
Neo-Colonial States & Economic Development: Comparative Analysis of underdevelopment in Pakistan and India

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Abstract

The two inheritors of the British colonialism, India and Pakistan who got independence in the aftermath of Second World War inherited poverty and underdevelopment at the end of the colonial rule. The colonial rule ended in destroying the traditional and indigenous institutions and a legacy of colonial capitalism. Pakistan and India followed two different approaches of development. India chose the path of self-reliance predicated upon an ideology of nationalism associated with political democracy, while Pakistan was enforced into pursuance of a neo-colonial capitalist model in which authoritarianism and economic growth were blended together. However, after six decades of development, the observers find 'striking parallels in the achievements and the failings of India and Pakistan' despite their different models of development. This paper presents a comparative analysis of underdevelopment found in Pakistan and India and argues that human security is linked to human development and human rights. The two 'nuclear countries' of South Asia who maintain two larges armies and spend a large share of their resources on military account are extremely poor and underdeveloped. The state of human development and human rights in both the countries demand that military expenditure should be reduced and the saved amount of resources is used for social development. This paper also argues that political democracy without including the principle of economic equality cannot address the issues of underdevelopment.

Introduction

The two inheritors of British colonialism, India and Pakistan both inherited poverty and underdevelopment at the end of the colonial rule. The colonial rule ended in destroying the traditional and indigenous institutions and a legacy of colonial capitalism. The following table demonstrates the status of underdevelopment in the first few years of their national growth.

Table 1:
Status of Underdevelopment in India and
Pakistan in the First Decade

First Decade					
Countries	Literates %	Rural Population %	Urban Population %	Average per capita income, 1952- 1954 (\$ US)	Annual Rate of Population increase (1953- 1956) %
India	16.6	82.7	17.3	60	1.3
Pakistan	18.9	89.6	10.4	70	1.5

Source: Gabriel A. Almond and James S. Coleman (ed.), *The Politics of the Developing Areas* (Princeton: Princeton University Press, 1960,), p. 171.

A comparative analysis of underdevelopment in India and Pakistan in the context of Neo-Colonial States reveals the similarities and differences in two inheritors of British colonialism. Though, 'the base from which each started and significant differences in political, economic, and social circumstances make direct comparisons difficult'.¹ Pakistan and India followed two different approaches of development. Pakistan was enforced into pursuance of a neo-colonial capitalist model in which authoritarianism and economic growth were blended together, a trend continued till today. Pakistan could not build a strong constitutional base and has been threatened by challenges from the military and is still striving to find a stable and effective form of

government.² Due to the frequency and longevity of military rule in Pakistan, observers label the approach of development as the 'economy of defense',³ which led to civil war and division of the country in 1971 and its continuation poses a serious threat to the security of remaining parts of Pakistan, despite the increasing economic growth. On the other hand, India chose the path of self-reliance predicated upon an ideology of nationalism associated with political democracy dominated by the Nehru family and a single party-the Congress. Though, India chose the ideology of nationalism with the underlying socialist economic policies, but, the heritage of administrative colonial rule was not destroyed which became a major obstacle in bringing any economic revolution.

After the collapse of the Soviet Union, the ideology of nationalism is being replaced with 'economic reforms' suggested by the World Bank- with its focus on economic growth. The last two decades have witnessed a shift in economic policies which have resulted in an accelerated growth but are accompanied with a rise in inequality. After six decades of development, the observers find 'striking parallels in the achievements and the failings of India and Pakistan' despite their different models of development.⁴ In both countries, there continue to be wide disparities in social indicators between different states (or provinces) and between urban and rural areas. Despite differences in approach, centralized colonial political and economic authority continued in both the post-colonial states that resulted in deep divide-among regions, sectors and people-many of which are growing. 'Inequality has risen because of increases in inequality between regions. India's rapidly-growing states in the South and West are leaving behind others in the North and North-east, leading to the phrase "two India";' a similar situation had happened in Pakistan in the period of General Ayub's development era, when the phrase of "two economies" were heard in the context of East and West Pakistan that ended in the creation of Bangla Desh. Still no lesson has been learnt in Pakistan, where interregional disparities are increasing with the Punjab Province at one end and Balochistan and the North West Frontier Province on the other.⁵

Societal change in India and Pakistan do not match the aspirations of people who fought a long struggle against British colonialism to get their independence. 'The goals of ending or even reducing poverty, providing adequate health care, offering educational opportunities for all, and reducing regional, urban/rural, and gender inequality remain targets for the future at the end of the

first half century of independence'.⁶ Education quality, access to schools at all levels, nutrition, sanitation, health, and women rights in all respects have lagged behind. With inadequate financial resources, the absence of consistent and viable national and provincial policy formation and implementation at all levels becomes more critical.⁷ There are increasing disparities of wealth and living conditions in both countries. Although, a rapidly growing middle class in India share the benefits of the economic growth but hundred of millions of Indians, still are deeply impoverished, having no access to the better life offered by economic growth.⁸ Similar situation exists in Pakistan, where the majority of people are denied their share in the economic growth. A growing evidence not only underlines the delink between economic growth and human development but also indicates that economic policies in both the countries have also made people more vulnerable to shocks and insecure in life.⁹

The state of underdevelopment which these two South Asian countries inherited at the end of British colonialism is not fundamentally changed after sixty years of their existence as post-colonial states. At the first century of their independence, Pakistan and India were rated among the most deprived region of the World,¹⁰ A status not much improved in the year 2007. Though, over the last decade these two countries have witnessed growth but it has also witnessed a rise in inequality. The profile of human deprivation in Pakistan and India demonstrates a somber picture. The following Table shows the profile of spending on health, education, defense and percentage of population living in poverty. It reveals that 28 per cent of total population in India and 33 per cent of total population in Pakistan is living below the poverty line. Public expenditure on education in the years 2000-2002 was only 4.1 % of GDP in India and 1.8 % in Pakistan. Public expenditure on health in the year 2002 was only 1.3 % of GDP in India and 1.1 % in Pakistan. In contrast, the defense expenditure as % of central government expenditure was 14.2 % in the year 2003 in India and 23.9 % in Pakistan.

Table 2
Profile of Spending in India and Pakistan

	India	Pakistan
Total estimated population	1,071	152

(millions) 2003		
GDP per capita (US \$)	617.0	820.0
1960	1348.0	2154.0
	2892.0	2097.0
1994		
2003		
GNI per capita (US \$) 1995	340	460
2003	540	520
Population below income poverty line (%)	34.7	13.4
US \$ 1 a day 1990-2003		
National Poverty line 1990-2002	28.6	32.6
(%) of total population		
Public expenditure on education (as % of GDP) 2000-2002	4.1	1.8
Public expenditure on health (as % of GDP) 2002	1.3	1.1
Debt service ratio (debt service as % of exports of goods and services) 2003	18.1	16.8
Defense expenditure (as % of central government expenditure)	19.8	30.6
-1980	14.2	23.9
-2003		
Defense expenditure (as % of GNP)	2.5	5.1
- (as % of GNP) 1980	2.3	4.1
- (as % of GDP) 2003		
Defense expenditure (as % education and health)	68	393
-1960	65	125
-1995		

Source: Based on Tables 8 and 9 in *Human Development in South Asia 2003*, Karachi: Oxford University Press, pp. 184-5 and Tables

2.7 & 2.8 in *Human Development in South Asia 2003*, *op. cit.*, p. 25 and Tables 1, 2, 3, 4, 5 & 8, *Human Development in South Asia 2005*, Karachi: Oxford University Press, pp. 206-13.

The above mentioned data demonstrates that the 'territorial security' is more important than 'human security' in these two poverty ridden nuclear South Asian states who are engaged in territorial conflicts with each other since their independence and could not settle these issues despite three major and many proxy wars. Major chunks of their resources are being spent on maintaining two largest armies in the region and purchase of arms at the cost of human development. Large armies and nuclear weapons can not guarantee security. Human security can only be guaranteed by addressing the root causes of conflicts. More than border conflicts, India and Pakistan both are confronted with increasing forms of conflicts within states/regions/provinces due to social, religious or communal issues. Increasing political, economic and social inequality is the real threat to the security of the whole South Asian region.

Development Paradigms

Beneath the striking similarities of underdevelopment in India and Pakistan, the differences are also very visible. These differences are in their approaches to development and their journey as post colonial states. Contrasting patterns of political development of a common colonial legacy in South Asia -democracy in India and military authoritarianism in Pakistan have produced almost similar level of underdevelopment. To understand this phenomenon, we need to look at various theoretical paradigms, which explain the underdevelopment in the post-colonial states in the context of Neo-colonialism.

Besides Marxism, there are two theoretical paradigms, which explain the phenomenon of underdevelopment in the post colonial states firstly, development or modernisation paradigm and secondly, dependency paradigm. With the disintegration of the Soviet Union in 1991, the Marxist school is in disadvantaged position to offer an explanation for the Third World underdevelopment.¹¹ Modernisation paradigm is narrowly constructed with its focus on the dynamics of change in a national society only. The modernisation paradigm presents a culturalist thesis, in which a set of stereotypical notions of 'character' and 'personality' are found.

According to these notions, colonial peoples are 'primitive' and 'barbarous' untouched by civilisation until they came in contact with colonialism. Two schools, evolutionism and diffusionism representing the broader 'functional school' present this thesis.¹² The theme of their analysis was in terms of 'crises of development', 'national integration', 'moderation', etc. They advanced the pro-establishment school of development. Both evolutionists and diffusionists view societies of the Third World as 'traditional' and 'static' before their contact with the West, lacking any 'endogenous dynamic for development and progress'. Without discussing the destructive role of colonial impact, they see colonialism as a modernising force responsible for the transformation of a traditional society into a modern one. Discussing the 'self-legitimizing ideas of colonial domination', Singh shows that there is not a 'hint or acknowledgement of the destructive role of the colonial impact in India'.¹³ The writers of modernisation paradigm reject any connection between the poverty of under-developing world and the wealth of the developed world and they do not address the question of colonialism directly. They present a concept/model in which the villain is the 'non-Western world' and its 'cultural strains', which, should wait for deliverance through the 'diffusion of world culture'.

The myth of 'modernization or development paradigm' that poor are poor because they have not caught up by the modernization and industrializing is being challenged by writers of underdevelopment or dependency paradigm, who view the historical appearance of colonialism and the emergence of Western capitalism as the primary factors accounting for the existence of poverty in the World. They suggest that in analyzing the underdevelopment of 'national economies', it is important to understand the historical process of unequal development of the world, which began in the sixteenth century with the formation of a capitalist world economy and concluded in today's 'globalization' or 'new world order' in the post Cold War era. This global system is characterized by the disproportionate but connected development of its different components in which the causes of underdeveloped status are linked to the historical causes of development in the industrialized nations¹⁴. The dependency theory suggests that underdevelopment and development are two sides of the same coin, both are historically simultaneous, both are linked functionally and both interact and condition each other.

There are various shades of 'dependency paradigm'.¹⁵ The writers of dependency paradigm argue that the rich countries have

become industrialized by exploiting the resources of their former colonies, and although political colonialism ended in the two decades following World War II, the dependency of the colonial relationship persisted even after the independence of colonial states. The neo-colonialism has created a world market, which is based upon continuing unequal trade relations between the rich and poor world.¹⁶ The poverty in the world owes its existence to 'this world economic system'.¹⁷ This results in the division of the world between industrial, advanced or 'central' countries, and underdeveloped, backward or 'peripheral' countries. The 'centre' is seen as capable of dynamic development sensitive to the internal needs of the whole, and as the main beneficiary of the global links. On the other hand, the 'periphery' is viewed as having a reflex type of development; one, which is both, constrained by its incorporation into the global system and which results from its adaptation to the requirements of the expansion of the centre.

Modernization Theories and Neo-Modernization

Current democratization theory is indebted to a greater degree to the modernization theory of the 1950s and 1960s that evaluated the requisites of democratization in developing countries. It contended that beyond certain thresholds of economic development, societies become too complex, and socially mobilised to be governed by authoritarian means.¹⁸ The major argument, the modernization theory presented was that high income countries were most likely to be democratic and that increasing literacy, urbanization, and non-agricultural employment were linked with growing tendency to political participation, by inferring that authoritarianism need not be unviable at lower levels of modernization and may even be quite harmonious with the features to many pre-modern societies. There are two major flaws with the modernization theory. First, it does not identify the threshold beyond which authoritarianism is no more viable.¹⁹ The high levels of income and social mobilization in many communist countries in Europe and authoritarian regimes in East Asia indicate that a quite high level is required for unviability of authoritarianism. However, the experience of democracy in India at a very low level of income and low levels of modernization poses a problem to this proposition and makes it apparent that modernization levels are not determined and merely constitute an environment that may be more

or less facultative of certain kinds of regime, ruling out democracy only at the very lowest levels and authoritarianism only at the very highest levels.

Furthermore, modernization theories were variants of the original stages of growth idea proposed by Rostow.²⁰ This approach of development employs a major problem: how to encourage traditional economies to reach the stages of 'takeoff' into sustained economic growth. The advice for increasing growth required new investments in industry: either import substituting, as was the mode in Pakistan and majority of Latin American countries, or export oriented in East Asia with the purpose of generating employment and improving labor productivity. This development model presumes that as growth occurs, the positive effects of increased production will 'trickle-down,' to those sections of people who are not directly involved in the dynamic sectors. This model leads towards a linear development path ending in 'Western-style' market oriented societies. The underlying belief is that the cultural diffusion of Western economic/ technological processes and the compatibility of social structures will force the developing countries in the long run to adopt the characteristics of the developed ones. In this linear progress, the prediction is that traditional societies will eventually advance through the stages that have been achieved by developed societies. It is assumed that lack of human skills and investment capital are the major problems, therefore, the system of banks and development assistance agencies such as the IMF and the World Bank are designed to provide capital for investment to developing countries who are trailing these policies.

Despite the fact that modernization theories have met with increasing criticism, they remain at the cornerstone of development policies religiously promoted by the bilateral and multilateral aid organizations under global capitalist accumulation²¹ The failure of early modernization theory's expectations for democratization in the developing countries of the Third World demanded reconsideration of the theory, exemplified by Huntington's Political Order in Changing Societies.²² His contention was to show that social mobilisation in developing countries might lead, not to democratisation but to what he called 'praetorianism.' He asserted that it would happen because mobilization exceeded the economic development and political institution building required to satisfy and accommodate it. His argument was that an expected outcome of resulting frustration of demands would be disorder and chaos, in turn, giving rise to military intervention.²³ Huntington's argument

on order building is being criticized for advocating dictatorship as a solution to praetorianism, though he was actually quite explicit that military dictatorships only replicated praetorianism and stability required that participation demands be satisfied through institution building. Redefining early modern theory, Huntington argued that through enough participation and organising a constituency for the regime, particularly among previously non-participant masses, single party systems can be a viable and modern form of authoritarianism and stabilise states in the transition to modernity. He believed that since armies and bureaucracies are capable of imposing order 'from the outside' and clientalist networks do not have the legitimacy to buy the loyalty of large masses of people, they lack such institution building that was essential if regimes were to 'penetrate' society and incorporate constituencies.

Another barrier to democratisation proposed by the writers of modern theories was that capitalist accumulation in modernising countries demanded high profits for investors while squeezing workers and peasants resulting in increased inequality in the development process.²⁴ They thought that democratic institutions were unable to contain this stimulated class conflict which invited authoritarian solutions. The other argument presented is that the disparity between state and identity generated from the disorganized imposition by imperialism of territorial boundaries meant that majority of the Third World neo-colonial states lacked the fundamental consensus on political community- shared nationhood. Enlarged economic inequality generated by unconsolidated political identity promotes a democratic unfriendly socio-economic environment. Discussing the role of democracy and economic development, Sen argues that the protective role of democracy is essential for prevention of economic disaster and there is need to go beyond the "narrow confines of economic growth and scrutinize the broader demands of economic growth. He invites us to see the connection between civil and political rights and economic development and argues that the poorest nations need democracy the most.²⁵

The concept of Asian values, which argued for a unique set of Asian institutions and political ideologies, involving authoritarian government was challenged by Sen's work that helped define the emerging field of Social Choice. The theory of Social Choice was proposed first by the American economist Ken Arrow, who argued that all voting rules, be the majority voting or two- thirds majority or status quo, must inevitably conflict some basic democratic norm.

Sen's work showed under what conditions Arrow's Impossibility of Theorem would come to pass.²⁶ His contribution not only extended and enriched the field of Social Choice it also influenced the area of economic measurement of poverty and inequality. Sen's concept of 'capability' is the most revolutionary contribution to development economics and social indicators, which argues that governments should be measured against the concrete capabilities of their citizens. It is up to the individual society to make the list of minimum capabilities guaranteed by that society. In his insistence on asking questions of value, long removed from serious economic consideration, Sen posed a major challenge to the economic model that portrayed self-interest as the prime motivating factor of human activity.²⁷

The Dependency Theory and Neo-Colonialism

Divergence in the development of East Asian and Latin America NICs (Newly Industrialized Nations) has triggered debate over the theory between advocates of modernization and dependency approaches in accounting for the regional divergence. Influenced by the new American development of development theory based on American pragmatism and empiricism, a large section of the research using the modernization approach on divergent development focuses on 'economic development',²⁸ that has become 'equated *de facto* of not *de jure* with economic growth. It in turn was measured by the growth of GNP per capita.'²⁹ While, the writers of dependency approach insist on a broader 'concept of development' having three aspects: growth (the economic aspect), equality (the social aspect) and liberty (the political aspect).³⁰ The broad definition then includes those societal conditions that promote personal growth, economic growth, equality in the distribution of wealth, and political liberty. Frank argues that 'development must include more democracy. (More) democracy must include (more) respect for human rights. These rights must include (more) political freedom of speech, organization and choice. However, these human rights must also include access to the economic and social basic human needs necessary to exercise such political choice'.³¹

'The degree of equality in the distribution of wealth may be analyzed along a number of national dimensions: urban-rural, labor-capital, and along intra-class dimensions: large-small industries, large-small farms, skilled-unskilled labor.'³² Liberty is an essential

element of democracy, along with a state executive accountable to an elected parliament and regular, fair elections.³³ More specifically, liberty includes both political rights and civil liberties.³⁴ From this perspective, 'determinant factors in economic development were really social' and 'social change', therefore, seemed the key to both social and economic development.³⁵ This perspective argues for introducing equity and efficiency in economic development.³⁶ The dependency theory provides a better understanding for divergence in the development in East Asia, Latin America and many Third World countries including Pakistan and India focusing on the regional variations of U.S. policy during the construction of U.S. hegemony or American System of Power after World War II. It argues that the development paradigm was the child of neo-imperialism and neo-colonialism. 'It developed as part and parcel instrument of the new postwar American hegemony. American ambitions extended over the ex-colonial world in the South and against both the real old Western colonialism and the perceived threat of new Eastern colonialism and imperialism'.³⁷ At the end of the World War II, the United States ascended to 'neo-imperial hegemony'.³⁸ During this period of neo-colonialism, the United States assumed the responsibility to reconstruct the world capitalist economy aiming for integration of different regions - Europe, Asia, Latin America, the Middle East and Africa within the emerging American System of Power.

The dependency perspective attempts to explore how the different trajectories of development in various regions were influenced by the U.S. hegemony. This perspective argues that East Asian societies should not be viewed successful products of the 'modernization process,' as proponents of that theory suggest. Rather, the 'success' of these societies should be viewed as rooted in their historical inclusion of American System of Power and the strategic importance of the region in which they were housed, and is not necessarily repeatable by other Third World societies.

A Comparative Analysis of underdevelopment in Pakistan and India

As discussed earlier, the concept of 'liberating' the governments in economically backward countries and then force them to take part in a competitive world system in order to develop economically was the landmark of the post Second World War

period. This idea of economic development imposed a set of new and special changes of social and administrative centralization, in addition to exploitive work disciplines, social turmoil, and revolutions in these societies. These new disciplines proved to be equally worse than those forced by the former colonial rulers, for most of the newly liberated countries of the Third World, because national liberation was equated with competition in the capitalist world economy.³⁹ In this capitalist world economy, the balance of trade is determined by the relationship of a nation state with the forces of the world markets. The world markets determine the capacity of a nation-state to compete in this capitalist world economy and decide the size of its exports and imports. Development has been marked by a struggle between two opposing forces: one that was commensurate with self-reliance predicated upon an ideology of nationalism, and another that positions the Third World countries within global capitalism. After dissolution of the Soviet Union, the Third World countries are left with no choice except to operate within the global capitalism and choose economic reforms agenda suggested by the World Bank.

Pakistan began its journey with a resource disadvantage in comparison with the physical and human capital available to India. But, soon after its birth, being the 'buffer state' between the Soviet Union and the 'free world', it was cajoled to enter into a dependent relationship with the U.S. and its neo-colonial capitalist model of development. The first decade of Pakistan's history is the beginning of her pursuance of a neo-colonialist capitalist model- based on capitalist exploitation -a cycle of developmental dependency. In an environment of 'containment', the alliance of bureaucracy, army and feudal elite was able to centralize the authority in their hands by cooperating with the forces of capitalist world system under the hegemony of U.S. 'Soon after independence the rulers of Pakistan began to yield to all types of inducements to enter into neo-colonial economic and military alliances in order to preserve the internal systems of privilege and power, and the external control of the cheap labor and raw material of the country'.⁴⁰

The first decade is characterized with the institutional imbalance that in the following years shifted in favor of non-democratic institutions keeping the representative institutions at their doorsteps. This resulted in concentration of authority in non-representative institutions and pursuance of economic policies in line with the neo-colonial capitalistic mode of production ignoring the needs of the majority of population. 'Once...rulers accepted

dependence on the world capitalist market economy and its prime movers, especially the transnational corporations and aid agencies either based in or sponsored by the United States of America, the impact of Western Economic doctrines and development models proved to be decisive in shaping ensuing events of both national and geopolitical significance'.⁴¹

The economic planning in Pakistan was initiated under the influence of Harvard Advisory Group (HAG) that promoted the notion of economic growth focusing on industrial development and encouraging capital accumulation disregarding the economic and social needs of the people. This growth model was accompanied by an authoritarian elite of bureaucracy, army and feudal that was bolstered by the custodian of the 'free world' the United States to ensure Pakistan's association with Defense Pacts against Communism. Against the wave of nationalism spreading in its neighboring countries like India, Iran, Indonesia and many Arab states, the ruling elite in Pakistan chose to be the 'client' state of the U.S. ignoring the aspirations of the people. Authoritarianism and economic growth were blended together and prescribed as the best economic model for Pakistan. By 1959, the first stage of Pakistan's industrialization based on import substitution was over. The period followed saw the unfolding of the second phase of Pakistan's industrialization based primarily on export-oriented growth and financed through large doses of foreign aid. In the early 1960s under the military rule of General Ayub, Pakistan was being projected as 'a better bet to succeed economically than Korea, Indonesia or Malaysia' and 'to cross over into the ranks of 'middle-income' countries'.⁴² But, it did not happen. The decade of development as proposed by many writers of modernization theory ended in an anti-development movement against the concentration of wealth into few hands, which forced General Ayub to resign and 'prelude to the events of the civil war and the de-linking of the Eastern Province'.

The years 1971-77 witness a change in development policies. The first Peoples Party government under the leadership of Zulfikar Ali Bhutto introduced the philosophy of Islamic Socialism. In accordance with this philosophy, industries, banks, insurance companies, private schools etc. were nationalized. Land reforms were introduced, but they were not effective enough to revolutionize the "capitalist feudalism" inherited from the colonial India. The revolutionary spirit of Islamic Socialism very soon faded away in the hands of civil bureaucracy and the alliance of civil

bureaucracy and feudalism continued to dominate the politico-economic scene of the country. People of Pakistan were still far away from the corridors of power. The elected government of the Peoples Party led by Prime Minister Zulfikar Ali Bhutto was overthrown by a military coup in 1977.

The following period was eleven years of military rule. General Zia's Martial Law was the most oppressive period in the history of Pakistan, which initiated a process of ethnicity, intolerance, violence and above all violation of all kinds of human rights. The economic planners of this period introduced the concept of privatization and a free market in accordance with the instructions of IMF and the World Bank. After 11 long years of military dictatorship, it was returned to multi-party parliamentary democracy in 1988, but 'Pakistan's military-bureaucratic establishment dismissed five elected governments between 1988 and 1999, ultimately leading to a military coup in 1999, which continued till today under the shadow of a sham democracy. Like, General Ayub, General Musharaf's government is being applauded for increasing economic growth and its successful implementation of structural reforms suggested by the World Bank focusing on privatization policies. Despite the fact that poverty during last few years have increased and income inequality has widened.

On the other hand, India is considered 'the world's largest democracy' in which regular transfers of power have taken place through free and generally fair elections with a strong participation of people and without any threat from the military to intervene in the political process. As a consequence of building solid constitutional structures, new political forces have been able to emerge representing previously weak and underrepresented groups in society despite opposition from traditional power elites. But political democracy without including the principle of economic equality cannot address the issue of underdevelopment. The gap between economic and political capabilities undermines Indian democracy.⁴³ Although, the achievement of economic equality was declared to be the target of the long-term economic development policies based on socialist ideology and the mechanism of centralized planning, 'in practice, in reality, and even in the admission of those who developed these early economic plans, the actual goals were different'.⁴⁴ Comparing India and Pakistan, it can be argued that authoritarianism and democracy should be seen as a case of a continuum rather than opposites in the subcontinent's politics.⁴⁵

After independence, India declared to follow the Socialist pattern of society incorporating the doctrine 'that India would rely on pervasive government ownership and strong-handed public direction of the industrial, financial, communications, and transport sectors'.⁴⁶ A National Planning Commission of India under the chairmanship of the Prime Minister Nehru was established in March 1950 and had been 'defined as "the Economic Cabinet", not merely for the Union but also for the States'.⁴⁷ The Commission was empowered to investigate and recommend policies for almost every aspect of national life. The Commission had the control over the distribution of economic resources among the States and was in a position to dictate the form of individual States' development.⁴⁸ Indian economic goals 'entailed altering the structure of economy from predominantly agricultural to conspicuously industrial, attacking poverty and inequality, and achieving an acceptable rate of economic growth. Commitments were made to provide the country's 5550,000 villages with basic amenities such as primary schools, clinics, potable water, sanitary facilities, and electricity'.⁴⁹

The continuity in Indian economic planning (1950-1964) is known as Nehruvian Planning. Nehruvian Mode of Planning was different from Gandhian Socialism. The constitution of India passed in 1950 that borrowed heavily from 1935 Act, was committed to parliamentary democracy and contained no mention of Gandhian constitution. 'A Gandhian constitution seems not to have been given a moments' thought'.⁵⁰ The Constitution of India reflected Nehru's' line of thinking that believed that India needed a centralized constitution to establish the stability and the unity necessary to the social revolution. Under the influence of socialism, Nehru believed that centralized authority and centralized planning were two essential factors for economic progress.⁵¹ In contrast to Pakistan, that underwent economic modernization through haphazard reliance upon private enterprise and the market system, Indian economic planners intended to rely purposively on governmental initiative to create an integrated industrial sector. However, adopting for an industry-first development program like Pakistan was associated with the idea of interwoven relationship of industrialization with urbanization and modernization in most of the post-colonial states. This development model was in line with the paradigm of development that assumed that state power should supersede markets. The major theme of this paradigm was control or suppression of market forces. Thus the intellectual inheritance of

the developing countries in the post-colonial period became one of an overwhelming emphasis on the role of the state.

In this context it is hardly surprising that extreme forms of economic nationalism became almost universal among post-colonial states. These forms emphasized import controls, overvalued exchange rates, large-scale public ownership and investment incentives, direct investment with managed interest rates, prices and wages, etc.⁵² At the end of colonial period, economic nationalism was embraced regardless of political ideology in the competitive world context and was driven by the perceived importance of external competition rather than domestic social priorities. In Indian context, the growth of centralized state and the political economy generated ethnic, linguistic, religious, and regional conflicts in later periods, which were not allowed to grow under Nehru when compromises were made for recognition of multiplicity of claims made by distinct language groups.⁵³ Giving warning signals against development paradigm, Gandhi wrote in *Harijan* in July 1946,

Congressmen themselves are not of one mind even on the contents of independence. I don not know how many swear by non-violence or the *charkha* (the spinning wheel) or, believing in decentralization, regard the village as the nucleus. I know on the contrary that many would have India become a first-class military power and wish for India to have a strong center and build the whole structure round it.⁵⁴

India, like Pakistan, ignored its agricultural sector at the preference of industrialization, but, in contrast to Pakistan, the exploitive colonial farming system dominated by big landlords and princes was abolished immediately after independence to give a lip service to Gandhian ideal. A countrywide system of peasant proprietorship was established in which title to land –or effective control was transferred to the farmer- cultivating tenants. This became the basis of long-term socialist schemes for reorganizing Indian agriculture through land reforms, land re-distribution, and cooperative farming. In the first five year-plan ‘to appease Gandhian strand of thought, cottage, village, and small scale industries were promised support and preferences’.⁵⁵ Although, the primary goal for all these efforts was to grow enough food for the nation to feed itself, the rural sector was not given its proper share

in the resources. 'India's elite leadership believed that the rural masses could not be enlisted in the development effort until centuries-old habits and institutions were transformed. Hence, land reform, community development, and village self-rule, or *punchayati raj*, were needed to break down inequality, passivism, and castism'.⁵⁶ It was believed that cooperatives would bring a revolutionary change in village economy by releasing it from the exploitive dependence of the middlemen and moneylenders and with provision of credit facility and access to the market. It was expected that with spread of irrigation, these coordinated institutional changes would enable an increase in agricultural product.⁵⁷ The drought in the mid 1960s, however, made this realization very loud that the neglect of agricultural sector at the cost of industrialization in early years and centralized planning resulted in increased poverty rather than alleviating it. The percentage of urban and rural poor increased somewhat in the early 1950s and remained more or less constant for the next twenty years.⁵⁸

Many writers observe that India might have achieved the goals of Social Revolution envisioned in Gandhian constitution if it had followed a path of decentralization focusing on the village economy instead of opting for centralized planning and industrialization. This centrally planed economic development strategy continued until the 1980s, when a policy change occurred in form of economic reforms which resulted in acceleration of economic growth. However, like Pakistan, this accelerated economic growth and the ongoing privatisation process has contributed to increased inequality and economic insecurity in India also. Against the backdrop of greater global economic integration, poverty and widening income inequality, food insecurity, the changing nature of employment and unemployment underline the economic vulnerability of two nuclear states of South Asia.

Conclusion

In Pakistan and India, where one third of the population is living below poverty line and the large majority is denied of basic facilities like health, education, sanitation, safe water and safe environment, the real threats are poverty, disease, environmental degradation, regional and ethnic conflicts. Human deprivation is the major threat to human security. Without human security, territorial

security becomes ineffective and ultimately, self defeating. This paper argues to focus on a broader 'concept of development' having three aspects: growth (the economic aspect), equality (the social aspect) and liberty (the political aspect) and its linkage with human security. The broad definition then includes those societal conditions that promote personal growth, economic growth, equality in the distribution of wealth, and political liberty. This perspective argues for introducing equity and efficiency in economic development by creating a link between growth and human development through investment in education and health, skill development, job creation and women's empowerment and reducing military expenditure. In this conceptual framework, equitable distribution of assets and provision of social safety nets and political and cultural freedom are the critical connection between human development and human security.

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Economy11_10_comparative Development Experiences of India and Its Neighbours - Free download as PDF File (.pdf), Text File (.txt) or read online for free. NCERT economy chapter. Comparative development experiences of india and its neighbours. 183. Fig. 10.3 Industry in India, China and Pakistan. In agriculture, its contribution to GDP in China is 15 per cent, while in India and China's growth rate (see Table 10.3) is 3.6 per cent. In both India and Pakistan, the drastic decline in the contribution of agriculture to GDP is 3.6 per cent. Some scholars hold the reform processes the same, at 23 per cent, but the proportion of workforce that works in agriculture is more in India. State-Directed Development: Political Power and Industrialization in the Global Periphery. Cambridge: Cambridge University Press. Google Scholar. Kumar, N. (1995). Industrialisation, Liberalisation and Two Way Flows of Foreign Direct Investments Case of India. *Economic and Political Weekly*, 30(50), 3228-3237. Google Scholar. Lenin, V. I. (1908). *Class Structure and Economic Growth: India and Pakistan Since the Moghuls*. New York: Routledge. CrossRef. Google Scholar. Majumdar, S. K. (2007). *Institutions in Transition: Property Rights Regime Changes and the Saga of Foreign Firms in India*. *Economic and Political Weekly*, 8(4/6), 197-212. Google Scholar. Patnaik, P. (1979). *India's Post-colonial Development: A Comparative Perspective: A Comparative Analysis of Brazil and India*. January 2019. DOI: 10.1007/978-981-13-6028-2_3. The plan of this chapter is to understand the evolution of the Indian economy from its colonial days to the post-independence period of state-led industrialization. After surveying the economic conditions in the colonial period, the chapter will look at the patterns of post-independence policy making. Like Chapter 2 did for Brazil, this chapter seeks to contextualize India's transition to neoliberalism. Discover the world's research.