

Emergent Nation State and the Class of Capitalists Through the Lens of the Bombay Plan

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A few years ago, I was at a talk by a distinguished African economist who was reminiscing about his life in Malawi post-independence. As a youthful leftist, he recalled, he and others would undertake campaigns at the university and shout slogans like “Destroy Capitalism.” With a twinkle in his eye, he ended somewhat wistfully: “The only problem was that we needed capitalists first before we could destroy them, and we didn’t have them!”

I was reminded of this story while reading Sanjay Baru and Meghnad Desai’s new edited volume on the Bombay plan. Decidedly, unlike in the Malawian story and many other colonised nations, India had a substantial capitalist class long predating independence and therefore, it was something that required political accommodation. *The Bombay Plan: Blueprint for Economic Resurgence* is ostensibly an economic historiography of the document that is allegedly lost to history. Perhaps the key concern of the book is the relationship between the capitalist class and the embryonic nation state.

As part of the nationalist aspirations of the state, a group of industrialists and bureaucrats, comprising G D Birla, Ardeshir Dalal, Kasturbhai Lalbhai, John Mathai, Lala Sri Ram, A D Shroff, J R D Tata and Purushottamdas Thakurdas came up with a blueprint about how to manage the

The Bombay Plan: Blueprint for Economic Resurgence edited by Sanjay Baru and Meghnad Desai, New Delhi: Rupa Publications, 2018; pp xvii + 343, ₹500.

Indian economy after independence. As the editors put it, it was “a document that was not only prescient in its approach to development but was also influential in shaping economic planning and public policy in the first decade of India’s Independence.” The document was much debated and discussed before it lost steam. Nevertheless, some of its key ideas became part of later public policy.

Antecedents and Afterlife

As a resource, the book provides some answers for many questions such as: How was it that the capitalist and business classes felt and acted to generate a plan for economic development that was unabashedly nationalist and directive, and which had a strong element of social concern? How was it that the blueprint came to disappear from the general consciousness? What was the ways in which the ideas of the plans came into the later five-year plans? Why did the national bourgeoisie not take charge of the intellectual efforts to manage the economy after that? And so on.

The book consists of a series of essays on the topic, not all contemporary. Perhaps the most comprehensive and compelling piece is that of Amal Sanyal who identifies

the political forces behind the erasure of the plan from concrete policymaking. He provides a compelling narrative—the framers of the plan were contending with the rise of communist and socialist forces on the one hand and a liberal capitalist elite on the other, and while there were elements of clear compromise in the Bombay plan (a central role for planning, for example), it was not possible for the government of the time to openly side with the more liberal capitalist order. For the Congress, it was embarrassing to be in such a position; and for the parties of the right, other cultural issues seemed to be more important. For the framers of the plan themselves, the fact that many aspects of their plan were taken in for the first plan meant that they did not need to take up cudgels on behalf of their blueprint and they instead made their accommodation. A child of no parent, the plan faded away.

A similar set of issues is taken up by Meghnad Desai in his chapter as well as by Omkar Goswami in his, though they focus only on the post-independence capitalist class. They broadly argue that despite the growing dislike for some of the overreach of the government, the fact that the capitalist class openly subordinated itself to the government and did not take leadership roles in the future was because of the gradual but relentless distancing of the bourgeoisie from the state. From being potential partners in the nation-building project, they went to have a more antagonistic relationship in the decades to come. Goswami’s chapter is clearest in describing the extent to which political powers distanced themselves from the plan and from the leading industrialists, all the while using many of the insights provided.

Another noteworthy chapter is by Gita Piramal, who chronicles the experiences of Ardeshir Dalal, who might rightly be called the true leader of the group. His experiences, both in industry as well as the engagement with the state, is an endearing glimpse into an unusual personality.

Tulsi Jayakumar and R Gopalakrishnan point to a weakness in the Bombay plan, specifically, its silence on the extent to which plans become a reality through actual management. Their discussion has serious implications as an analysis of any national public policy. Flexibility, learning and willingness to experiment, taking responsibility, cutting off poorly performing programmes and supporting well-performing initiatives are the hallmark of good operational management. Indeed, as the work of people like Alice Amsden (1989), Vivek Chhiber (2009) in the case of Korea, Barry Naughton (1996) in the case of China, and Peter Evans (1995) in the case of Brazil, Nigeria and India, these attributes are often the difference between success and failure. As the German general Helmuth Von Moltke suggested in another context “No plan survives contact,” and policymakers must be responsive and nimble when their plans are undermined or do not roll out in the expected way.

Not all chapters are, however, similarly enlightening. The chapter by Ajay Chhiber, for example, is a lament for the “state albatross,” which he suggests was not countered and in fact supported by the Bombay plan. There is a brand of mournful writing among liberals, which seems to suggest a possible historical counterfactual fantasy in which post-independence India moved towards a liberal market economy, grew leaps and bounds and became a superpower. The chapter by Chhiber follows almost all the tropes of this sub-genre: we could have become East Asia, state planning was not necessary and so on. But this is simply ahistorical (unlike the other chapters) and does not recognise the serious constraints and opportunities that the country had at the time. Indeed, what is remarkable about the first 10 years of post-independence India was that the degree

of experimentation in combining state planning with democracy, in attempting structural transformation, and in maintaining independence and coherence as a nation state, all came about, at least at the outset, through planning. And certainly, the growth turnaround in the first decade post independence was substantial (as documented by, for example, Deepak Nayyar [2006]).

Perhaps the most delightful part of the book is the appendix, which contains the Bombay plan in its entirety. Anyone reading it will recognise it as a remarkable document, not only because it is, as the editors suggest, ahead of its time in terms of development thinking, but also because of the level of optimism and pragmatism. Here is a group of people who are really looking at a potential new dawn with clear eyes and an open heart. Consider, for example, this following extract from Section 7.

Lord Wavell, in a recent speech in London remarked: “It has always seemed to me a curious fact that money is forthcoming in any quantity for war, but that no nation has ever yet produced the money on the same scale to fight the evils of peace—poverty, lack of education, unemployment, ill health ... finance is not the master of a country’s economy, but its servant and instrument. The real capital of a country consists of its resources in materials and man-power, and money is imply a means of mobilising these resources and canalising them into specific forms of activity. Looking at the problem from this angle, we are convinced that the capital expenditure proposed under our scheme is well within the limits of ours resources.”

This is not the statement of a group of people who are particularly concerned about current-day obsessions such as the fiscal deficit, and instead are seriously concerned with the deep questions of development.

In Conclusion

While the book as put together is a useful set of essays, it is not without its flaws. Given the nature of the topic and that the chapters seem to have been opportunistically put together (the chapter by Sanyal, for example, draws extensively from an earlier paper, Lokanathan’s piece is a historical reflection written in 1945 and so on), the book is quite incoherent. Many chapters are repetitive, because

the authors understandably have to recapitulate the features of the plan. This makes for some tedious reading, since some aspects of the plan are repeated chapter after chapter. Some judicious editing and excision of chapters may have made it a better book. Certainly in this respect it compares unfavourably to Medha Kudaisya’s (2018) recent book on the Bombay plan, which apart from having an authorial voice, also is written with more verve and clarity.

Taken as a whole, Baru and Desai’s edited volume is a valuable addition to the historiography of economic policy discussions in India. It also provides a strong case for thinking about political economy writ large. Given the fact that India adopted a deep commitment to democracy, all economics needed to work its way explicitly through the political process. What becomes clear in this is the extent to which plans and policies reflect the pulls and pushes of political and economic imperatives. As such, the book could be valuable in some classes and politics courses. It could perhaps also inspire similar efforts to understand what happened to other very thoughtful efforts (for example, the Rajwade Committee’s efforts to specify women’s roles in a planned economy). These kinds of efforts will help in reconstructing the history of policy ideas and in writing the economic and political history of the country in the last few decades.

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