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# OPINION

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## POLICE FIRING

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IN a country where dissent is vital, how do we draw the line between dissent and disturbance? And would it be right to organise dissent so that the police can be provoked into firing?

Although I was a police officer and retired with 38 years of service, I had myself never killed anyone by ordering fire personally, though I had dealt with numerous difficult situations. Yet, there were times when I had to urge my officers to use firearms at once. The stakes were too big. The dangers too serious. The spread of communalism for instance, if it is not checked firmly and ruthlessly, can lead to serious damage to the integrity of the nation.

And yet if I found that someone had misused his weapon, lost his nerve or killed in anger, or fired at Muslims merely because they had shouted slogans in self-defence, I insisted that he must be prosecuted for murder like any other citizen.

How should we organise ourselves so that the occasions for the use of firearms can be minimised?

In the first place we must come down heavily on anyone who uses illegal means to quell discontent, to crush dissent, or even to suppress a terrorist movement. There have been cases in which political extremists have been shot down in true encounters. Those must be accepted as the unavoidable price of dissent which is undemocratic. But none must be put to death because he was suspected of being a terrorist. If a dacoit gang has been encircled after an exchange of fire and those who were using weapons were shot down that is something which is legal and correct. But even here it is far more prudent to secure the surrender of those who are encircled and get full information regarding the plans and methods of the gang.

Secondly, we must have some sort of a code of conduct in politics so that party leaders, or those who want to establish political leadership, do not try to secure it by playing with the lives of distressed citizens. Even if we do not have a code, let the organisers bear in mind that not only can mistakes be made by the demonstrators but cruel ones can be made, perhaps inadvertently, by the police themselves—and when mistakes occur on both sides, the price has to be paid by the widows and orphans of those whose lives were recklessly sacrificed.

Thirdly, the police must develop the right tactics and attitudes, give

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the right leadership, and provide the right strength to deal with the instability that economic and social causes are producing. One very common reason for police panic is the spread of rumours about casualties in the force—five men killed, families molested—a Head Constable has been speared and his eyes gouged out. In a tense situation such rumours which spread rapidly can create instability in the police ranks of a serious type and officers often seem to forget the importance of contradicting rumours and reassuring the people and their own force.

What should we do to the officer who prefers to remain in the Control Room so that he can shirk the responsibility of leading his men in the street? The possibility of a police failure increases enormously if there is no responsible man on the spot. Should we not take steps to prevent such evasion of duty by senior officers?

We have had several firings in the last few months in which the casualties have been extremely serious. We could make out an endless list—Moradabad, Aligarh, Nasik, Nipani, the firing on Gonds in Adilabad and on Adivasis in Singhbhum, the tragedy of Samastipur jail in which 11 men who were holding the staff at bay with stones were shot down from the prison walls.

Because we feel convinced the police have fired recklessly in many places, we are unable to call them to account when the police fail to fire or to take effective steps to contain communal fury, as in Biharsharif. Each of us must stand for a minute in agonised silence at the tragedy that was enacted in the villages adjoining Biharsharif, when women and children (even babes in arms) were butchered by a crowd maddened by a false rumour that 200 Yadavs had been killed in the town.

What is going wrong? How can we stop this rot? Each of us who calls himself an Indian has to search for the answer. The worst feature of firing is when the administration tries to cover up the senseless loss of life with the excuse that there should be no criticism as there will be a loss of police morale or when senior politicians prepare lies for public circulation, and the administration mouths excuses about large-scale preparations and accumulation of weapons, or newspapers publish alibis on the basis of hidden hands and foreign interference.

If nothing else, let us at least speak the truth no matter what the consequences.

## THE TRANSFER OF TECHNOLOGY

(Continued)

MAURICE and TAYA ZINKIN

This is the merest sketch of what is required when introducing an apparently low technology consumer product to a new country. To explain everything that is involved in building up a new system would take a book. But what has been said should be enough to show that the low technology industries often require a much more multi-disciplinary ap-

proach than the high technology ones, and that they are much more vulnerable to cultural peculiarities, even indeed amongst regions of a single country. To transfer the manufacture of micro-processor to Korea is relatively easy. Getting Koreans (or anybody else) to eat a breakfast food they have never tried is difficult.

Frictions over the transfer of technology come in two areas. First, the process of transfer itself may cause cultural conflict. Secondly, the developing countries object to the price.

The cultural conflict arises because knowledge can rarely be effectively transferred without certain accompanying attitudes. These attitudes may be seen by the transferor as essential if the knowledge is to be effectively applied, and by the transferee as a form of cultural subversion.

In a society accustomed to strict deference and a rigid social stratification until recently, an insistence on the pupil thinking for himself, even challenging the teacher, can be subversive of the society's whole structure of authority; yet if productivity in a factory is to be improved, it is desirable for everybody to think for himself.

In a culture accustomed to learning by rote, as all cultures were until recently, the relative free-and-easiness and the promotion by mark, not birth, needed for the efficient operation of a modern business, may be unacceptable. The politicians may feel their nephews have a right to be managers, the workers that their sons should have a first call on every vacancy. The Board itself may demand a level of respectfulness from its juniors which inhibits every new suggestion. Middle management may resist procedures which restrict their freedom to dismiss, or to promote by favour. Rising from the ranks may be made impossible by the application of criteria of dress or speech which are normal in the society but have little relevance to business effectiveness.

These are examples of major frictions. More serious still are the minor frictions. Expatriates talk to natives too brusquely. Natives conceal disagreement with a courtesy in a way the expatriate does not understand. Social relations are inhibited by a different view of the relationship between the sexes or the quantity of alcohol it is permissible to imbibe. Yet social relations are nearly as important as work relations; more knowledge is sometimes imparted in the relaxed discussion of shop over a drink than on the job; certainly that is how it was in the Indian Civil Service. Transfer of technology is, therefore, much easier, say, in Kenya, where expatriates and locals share most social attitudes than in Libya where they do not.

The most useful instrument for transfer of technology are organisations which can transfer whole systems. Technology in practice is multi-disciplinary. The simplifying solution used by universities, of splitting it into definable and examinable segments, is not available to industrialists. A university can have an admirable History Faculty and poor Engineering, but an Accounts Department which does not understand what the engineers and the sales manager are doing, is useless.

It is no use hiring the best consulting engineers in the world if there is no proper system in the accounts department for checking bills and no system in stock control for defining the lead time for re-ordering or monitoring the pace at which stocks are used up. The most favourable feasibility study by the best economists is only a beginning; one still has to collect a team to carry out the project. However feasible it may be theoretically, it will not happen unless the right team is collected.

The organisations which can transfer whole systems are few. Consultants cannot do it, first, because they normally cover only one aspect of the business and, secondly, because their function is to advise and not to implement. Implementation is a grinding, frustrating job, which often requires the managing of large numbers of relatively low-level people; and most consultants become consultants in order to get away from these frustrations and from the nervous strain of managing people. It cannot be done by international organisations, neither the U.N. nor the World Bank is set up to do much more than a consultancy job. It can be done by governments, but only in the areas where governments are skilled. They can set up a police force, make an army effective or provide a team from a post office; but Western governments have no experience in running most industries and Communist governments have no experience in running them in a way which satisfies the consumer, though they can be effective in heavy industry, as at the Bhilai steel plant in India.

This means that for those industries which in the West are not normally nationalised a developing country's best way of getting a whole system of knowledge transferred and made to work is to go to a multinational. That is why so much fuss is being made about the relationships between multinationals and developing countries. If the multinationals did not do a good job, they would not be attractive; there would be no need to make a fuss about them.

The problem about multinationals is that there is a price for using them, or rather two prices.

This takes various forms. Thus, the systems introduced may be efficient, but may rest on recruitment promotion by merit in a society where employers customarily put first caste, creed, tribe, friendship or nephews (this is problem by no means confined to developing countries). Again, certain decisions will necessarily be made by head office, for instance, the decision on whether to invest or disinvest and the top appointments. Public opinion may feel that had the company been locally controlled these decisions would have been different. The government has to accept that some forms of pressure, like arbitrary imprisonment or harassment by the income tax authorities, are not available against decision makers who do not live within its jurisdiction.

Furthermore, there is the universal political fact that governments and public opinions can change rapidly while investment decisions are long term and cannot be changed quickly. Some of the bitterest criticisms which multinationals have to bear arise when the climate of opinion

changes and they are found still to be doing something which yesterday was the favourite panacea of every nationality, like import substitution behind high tariff barriers. Finally, of course, there are the ideologues who object to all private enterprise, and for whom the only use of a multinational is that it may provide something convenient and possibly popular to nationalise.

Quite apart from these political difficulties, and often in addition to them, there can be, and frequently is, a hot argument about the price a multinational should charge for its efforts.

From the multinational's point of view the issue is simple. Its profits are the return on the capital it invests and the risks it takes. Its technology should be paid for separately. The fee may be charged in different ways. One way is the service fee for its general background of knowledge and research and for the specific assistance provided by head office departments. Another way is the licence fee or royalty charged for the provision of a defined range of knowledge for a particular process. A third way may be a charge for trademarks, since behind the trademark there always lies a whole system for building up goodwill; and the system—quality control, distribution, marketing methods and so on—normally goes with the trademark. Certainly a buyer would be foolish to licence the trademark without being sure that he knew what the system was and how to work it.

Moreover, as far as the multinational is concerned, the sale of knowledge is like the sale of anything else, a business transaction in which it expects the market price. However, in transactions for the sale of knowledge, the price which is relevant is the long-run, not the short-run, price in most cases, since the transfer knowledge is usually a long process. One-off sales of some given bit of knowledge on one occasion are possible but not normally satisfactory.

Again from the point of view of the multinational it would only be overcharging developing countries if it was clearly charging them more than developed countries, allowing for the difference in risk and in the effort involved. We have not seen any evidence that this happens on any significant scale, though there must be occasional instances, if only because the multinational misjudges the risks. On the contrary, the developing country often gets what, from the multinational's point of view, is a low price either because the costs of transfer to it are treated marginally, or because its government succeeds in establishing a position of monopsony.

That is not, however, the developing countries' perception of what happens. Many of them are in balance of payments difficulties and resent payments for intangibles across the exchanges. Others feel that the profits are a sufficient return for knowledge as well as for capital and risk. Many have at the backs of their minds an idea that knowledge should be a free good, or that at most they should pay only the out-of-pocket costs of transferring it to them and certainly not a share of the cost of originally discovering it. Others simply feel that the price is too

high and that, if they are tough enough, they can beat down the price to marginal cost instead of full cost, or even, because of the bitterness with which multinationals compete with each other, to less than marginal costs.

In the short run, the developing countries have had very considerable success in reducing the price. Multinationals often are tempted to sell at marginal cost because they hope that the business will one day be exceptionally profitable, or because their managers want growth for its own sake, or because they want to diversify their risks, or sometimes just because going into a particular developing country is fashionable. Brazil, for instance, has got away with not permitting any service fee payments to head office, which means that they have got a lot of head office services and research for nothing; subsidiaries elsewhere, mainly in the developed countries, pay. India will only permit levels of royalty well below those which are normal in a transaction between a U.S. company and an EEC company. Mexico uses the power of the government to drive as hard a bargain as it can on every single transaction and permits agreements only to run for a limited period in order to give itself the power of re-opening the contract. Even where the argument is that the proper way to be paid for knowledge is through the dividend, there may be severe limitations on the dividend. Brazilian taxation becomes punitive over 12% on the registered capital; Nigeria at the moment limits dividends to a percentage of paid up capital in 1976.

Developing countries also want certain side advantages from the transferor of knowledge. Thus, they want no limitations on export in any licence agreement. However, from the licensor's point of view, permitting exports into markets which he has built up at great expense over many years, may have a high cost. If his licensee's quality is poor, or the licensee's exports are subsidised, the cost may be far higher than the licence fee. There are demands that the quality of the licensed product should be guaranteed, even when the licensor is allowed no control over his licensee's method of manufacture; or that a licence given to one party in a country should be freely sub-licensed to others, although their methods of production may be such that the licensor would never willingly let them use his name; or that the licensee should be under no obligation to licence back his own improvements, although that could lead to his being in a better position than the licensor himself; or there is an insistence that the period of the agreement should be so short that the licensor would need to charge a very high fee indeed to cover the large front-end loading in the cost of any transfer of knowledge, where the most expensive part always comes at the beginning. All of these demands come down in the end to price. They make the transfer less worthwhile for the transferor. He has to make up his mind whether he will take the lower price or not transfer.

So far inertia, the habit of wishing to go to new countries, has made many multinationals accept the lower price. In the long-run, the effect will doubtless be less transfer. Then it will be for the developing country

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to decide whether it will pay more, or to see whether it can persuade the developed home country to pay part of the price as aid. It is unlikely the developed countries will bring pressure to bear on their multinationals to lower the price. The knowledge of their multinationals is part of their capital. However generous their left-wingers may be willing to be with other people's stock-in-trade, their governments are bound to be more cautious.

Technology is knowledge. Transferring it is hard and difficult, both for teacher and taught; whether the transfer is within a country or between countries. Often the transfer can only be effective if a whole system is taught; transferring technology in bits is like teaching history as a set of unrelated dates. The transfer is, therefore, easier if it is of a high technology which is not culture-bound. It is more difficult if the technology is low but it has to be extensively adapted to the culture. All the rest, the fuss about codes and exploitations, is merely a way of getting U.N. officials and academics to help in the haggle about price.

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