporation - has been categorical in concluding that the nationalised financial institutions and banks have been responsible for the growth of

monopolies in India.

Let us look at the L.I.C.'s role in mobilising funds for monopolies in India.

According to Hindu, May 16, 1969 ; the Life Insurance Corporation has invested Rs. 77.48 crores, amounting to 33 per cent of its total investment, in only 10 big business houses - Tatas and Birlas sharing the biggest amount.

L.I.C.'s investment in **Tatas** was Rs. 26.09 crores, in 22 companies out of a total of 53 companies in that group.

	(Rs. Crores) †
Loans	0.80
Debentures	6.80
Preference shares	3.06
Equity	15.53
Total	26.19

In Tata Steel, L.I.C. holds 29.9 per cent, TELCO 21.4 per cent, Tata Chemicals 19.5 per cent and in Voltas 27.8 per cent of equity holdings.

LIC's holdings in **Birlas**, amount to Rs. 21.73 crores, in 30 companies.

	(Rs. Crores)
Loans	0.67
Debentures	4.17
Preference shares	5.64
Equity	8.55
Total	19.03

Even foreign companies, such as Alkali Chemicals (I.C.I.),

Indian Explosives (I.C.I.), Carborandum Universal; Parry, Hindustan Lever, Indian Copper, Larsen and Toubro, Metal Box, Reckitt and Colman, Sandoz, Shaw Wallace, Glaxo, and WIMCO, have been beneficiaries from L.I.C. funds. In such circumstances, to praise the State sector as playing an important role "in reducing the power of monopolies and weakening the position of foreign capital," as Pravda declared in its bruit of August 4, 1970, is nothing but derailing and disrupting the revolutionary forces in India.

Thus the official credit institutions are being used to bolster the private sector ; even the companies with foreign capital, with a right to repatriate their profits, have been beneficiaries of the government's generosity. In fact, the largest beneficiaries from the official agencies are the business houses flourishing along with foreign collaborationists. When such are the facts, to write, propagate, and use all media and machine of the powerful State to proclaim that "it is generally known that the prevention of concentration of economic power under private ownership and of the rise of new monopolies was one of the purposes of State regulation of the economy, implemented in the country by the ruling party the Indian National Congress (Pravda, August 4, 1970), is to affirm the counter-revolutionary alliance of Soviet imperialists with the Indian ruling classes and Western financial capital.

Patriot of Delhi, on January 3, 1972, commenting editorially on the government announcements of relaxation of rules for expansion of certain industries, remarks that this represents "one more pot hole on the already much corroded surface of governmental faith in the thesis of socialist production". If further comments that it has been the "characteristic of our growth which, while talking impressively of talking over or establishing the commanding heights in the economy have mainly benefited the monopolist who has been permitted to exploit the collective surpluses of the people to increase his own power.

Ulyanovsky sings hymns of praise to the ruling classes of India : "Nor did the reactionary forces succeed in disrupting the extension and consolidation of India's economic co-operation with the Soviet Union and the other socialist countries. India's ruling circles realise that it is the strengthening and widening of these ties that provides the basis for carrying out economic plans and

consequently the battle for economic freedom .. The ruling circles also realise that **only large-scale, systematic, assistance from the socialist countries has enabled India to obtain growing financial aid from the Western capitalist countries** and to receive it on less onerous terms." (Pages 245-246).

Here is a so-called 'communist' publicist, from the land of Lenin and Stalin, urging the Indian ruling class to continue to depend on loans from Western imperialism. The so-called large-scale systematic assistance from the revisionists has certainly enabled the Indian ruling class "to obtain growing financial aid from Western capitalist countries" - to the extent that, today, the growing burden of repayments has turned into a noose round the neck of the Indian economy.

Soviet revisionists fail to understand that the so-called public sector under capitalism, where the private sector in alliance with foreign finance capital predominates and continues to grow, will not only be too weak to influence the main sector but will help to strengthen the foreign finance capital's faster penetration into all spheres of economy.

To expect that a country can be industrialised on the basis of Soviet loans for the public sector, loans from foreign finance to the private sector, and deep penetration by foreign private capital, is to build castles in the air and to live in a fool's paradise. No amount of foreign aid can ever solve the problem of a semi-colonial economy, resulting in semi-feudal, and imperialist exploitation. On the other hand, further penetration by foreign capital of this semi-colonial economy aggravates all dormant contradictions.

Marx had explained that the System is an enormous centralisation and gives to the class of parasites fabulous power to interfere in the most dangerous manner. Lenin, on the basis of intensive study of the methods of finance capital, concretised the process of interference leading to control. "They can", wrote Lenin, "by means of their banking connections, by running credit accounts, and transacting other financial operations, first ascertain exactly the position of various capitalists, then control them, influence them by restricting or enlarging, facilitating or hindering their credits, and finally they can entirely determine their fate, determine their income, deprive them of capital, or on the other hand permit them

to increase their capital rapidly to enormous dimensions etc." ("Imperialism" By Lenin).

In India, both loan capital and foreign private capital have been progressively extending, with the result that the control of the purse-strings by foreign finance, gives it control over India's survival.

"Trade follows aid" : so has it been with Soviet economic relations with India. During the last 15 years, there has been a phenomenal growth in Indo-Soviet trade, from Rs. 1.3 crores in 1953 to Rs. 346 crores in 1969-70. And trade with India is benefiting both the Soviet Union, and more and more Soviet trade with India is benefiting the Indian concerns dominated by foreign capital. Trade with the Soviet Union, as with other developed countries of the West, has had the effect of increasing Indian dependence on Soviet loans. Of late, many unsavoury features of this Soviet trade with India are coming to light.

According to the latest Indo-Soviet Trade Agreement concluded in 1970, "The Soviet Union has agreed to import specific quantities of industrial goods, particularly those produced by the Russian aided projects." (Economic Times, December 20, 1970). A number of Soviet projects in India - such as the pharmaceutical, heavy engineering, coal mining machinery manufacture, and such others - have been producing less than at their capacity, since the limited market of the semi-colonial economy of India is not in a position to utilise its production. This link-up of purchases from the Soviet aided units, which have been running at under-capacity for much too long and whose performance so far has been too sick, will enable these projects to make good the lee-way and also help the Soviet Union to make enough profitable trade in view of the cheap labour in India. Besides, by this stipulation, Moscow contrives by proxy to keep tabs on the sales of these units and through them on the units themselves." (See Frontier, January 9, 1971).

The Soviet Union has also agreed to import new items of non-traditional exports from India. "The new items include electric motors, excavators, aluminium cables and other manufactured goods. The Soviet Union will also increase its purchase of goods like cosmetics, storage batteries, and varnishes." Thus, by 1975, manufactured goods will constitute 60 per cent of India's exports

against 44 per cent at present. The share of engineering goods will go up 15 per cent. Almost all the industries established in India, even after so-called independence, have been collaborationist industries. The foreign collaborationists who have no other interest except to exploit the Indian market have prohibitive clauses entered into the agreements restricting exports to all those countries where the collaborators already have an export market. To feed the Soviet market through India as '*Made in India*' goods serves the aim of Western capitalists of marketing their goods and simultaneously serves the aim of social imperialists of collaborating with Western imperialism under the facade of helping the growth of Indian industries. For example, according to a news item appearing in Times of India, dated May 4, 1971, a spokesman of Indian Tobacco Co. - a subsidiary of Imperial Tobacco Company - announced that in the year 1970-71 this company had so far exported its goods to the U S S R worth Rs. 90 lakhs and that a second consignment of Rs. 45 lakhs was getting ready for export. EconomicTimes of November 27, 1970, reports that coffee exports of Brooke Bond (India) showed substantial improvement, and the same paper of January 9, 1971, reported that "Russia, the monopolist buyer of Darjeeling Tea, re-exports it to the West European countries, and gets in exchange precision goods. Russia earns hard currency by virtue of India and under cover of Socialist aid".

The Statesman of January 3, 1972, in a news item from Trivandrum reports that the Kerala Chief Minister Mr. C. Achuta Menon said "that the Union Government had come to know of some East European countries selling coir goods imported from India to West European countries, which deprived India of much needed foreign exchange". To loot India to the detriment of Indian development is the common policy of all imperialists - including the Soviet social imperialists. "Glaxo Laboratories India Ltd, has been awarded the largest single contract ever placed by the Soviet Union in India for Beta - lonone. The value of this contract is over Rs. 50 lakhs, covering supplies for the first 16 months of 1971." (EconomicTimes, December 5, 1970).

Times of India May 7, 1971, in its City Notes reports that "the cable industry achieved a striking progress in the export market", that "the consortium of cable manufacturers which spearheads the export drive has built up export orders worth Rs. 5.75 crores

in the last one year", and that "the U S S R has placed orders worth Rs. 1.52 crores." The Indian cable industry is heavily foreign-dominated ; many of the foreign collaborators are giants in this industry such as British Insulated Calendar Cable, Siemens of West Germany, British Enfield Corporation, Associated Electrical Industries, and so on.

Is there any wonder that "India's close relationship with socialist countries has become far more acceptable" to Western finance capital? Since this collaboration between the American and the Soviet world has become a settled fact, "there is now evidence of far tougher bargaining by the socialist bloc of countries in the light of lessening cold war tensions" because there is no further need of openly posing as saviour of Indian economy from the devilish grip of foreign finance capital, and because of this close collaboration and India's growing indebtedness, India has considerably contracted its bargaining power to fairly well defined limits.

Soviet revisionists are pioneers of new thought. They pride themselves as pioneers of '*Creative Marxism*' which is influencing American and world finance capital in providing greater quantum of aid and is, according to their own statement, playing a key role in influencing their policies of aid. India is made the centre of their experimentation in '*Creative Marxism*'. Through India, they hope to influence the other third world countries, and they have now started a new experimentation, providing new pastures to Western finance capital to feed their unsatiable hunger for super profits. The latest trade agreement with India "contains clauses providing joint ventures in third countries." (EconomicTimes, December 29, 1970).

A. Apronovitch, in his book on monopoly says that "the world of big business is a dense jungle, in which the beasts of prey have a great deal of camouflage." (Page 22). The finance capitalists penetrate other countries, not only directly from their own country but through other countries, if they find this indirect penetration easier. "Following the war, British monopoly capitalism needed the aid of the U S to rebuild its position, and the price of that aid has been the growing subjection of Britain and the growing penetration of the empire by U S goods and capital." ("Monopoly" by Apronovitch Page 68). Here is Soviet social imperialism, following in the footsteps of finance capital - under the guise of

Creative Marxism as applied to the aid programme to developing countries - playing the role of imperialist big business, using India as a base for capturing the economic heights in Afro-Asia. As a writer in Frontier comments : "The agreement has another dimension. Our bourgeoisie are a special animal. Though they complain that they do not have money in the kitty for domestic use, they have shown unusual alacrity in exporting capital to the third world countries in order to use their cheap labour for fat pickings. Of late, Moscow has come to see some pragmatism behind this policy and has flung open its 'socialist' cupboard to Indian capital in joint ventures with the third countries. It might appear innocuous, but taken together it fits into a pattern."

(January 9, 1971).

Thus the Soviet revisionists have blessed the expansionist policy of the Indian ruling class. The Soviet revisionists have agreed under new pragmatic Creative Marxism to become partners in this expansionism. Thus the Soviet revisionists are providing new urges to Western finance capital to use India as an economic base to camouflage their expansion.

Use of India's Cheap Labour for Profit

To make use of India's cheap labour for profit is the aim of all imperialists - Western imperialists as well as such social imperialists. India is in need of industrialisation. India is struggling to utilise the existing industrial capacity more fully. India is in need of greater exports to pay for the growing needs of amortisation due to its ever-increasing debt. All imperialists are now coming forward to save India from disaster.

Western imperialists are prepared to set up industries in India, the production of which will be bought by Western countries to make use of them to turn out finished products. "West Germany, Britain, Japan are among the industrially advanced countries which have offered to move some of their large industrial plants and set them up in India in collaboration with local entrepreneurs," reports Statesman (September 20, 1971).

Why are these powers anxious to get rid of established plants in their country to re-establish them in India? As Indian Express in its 'New Delhi Dairy' (September 26, 1971) reports, "because of shortage of semi-killed labour, the highly developed countries like Germany, Britain, and Japan, now prefer a more

sophisticated technology of automation which reduces dependence on manpower."

The Ministry of Industrial Development, has, according to Mr. S. S. Kanoria, President of the Federation of the Indian Chamber of Commerce, assured that licences and collaboration agreements would be cleared within about three months of the submission of proposals: Marvelous plan indeed! What if it is an obsolete industry? It will help India to increase production, increase exports, increase employment. And, of course simultaneously for Western countries it ensures a fair return of not only profits but also a fixed royalty, along with disbanding of worn-out plant with good profit on immediate sale!

The Soviet Union cannot be left behind in her eagerness to help India. Being a 'socialist' country she was unhappy that the textile worker is not fully employed for lack of cotton and failure of foreign markets for its textiles. She has come forward with a plan to provide cotton to Indian textile industry, and she has promised to purchase the total production - of course on her own conditions.

How well the revisionists follow in the footsteps of imperialists. Cheap labour is an attraction, for super-profits. Imperialists and social imperialists, alike, are anxious to help India and make proper use of cheap labour - each in their own way.

Both the revisionists and the imperialists are full of praise for the Indian Government. The Soviet paper Pravda was all praise for the government for having taken anti-monopoly measures, for curbing and weakening foreign capital, etc. We have noted how the Pravda in 1970, had acclaimed: "India's successes in building a national economy are generally known. It plays an important part in reducing the power of the monopolies, weakening the positions of foreign capital, and narrowing the gap in the level of development in different parts of the country". The paper further goes into hysterics and proclaims that, "Never in the 23 years of India's existence as an independent nation has its political life been so tense as it is now. In July-August 1969, a political struggle began between the patriotic, progressive forces and the reactionary forces which are closely connected with the Indian monopolies and imperialist circles." (August 4, 1970). So, according to the Soviet revisionists, Indira Gandhi's ruling party is 'anti-imperialist' and 'anti-monopoly', fighting for the "interest of the masses",

against the "selfish aspirations of India's big monopoly capital, which is linked to the U. S. and British capital" and to the "old feudal lords and now semi-feudal lords in the countryside".

On the one hand the Soviets hail the increasing help from the imperialist States by announcing that Soviet aid was mainly responsible for its greater flow into India and by proclaiming that Soviet aid has been responsible for changing the policies of the imperialist aid, to reduce its fangs of exploitation. On the other hand, the country is aware that the policies of the Government of India have been helping the monopolies as was made clear even in the latest government announcement which gave a free hand to monopolies to increase their production and in their policy of giving greater concessions to foreign monopolies as was revealed in the case of 'Zuari' fertilisers in Goa.

It is, therefore, not at all surprising that the Japanese monopoly house, Mitsubishi, was favourably impressed in 1971 with the conditions prevailing in India. The Japanese investigation team in India in 1971 reports that "the Indian government is only making full use of the activities of private entrepreneurs for construction of national economy. We are assured by government officials and business leaders that there is no chance at all of foreign investments officially approved by the Indian government being nationalised in future and that foreign investment was favoured ... in many ways". It concludes by recommending to Japanese investors that they should enter India in a big way since the massive Congress victory in 1971 has "established the political situation" and the investment climate in India is "quite normal and promising."

Thus Soviet aid, instead of playing an anti-imperialist role, has only helped Indian monopolies and imperialist monopolies to further strengthen in India a kind of comprador, bureaucrat capitalists.

Is Soviet Aid 'Anti-Feudal'?

Soviet aid has played no greater role than the Western aid in rural India too. As a matter of fact, Soviet aid has tried to divert the attention from the implementation of land reforms to intensification of, and strengthening the base of exploitation of landlords in the countryside. At a time when India was facing an acute food crisis, Soviet revisionists sold the plan of 'State Farms' to the Indian bourgeoisie. They gave free of cost a few tractors,

combines, and complementary mechanical agricultural equipment, to prove to the bourgeoisie that setting up of large agricultural farms is the surest way of increasing agricultural production and saving India from the intensifying food crisis.

Ulyanovsky has set out the plan for greater agricultural production in the following terms in his book "The Dollar and Asia". "Operation of the large mechanised state farm in Suratgarh for eight years has proved that it is highly profitable. And this is only the beginning. India has nearly 100 million acres of land suitable for cultivation but untilled. Unused and virgin lands require a certain minimum of investment which can be fully repaid in the first two or three years and then can bring a net income of from four to eight per cent annually. It took eight years of struggle within the ruling class to start building, with the help of the Soviet Union, another large state farm. This was done only on the insistence of Prime Minister Nehru, after a special committee, formed in 1959, confirmed the expediency of organising such farms." (Page 208).

There are certain reactionary forces in India, he further records, that do not want India to become self-sufficient in her food supply", since "it is of benefit to the enemies of the Indian people both at home and abroad."

"The organisation of even 100 large state farms naturally would not provide food and raw materials for the swiftly growing population of developing industry

"Experience shows the importance of developing irrigated farming in the arid regions and manufacturing chemical fertilisers on a large scale. But the development of state farms and agricultural co-operatives *will lay the basis* for freeing India from foreign dependence in the major field of the economy - provision of the people with food." (Page 208).

Therefore, large-scale farming is the panacea for India's ills in agricultural production. Soviet experimental farms laid the foundation, along with the intensive cultivation programme of the Western imperialists, for the "Green Revolution" through mechanisation of agriculture. Soviet and East European tractors on sale all over the country during that period laid the basis for the big landlords to change the technique of production. Growing financial help from the government through co-operatives helped the process. Landlordism got strengthened. It is also during this period that Panchayat Raj institutions were set up to strengthen

the social and political base of the landlords. Soviet state farms, Soviet tractors at cheap rates, created the basis for penetration of Western capital into agriculture. Foreign industries were established to produce tractors, electrical pumpsets, fertilisers and insecticides. And today, the World Bank has planned to loan hundreds of crores of rupees for agricultural development as an inducement to purchase foreign agricultural machinery. Thus both Western imperialists and Soviet social imperialists are hand in hand and in complete mutual co-operation played the role of strengthening the landlord class in the countryside. Instead of helping in the demolition of feudalism, Soviet aid has helped to strengthen feudal landlordism. Capitalist production relations superimposed on the feudal land relations aggravates the crisis, but does not solve the problem,

Results of Soviet Aid

(1) Soviet aid has helped to increase Western aid. Western finance capital's penetration of India has been greater than ever.

(2) Soviet aid, however valuable it may be to the Indian comprador class as a bargaining counter (which capacity it lost in the later period) with Western finance, has not only failed to be a 'catalyst' for the growth of a self-generating economy, but it has only helped India grow more dependent on foreign aid.

(3) The public sector built with Soviet help has become a hand maid of the private sector - helping the private sector to grow faster with the active participation of foreign private capital. The public sector has helped to generate demand for private firms. Public sector has subsidised its inputs in the private sector through under - pricing power, transport, fuel and steel, and helped to amass extraordinary profits.

(4) Soviet aid has not only helped to increase doses of Western aid but has also played the ignominious role of a catalyst for the increasing growth of foreign private capital in chemicals, fertilisers, oil, and engineering industries.

(5) Soviet aid has helped India's expansionist tendencies to grow.

(6) Soviet aid has helped the Indian landlord class to increase its economic and political power.

Thus, whatever be the contradictions between the various Western powers and Soviet revisionism, basically their role is the same to maintain and strengthen the political, economic and social *status quo* in India.