

Chapter 5

NEHRU DOUBLES HIS BET

In October 1957, John F. Kennedy, then the junior senator from the state of Massachusetts, contended that India was strategically important for the United States. India, the forty-year-old Kennedy wrote, was uniquely positioned to “broker” the “bipolar struggle” between the superpowers. Kennedy apparently was also moved by a communist victory at the polls earlier that year in the state of Kerala. He warned that Indian communists might be poised to achieve widespread electoral victories, in which case India could fall into the clutches of the Soviets and the Chinese. Kennedy, therefore, recommended that the United States pay greater attention to India; he referenced, in particular, a recent appeal by MIT economists Max Millikan and Walt Rostow for more “durable” U.S. financial aid to India.¹

Kennedy’s essay—published in the influential *Foreign Affairs* magazine—hit the printing presses just about when the Soviet Union launched its Sputnik satellite. For America, it was a moment of grave doubt. The Soviet Union seemed to be moving ahead not just in space technology but in educational quality and in industrial and military might. Americans could also see that Soviet advances were favorably impressing unaligned and developing nations. For the United States, the communist threat became increasingly urgent.²

In December, responding to the Sputnik launch, Kennedy penned an op-ed in the *New York Times*, calling for a rethinking of U.S. military and foreign-policy alliances. He now paid even more attention to India. India's Second Plan was floundering, and Kennedy wrote: "Congress must pass a loan and aid program, which will prevent a failure of India's second five-year plan." India, he said, was "the showcase of the democratic experiment in Asia." It was the "most important of all uncommitted nations," and it could have, Kennedy argued, "a diversified and democratic society outside the zone of Communist influence and control, but only if we help."³

Having asserted that the big-push Second Plan's success was essential to preserving Indian democracy, Kennedy used his position on the Senate's Foreign Relations Committee to lobby for more financial aid to India. At a committee hearing in February 1958, Kennedy asked Walt Rostow a question, the answer to which the two of them had evidently rehearsed.

KENNEDY: Do you think that the proposed economic assistance which the [President Dwight Eisenhower] administration has decided to give to India is sufficient to meet the minimum requirements of successful Indian development and American policy in that area?

ROSTOW: I believe that the present aid program, which amounts to \$290 million this year, is grossly inadequate. This [Five-Year Plan] is a great adventure for them. Here they are caught at a moment in that adventure where a lot of pressures have converged on them at once, striking at the one point we can most easily help—foreign exchange."⁴

Kennedy was positioning himself to battle the Eisenhower administration, with a possible run at the presidency already in his mind; he was also establishing his credentials as a liberal Democrat. Rostow was pursuing his own aims. He was an unwavering enemy of communism, and he viewed with great alarm the possibility that the Soviets and Chinese might woo India. Rostow also had an economic idea to sell. In his book in the making, *The Stages of Economic Growth*, he declared that just as a plane taxied on a runway, an economy taxied in preparation for "taking off" into self-sustaining capitalism. Rostow mysteriously concluded that

the Indian economy, despite its near-seizure after the Second Plan began, had met the “domestic prerequisites of growth” and could take off if it received “external capital in adequate amounts and over a long enough period.”⁵ India was a guinea pig for his theory. Rostow needed Kennedy as much as Kennedy needed him.

In March 1958, a month after Rostow argued in the U.S. Senate for more aid to India, Kennedy joined forces with John Sherman Cooper, Republican senator from Kentucky (and formerly ambassador to India). Together, they advocated for a Senate foreign aid bill, which passed that June. The bill contained a specific reference to greatly expand aid to India. President Dwight Eisenhower, also prodded by the Communist threat, supported that aid initiative. Eisenhower followed up in August by shepherding a substantial increase in the resources available to the World Bank and IMF for supporting developing countries.⁶

The United States was then—and even more so, later—a key contributor to what came to be known as the Aid India Consortium, an international forum of major industrialized nations that helped fund India’s foreign exchange needs. The World Bank, which convened and coordinated these donors, first brought them together in August 1958 to arrange emergency financing for India. Over time, the Aid India Consortium became the main source of long-term international funds for India.⁷

As donors geared up to finance Indian development, Indian authorities, having learned no lessons, prepared a hugely ambitious Third Plan that magnified the Second Plan’s defects. Even Nehru’s supporters were worried about the continued neglect of employment generation. In February 1959, a Congress Party committee—which included the prime minister’s daughter Indira Gandhi and Planning Minister Gulzarilal Nanda—warned that the new plan did little to address India’s “gigantic” employment problem. However, Nehru had won the 1957 election easily and was not accountable to anyone at home. He did have one problem, though. As the IMF noted, India’s balance of payments position was under “increasing strain.” Foreign exchange reserves had continued to fall.⁸

To stay on his chosen path, Nehru needed billions of aid dollars for the Third Plan. And since a large portion of that aid would come from

the United States, Nehru needed, in particular, a U.S. benefactor. JFK volunteered to play that crucial role.⁹

The Seduction of “Free Money”

The moment in time allowed Nehru to have his cake and eat it too. Braj Kumar (“B. K.”) Nehru—a distinguished civil servant who happened to be the prime minister’s nephew—was, as commissioner general for economic affairs, the point man for amassing foreign aid. B. K. Nehru reports that the phrase “foreign aid” was “anathema” to Prime Minister Nehru, who made it clear he would not accept foreign assistance to which donors attached conditions. The prime minister was particularly attached to his policy of non-alignment to either superpower. He insisted that he would not “under any circumstances” alter his non-alignment policy as a price for the aid.¹⁰

And, in fact, the official assistance came with no conditions. To Indians, the funds, although they were mainly in the form of loans, seemed like “free money.” This was not the case—India had to repay the debt with interest. But neither on foreign nor on domestic policy did the donors ask India to make any change. B. K. Nehru gleefully reported that the Second Plan “proved that we could get the money, that we could get it without altering any of our policies, internal or external, and that we could get it without bending the knee or bowing the head.”¹¹

That such “free money” would continue was a rash presumption. Non-alignment, so dear to Nehru’s heart, was on shaky ground. The relationship with China had deteriorated since October 1950, when China began annexing Tibet, a friend and ally of India. Before he died, Sardar Patel suggested to Nehru that a western military alliance was the only reliable counterweight to Chinese military might. Nehru ignored the advice. After Patel’s death in December 1950, the Chinese made frequent claims on Indian territory. Indo-China tensions escalated in March 1959, when the Dalai Lama, the spiritual and political head of the Tibetan Buddhists, fled Tibet for India. In 1959 and 1960, as the Third Plan took its final shape, the China threat loomed larger than ever before. Western donors could have squeezed Nehru on this non-aligned stance with little fear of a domestic communist upsurge.

India also needed to change its economic policy. B. R. Shenoy, the most consistent voice speaking out against the Nehruvian strategy, had proposed a fundamental shift: get rid of investment and production targeting and let the exchange rate depreciate. A cheaper rupee would curtail imports by making them more expensive. More important, a cheaper rupee would spur Indian businesses to export products made with labor-intensive techniques. India was well-positioned, as the August 1956 World Bank report said, to ramp up output of small engines, electric motors, pumps, bicycles, cables, lamps, and telephones. A cheaper currency would have given Indian manufacturers the boost they needed to produce and export such products.¹²

Although Indian policymakers disregarded the advice offered by Shenoy and the World Bank, Taiwanese leaders embarked on exactly that proposed route, having independently reached the same conclusions. To be clear, the Taiwanese did not make a blind commitment to free-market philosophy. K. Y. Yin, the “mastermind of Taiwanese industrialization,” continued to emphasize the need for governmental investment on electric power generation and fertilizer production. However, in 1957, he put Taiwan on the path to export-led industrialization, starting with labor-intensive textiles. The Taiwanese focused on the need to catalyze—jump-start—promising areas of production. Yin had recently traveled to Japan to study Japanese industrial development in the decades following the Meiji Restoration. The lesson he learned was that “a government must lead, at least in the beginning.” True to that spirit, a senior Taiwanese policymaker later said that Taiwan’s strategy “was to help various parts of the economy first to start, then to walk, and then we let them go.”¹³ The first postwar emulation of the Japanese development model was on. However, with access to “free money”—even though donors could easily turn it off—Nehru doubled his bet on his heavy industry strategy.

Nehru Holds Firm

In late 1959, R. K. Karanjia, editor of the left-leaning Bombay-based tabloid *Blitz*, interviewed Nehru over several days. Karanjia was sympathetic to Nehruvian aspirations. Even so, he was taken aback by Nehru’s vigorous but dubious justification for staying the course. Adopting the

uncompromising certainty of Walt Rostow's "take-off" thesis, Nehru insisted that Indian industrialization was primed to develop its own momentum, which would become "self-feeding, self-propelling, self-developing." Even more strikingly, Nehru claimed India had chosen a "scientific approach" to economic development, adding that economic planning and development were driven by a "mathematical formula." Nehru had been hooked to the idea of mathematically driven economic development since his encounter with the Norwegian economist Ragnar Frisch in December 1954. A surprised Karanjia asked: "A mathematical formula?" "Almost, almost," Nehru responded. He conceded that the "quality of the human being" as well as "climate and other factors" did count. "But subject to these factors," Nehru asserted, "*planning and development have become a sort of mathematical formula which may be worked out scientifically: if you do this, this is bound to follow, and this is going to be the next step and that [leads to] the third step.*"¹⁴

Nehru stripped administrative, social, and political considerations from his economic thinking. For him, economics was a set of equations, and he believed those equations were working. Indian industry had done "remarkably well," he insisted. Nehru was more realistic about India's agricultural performance. Whereas in January 1955, he had asserted "considerable progress" in agriculture, he now acknowledged that agricultural progress had been "disappointing." But greater realism did not change his policy perspective. He blamed the lack of progress on "bad harvests, bad this and that." He complained of peasants steeped in "orthodoxy and old customs."¹⁵

Hence, despite precarious relations with China and evidence of a failed Second Plan, the Third Plan was an unabashedly scaled-up version of the Second Plan. The total plan outlay, at \$15.1 (Rs. 72.5) billion, was up from \$9.7 (Rs. 46) billion spent on the Second Plan. Despite Nehru's recent recognition of disappointing progress in agriculture, the share of spending on agriculture remained unchanged. The massive industrial investment was expected to trigger an increase in imports from \$10.4 to \$11.9 billion. And—hold your breath—with virtually no foreign exchange reserves, the foreign aid requirement jumped from \$2.2 to \$5.5 billion.¹⁶ The Second Plan document had been hazy on the plan's foreign exchange

needs, and it took a mad scramble to fill the hole when the large sums needed became quickly evident. The needed foreign assistance for the Third Plan was large and boldly displayed.

Kennedy Rides to India's Aid

"One day in August 1958," writes the University of Cambridge historian David Milne, "Kennedy gave Rostow a lift to the State Department in his ostentatious convertible, with its top down. They shot the breeze about potential nominees for the 1960 primaries [to select the Democratic candidate to run against the Republican Richard Nixon in the presidential race later that year]. Kennedy casually mentioned he was planning to run."¹⁷

We know the rest. Nixon was viscerally anti-Indian. He found Indians "repulsive," as he once confided to a group of business executives. Kennedy won the presidency in a nail-biting election. He was committed to the liberal view of a "beneficent" government under a "powerful presidency." He also seemed to believe in India and especially in Nehru. On January 31, 1961, in his first State of the Union address to the U.S. Congress, Kennedy said he had drawn inspiration from "the soaring idealism of Mr. Nehru."¹⁸

On April 27 that year, John Kenneth Galbraith, Harvard University economist and American ambassador to India, wrote in his diary, "This afternoon a message came in asking me to inform the Prime Minister that the President had marked him down for a billion dollars for the next two years of the [Third] Five-Year Plan. I went over to his Parliament office to tell him. I could not be sure whether he was embarrassed or touched—he made almost no comment." Galbraith added a footnote to his observation: "Nehru's pride was closely engaged with that of India. He recognized the great role played by our help. But it also meant, I am certain, that he saw his country in some slight measure as a beneficiary of our charity, and this he did not like at all."¹⁹

Kennedy used his billion dollars of aid to push other countries to raise their aid commitments to India. In a message in mid-May to West German chancellor Konrad Adenauer, Kennedy attached the greatest importance to India's successful completion of the Third Plan. The Germans

increased their aid contribution by \$50 million to \$381 million. In early June, anchored by the U.S. aid commitment, the six industrialized nations of the Aid India Consortium and the World Bank together pledged \$2.25 billion to finance the first two years of the Third Plan's foreign exchange needs.²⁰ When Nehru visited Washington in November 1961, the State Department's briefing for President Kennedy baldly stated that Nehru's death or retirement could trigger a collapse of Indian democracy, leading perhaps to "a Hindu theocracy." The document reminded Kennedy to emphasize that the United States was upping its aid commitment to India to a billion dollars in each of 1962 and 1963.²¹

Nehru's Luck Holds, but Only Barely

Kennedy delivered the aid he promised. But the other donors were less enthusiastic about Nehru's India and his policy approach. The gap between their commitments and the actual disbursement of funds was often large. Many donors also tied their aid to projects that helped businesses in their own countries, which limited the purposes for which India could use the foreign exchange made available. In particular, the foreign aid often did not cover imports of spare parts and maintenance.²²

Goodwill for India was also wearing thin. An early sign was a comment by Ludwig Erhard, Germany's minister of economic affairs and a key architect of Germany's postwar recovery. In late 1959, when Indian finance minister Morarji Desai asked Erhard for extending the time to repay German loans, Erhard irritably responded, "Money does not grow on trees."²³

Both Indians and foreigners were losing confidence in India. Remittances from Indians abroad—valuable funds that reduced the current account deficit—dried up, at least through official channels. India's migrants preferred to wait before remitting funds because of the increasing likelihood that the Indian government would need to devalue the rupee. Indians at home increased purchases of gold as a hedge against inflation, which—in view of the import restrictions—led to the increased smuggling of gold into the country. Foreign private lenders to India began taking their money back. Foreign exchange reserves continued to fall. Since aid commitments made in June 1961 would take time to flow in, India

turned to the IMF in July 1961 for \$250 million to finance the country's immediate needs.²⁴

The IMF's Executive Board had grumbled when India called to borrow in early 1957; it grumbled again. India, the Board members said, was repeatedly asking the Fund to finance a long-term development strategy and not temporary (or unanticipated) shortages of foreign currency. Indian authorities insisted that the main problem was delays in official aid flows. The Board reluctantly bought the Indian argument. But with foreign exchange reserves still falling and aid flowing in too slowly, the Indian government returned to the Fund in 1962 and like *Oliver Twist* asked, "Please, sir, may I have some more?" The IMF loan, this time, was for another \$100 million due back in one year, but finding itself unable to repay the amount, the government renewed the borrowing in 1963 for another year.²⁵

Nehru's metaphor of constructing "temples of new India" was similar to other lazy development metaphors of the time, "big-push" and "take-off." Kennedy had accepted such simplistic developmental thinking. The World Bank and the IMF, despite occasional criticism, also went along. Only the Taiwanese in 1957 boldly shifted to the more comprehensive and inclusive Japanese development approach.

By the early 1960s, the temples strategy had again brought India to the edge of international bankruptcy. Foreign aid donors (and the Reserve Bank) were worried that India might not be able to repay its international loans. The IMF's staff and Board members asked a long-overdue question: why exactly was India not devaluing the rupee? Donors and the World Bank wanted more say in Indian economic policy, especially to emphasize investment in agriculture.²⁶

Nehru was losing his gamble a second time. Financial hemorrhaging aside, the true losses for India manifested as stressed agriculture, few urban jobs, and continued high levels of poverty. Neglect of human development did the greatest long-term damage. That neglect is shocking not just because Nehru was a historian who understood the central role of human development in national cohesion and economic progress, but also because Nehru had a guide he revered, the towering Rabindranath Tagore.

Chapter 6

TAGORE'S UNHEARD SONG

In 1913, Rabindranath Tagore received the Nobel Prize in literature. From the range of his magnificent writings, the Nobel Foundation singled out *Gitanjali: Song Offerings* as the “most acclaimed” collection of his poems. It was a melody of mystical union with the transcendental Lord. “Thy living touch is upon all my limbs,” Tagore wrote.¹

Though a mystic at heart, Tagore was resolutely of this world. He had a passion for education and a profound pride in India. At Santiniketan, located 150 kilometers north of Kolkata in the state of West Bengal, he practiced an educational philosophy based on communion with nature, music, and art.² Jawaharlal Nehru’s daughter Indira, later Mrs. Gandhi, and Satyajit Ray were students at Santiniketan. But although he practiced a particular method of education, Tagore recognized the value of other approaches to achieving national educational goals. When he died in August 1941, Tagore left behind an urgent call on India’s post-independence leaders to place universal education at the heart of an economic development strategy. As Tagore prayed in his poem *Gitanjali*, “Where the mind is without fear and the head is held high; Where knowledge is free; Where the clear stream of reason has not lost Its way into the dreary desert sand of dead habit; Into that heaven of freedom, my Father, let my country awake.”

Tagore's Song for India

Starting in 1912, Tagore traveled across the world for nearly two decades. Everywhere he went, he interviewed educators, visited schools, and studied textbooks and educational materials. Toward the end of those travels, he wrote a letter home from Moscow in September 1930 in which he expressed his conviction that "education is the ideal path for solving all our problems."³

"The extraordinary vigour" of Russian education, Tagore wrote, was "amazing" to witness. "The floodgates of education" had been opened for all, whether they were resident in European Russia or in the more desolate parts of the country. Tagore emphasized that the measure of Russia's success was "not merely the numbers being educated, but the thoroughness, the intensity of education." Such thoroughness and intensity were possible only because they were "backed by the power, enthusiasm, and administrative ability of the authorities."⁴ Tagore's open-mindedness with regard to Russia's educational system was remarkable. Russian rigidity in curricula and teaching methods were in direct opposition to his more flexible and "spontaneous encounters with nature" approach to education.

In a mournful passage in his September 1930 letter from Moscow, Tagore lamented: "Every day I compare conditions here with those in India: what is, and what might have been!" He added that doctor Harry Timbres, his American traveling companion, had spoken of the "astounding excellence" of the Russian health care system. In despair, Tagore exclaimed:

But where does that leave diseased, hungry, hapless India! A few years ago, the condition of the Russian masses was fully comparable with that of the Indian masses. Over that short period things have changed rapidly here, whereas we Indians are up to our necks in stagnation.⁵

Tagore was a mystic, but he was not a naïve romantic. He saw the "revengefulness and hatred" taking hold in Stalin's Russia. On September 25, just days before his letter lauding Russian education, he implored in an interview with the newspaper *Izvestia*, "For the sake of humanity, I hope that you may never create a vicious form of violence which will go

on weaving an interminable chain of violence and cruelty.” On education, though, Tagore publicly expressed gushing admiration for Russia’s achievement: “I wish to let you know how deeply I have been impressed by the amazing intensity of your energy in spreading education among the masses.” He lauded the “the most intelligent direction given to this noble work.” He praised “the variety of channels opened out” to train the “minds and senses and limbs” of the people. He appreciated Russia’s dedication “all the more keenly,” he said, “because I belong to that country where millions of my fellow-countrymen are denied the light that education can bring them.”⁶

On October 4, now sailing over the Atlantic, in another letter home, Tagore added Japan to his list of successes. “It is by education alone that Japan has within a short time . . . multiplied a thousand-fold her power of material production.” He had a message for Indians: “In my view the imposing tower of misery which today rests on the heart of India has its sole foundation in the absence of education. Caste divisions, religious conflicts, aversion to work, precarious economic conditions—all centre on this single factor.”⁷

Notice the repeated emphasis in his language: “Education is the *ideal path* for solving *all* our problems;” “It is by education *alone* that Japan has;” “all centre on this *single factor*.” For Tagore, education was not one more policy goal: it was the key to every facet of social and economic progress. Without good education, all else might come to naught.

In insisting on more and better education, Tagore was repeating for Indian ears a lesson that had previously been conveyed by the leaders of all successful industrialized nations, including by the American Founding Fathers in the late eighteenth century, the leaders of Japan’s Meiji Restoration in late nineteenth century, and the communist leaders in totalitarian Soviet Union in the first half of the twentieth century. The political ideologies across time and distance could not have been more different, but the consistent and vigorous emphasis on education was always the same.

As economists Claudia Goldin and Lawrence Katz tell us, among the American Founding Fathers who signed the Declaration of Independence, John Adams, Benjamin Franklin, Thomas Jefferson, and Benjamin Rush

also “wrote extensively about educational institutions.” Their treatises “helped coalesce a growing sentiment in the new nation for a strong educational foundation.” For them, education was fundamental for Americans “to perform their civic functions, such as voting, and to prepare them to run for office and lead the nation.” Benjamin Rush, the best-known physician of his time, emphasized the importance of education for the economy. He argued that more investment in education would increase “the profits of agriculture” and would also promote manufacturing.⁸

In the decades between the American Declaration of Independence in 1776 and the U.S. Civil War in 1861, leaders at various levels of government pursued excellence and equity in education. Horace Mann, the secretary of the Massachusetts Board of Education, and his counterparts in other northeastern states wrote about the virtues of education in learned journals while they pushed the spread of education. Writing in 1840, Horace Mann reiterated the importance of education for producing efficient workers who quickly absorbed new technologies, adapted to working conditions, and added to the pool of innovation. Along with their leaders, American citizens played a crucial role by paying property taxes to finance and run free schools in local communities throughout the country. Slavery and racial discrimination remained a dark stain on America’s collective consciousness, but by the early 1850s, all “free” boys and girls were enrolled in primary schools.⁹

From the very start, the Americans recognized that educational equality was the foundation of the most widely shared material progress. Educating girls was not merely a matter of gender equity, it was a recognition that educated mothers have better educated and healthier families. Through property taxes, rich community members paid to educate less fortunate neighbors, and the current generation paid for future generations. Boards of education became hubs of democratic community governance. For America’s educational leaders and philosophers, equal opportunity through education was a moral obligation of the government. Robert Coram, a radical philosopher of education, said that since citizens needed knowledge to subsist, the state was “duty bound to secure to them the means of acquiring it.” Noah Webster said America needed a “system of education as gives every citizen an opportunity of acquiring knowledge

and fitting himself for a place of trust.” Anticipating Tagore’s conclusion a century later, Webster said that “education would of necessity play a central role in welding together people of diverse backgrounds and conditions, conflicting loyalties, even of strange tongues, into one nation.”¹⁰

It was a stunning vision in the late eighteenth century and the first half of the nineteenth century: knowledge for all would foster democracy and opportunity for everyone. Just as Tagore did in the 1930s, influential Americans made the strong claim that education was not an afterthought that followed industrial development. Nor was education merely a desirable correlate that accompanied increasing national wealth. In the language of modern social science, education was a prime “cause”—a motor force—of social and economic development.

The Americans continued to build on that early momentum. As U.S. scientists and companies led the world in the science-based manufacturing and technological revolution after the Civil War, a free and universal U.S. secondary school system achieved global preeminence by the early twentieth century.¹¹

The Americans had taken nearly a century for the full flowering of their primary schools and another half a century for secondary schools. The Japanese wanted the same excellence in their schools, but they wanted to do it quicker. And as would soon become a hallmark of Japan’s development process, Japanese leaders decided to learn from the masters. In February 1872, four years after the Meiji Restoration, twenty-five-year-old Mori Arinori arrived in the United States as Japan’s first diplomatic representative. He immediately wrote letters to “prominent Americans” asking for “advice and information” on “the educational affairs of Japan.” Many of the prominent Americans wrote back to Mori. They affirmed that investment in Japan’s education system would create for the country “the basis for prosperity and prestige among the nations of the world.” One of the respondents, Professor David Murray of Rutgers University in New Brunswick, New Jersey, made a sweeping assertion: “Nations which have in modern times exerted the greatest influence on the world’s history are those which have made education their special care.”¹² Professor Murray would eventually move to Japan as an educational advisor to the Japanese government.

Mori, who became Japan's leading education reformer, took away one central lesson from the United States: above all, primary education was crucial for Japan to ascend to the front rank of industrial nations.¹³ In a speech in 1885, he proclaimed:

Our country must move from its third-class position to second-class, and from second-class to first; and ultimately to the leading position among all the countries in the world. The best way to do this is [by laying] the foundations of elementary education.¹⁴

The Japanese were pushing faster than the Americans, but they had work to do. At first, girls in Japanese schools faced more barriers to education than those in the United States. It was only by 1920 that Japan achieved universal primary education for girls. Then the country embarked on the goal of universal secondary education. However, discrimination against girls lingered over the following decades in limited secondary school opportunities for girls and a special curriculum that trained them to be "good wives and wise mothers."¹⁵

Even though the Japanese achievement in the early years of the twentieth century was limited to primary and partial success in secondary education, it was extraordinarily important in fostering economic growth and equality of opportunity. William Lockwood, the foremost Japanese economic historian in the West, explained it thus:

The mass of people never got beyond six years' schooling. But even this helped to diffuse the more modest technical skills widely among the population, especially in the towns and cities. And education encouraged an increasing degree of geographic, occupational, and social mobility among the people which was essential to the radical restructuring of the economy. Finally, by spreading economic opportunity without legal discrimination with respect to race, religion, or class, it was the chief force at work, however ineffectively, to combat the great inequalities so deeply rooted in Japanese society. No other enterprise of the State paid handsomer dividends to the nation.¹⁶

And so, when Tagore made his five visits to Japan between 1916 and 1929, Japan was a nation combating its "great inequalities," a process that

also placed it on the threshold of becoming a modern industrial economy.¹⁷ While Tagore abhorred Japan's militant nationalism and its ruthless colonial expansion, he saw the importance the government accorded to creating a literate workforce. In 1930, Russia confirmed Tagore's view that education was crucial for growth and equality.

From these observations during his international travels, Tagore called on India's political leadership to push the pace of mass education, for it would accelerate economic growth and overcome the handicaps arising from the divisions of caste, religion, and language. Failure to make a big educational push could trap a nation in its historical social and economic divisions, with poorly educated people struggling in a fitfully growing economy.

Tagore had history on his side, and he was asking Indian leaders to test his proposition. Alas, they never did.

Words Race Ahead of the Actions

At the time of independence, India's population was among the most illiterate in the world, comparable to China's and Egypt's. Indian literacy rates were far below those in the Mexican and the Filipino populations. India did have a pocket of high literacy in the state of Cochin on the southwest coast, where about one-third of the population above the age of five was literate. In the Hindi-speaking heartland, less than 5 percent of the people were literate. Everywhere, but especially in the Hindi-dominated heartland, girls were less likely to be literate than boys were.¹⁸

Nehru, with his empathy, idealism, and historical knowledge, was, it would seem, the perfect person to energize Indian education. In 1944, he expressed dismay in his *The Discovery of India* at India's educational backwardness. Without education, he noted, millions of Indians were condemned to lives of misery, even starvation. Among those who did get education, many could look forward to nothing more than a "clerkship" on meager wages. Perhaps if "life opened its gates to them," Nehru speculated, large numbers of Indians would become scientists, educationists, artists, and industrialists, "helping build a new India and a new world."¹⁹

Nehru looked up to Tagore and Gandhi as the two "outstanding and dominating" Indians in the first half of the twentieth century.

Appreciatively, he noted Tagore's "constructive work in the field of education" in Santiniketan. Nehru was struck by Tagore's admiration for Russia's success in the "spread of education." In his "death-bed message" in 1941, Nehru recalled, Tagore had reminded Indians of the "unsparing energy" with which Russia had fought illiteracy and disease to reduce ignorance and poverty.²⁰

Nehru knew the contemporary examples well. In Western Europe, postwar "social democrats" had focused on a people-centered strategy of social justice through universal education and good health. Even conservative politicians such as Germany's Konrad Adenauer and Ludwig Erhard subscribed to this "social democratic" approach, which underpinned the modern "welfare state."

Nehru probably read—or should have read—Milton Friedman's 1955 report to Indian finance minister C. D. Deshmukh. In that report, Friedman called for "greatly widened opportunities for education and training," which, he said, were a "basic requisite" for economic development. Friedman—the modern free-market guru—was repeating a proposition made nearly two centuries earlier by the greatest free-marketeer of all, Adam Smith. Writing in the late eighteenth century, Smith underscored that even those in the "lowest of occupations" must "acquire the essential parts of education—to read, write, and account—before they can be employed in those occupations." Smith added, "For a very small expense, the public can facilitate, can encourage, and can even impose upon the whole body of the people, the necessity of acquiring those most essential parts of education."²¹

Nehru understood the task that lay before him. As he acknowledged, political equality achieved with the right to vote was greatly diminished without economic equality. He offered soothing words: "Our effort must be to bring about equality among the people by providing equal opportunities for education and employment." Yet, for vast numbers of Indians, those sentiments remained a cruel illusion.²²

Delivering quality education was a steep uphill climb, and Nehru's India never even tried to climb that hill. As the First Five-Year Plan noted, India began from a difficult starting point. Funding was too low for primary education and disproportionately high for universities. Making

matters worse, only 40 percent of students who enrolled in first grade went on to complete fourth grade. “This wastage,” the First Plan document said, “is largely due to the poor quality of teaching as well as faulty methods of education.”²³

One of the Directive Principles of the Indian Constitution set the ambitious goal of providing within a period of ten years (i.e., by 1960) free and compulsory education to all children until the age of fourteen. The First Plan had a more modest target: to raise the enrollment of children between six and eleven years old from 40 to 60 percent. For girls in that age group, the goal was even more modest: to raise enrollment from 23 to 40 percent. Although the authorities built many schools, even the modest enrollment goals slipped—and were pushed to the end of the Second Plan. Literacy rates improved sluggishly.²⁴

Far from following the Red Queen’s advice to run twice as fast as it could, India was moving at a leisurely pace. In contrast, Taiwan and Korea were expanding mass education at a blistering speed. Chinese primary education was quickly outpacing India’s (Figure 6.1).

India went badly wrong in the Second Plan (1956–1961), which downgraded education while emphasizing heavy industry. The share of education in total plan expenditures fell to 5.9 percent from 7.9 percent in the First Plan. The share of primary education in all education spending fell to 35 percent, down from 56 percent in the First Plan. The Second Plan document noted that more than one-half of the children who joined first grade failed to complete fourth grade; children languished in the same grade for years. Poor teacher quality persisted. Yet the Second Plan did not “make even a pretense” of upgrading primary education. India was establishing a chain of national scientific laboratories while leaving large numbers of the country’s growing population in virtual illiteracy. The Third Plan (1961–1966) stuck to the heavy-industry script.²⁵

In 1991, political scientist Myron Weiner blamed Indian “beliefs” regarding the “social order” for India’s neglect of mass education. Many have understood Weiner to be implying that India’s caste system prevented the spread of education.²⁶

It is true that lower-caste students suffered then—and continue to suffer—from discrimination in access to and quality of school

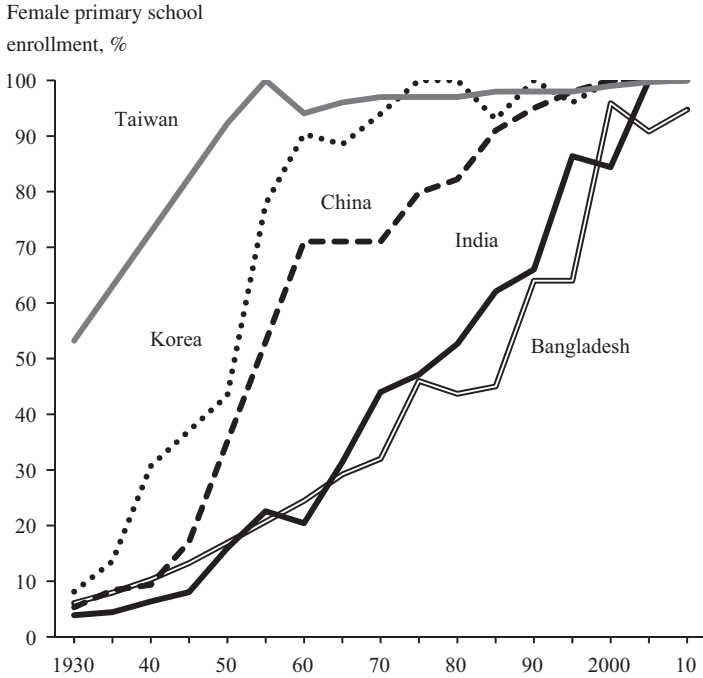


FIGURE 6.1: India loses the Red Queen race in education. (Female primary school enrollment, percent)

Source: Barro, Robert J. and Jong-Wha Lee. 2015. *Education Matters: Global Schooling Gains from the 19th to the 21st Century*. New York: Oxford University Press.

education. But the caste and economic class hierarchies overlap heavily. For this reason, Jayant Pandurang Naik, one of modern India's foremost educational experts, pointed at broader economic inequalities as a reason why India's education system served mainly the demands of the "haves" rather than of the "have-nots." Echoing Naik, Jean Drèze and Amartya Sen have concluded that "the least powerful sections of Indian society" are unable to exert "political pressure in favor of elementary education."²⁷

Ultimately, however, as Tagore emphasized, a big policy-driven push to promote education was likely the only way to diminish caste- and class-induced inequalities. The big push required, in the first place, more spending on education. India in the Nehru years spent less than 2 percent of GDP on education, rather than the 4–5 percent of GDP recommended by

Indian experts through their investigations of school systems elsewhere in the world. Also as elsewhere, primary education required a great deal more resources and attention to quality. Perhaps, as importantly, Indian political and policy leaders needed to urgently clean out the corruption that had infiltrated schools and colleges.²⁸ In failing to root out that cancer, they let it grow.

Education Fell into a “Bad Equilibrium”

In societies with low corruption, the corrupt are easily identified and punished. People prefer to engage in productive activity. This is the “good equilibrium.” But if many are corrupt, the likelihood of being caught and punished is small, not least because those who might prosecute you are also tainted by corruption. Productive activity recedes. This is the “bad equilibrium,” the Catch-22. Indian education fell into that bad equilibrium.²⁹

Education was a tragic victim of widespread problems. By the late 1950s, corruption was embedded in India’s social and political fabric. Officials demanded kickbacks for government contracts, jobs, and the award of import and industrial licenses. In that environment, adept political entrepreneurs siphoned the limited public funds for schools and universities for their personal or partisan benefit. They appointed political hacks to plum administrative and teaching jobs and bought school supplies from businesses willing to share their spoils.³⁰ It is little surprise that the quality of school education remained so poor.

The system persisted in that form because the demand for education remained high. Even a worthless college-degree certificate helped employers conduct an initial screening from among multitudes of job candidates. As the scramble for jobs increased, the demand for admission to college intensified. Indian colleges filled up with ill-prepared students, appalling teachers, and shoddy libraries and laboratories.³¹ The modest funds for education lined the pockets of political notables, especially in colleges and universities. The Indian education system had settled into that administratively corrupt and educationally poor-quality equilibrium.

There was a better way.

The Kerala Way

Kerala was formed as a new state in November 1956, bringing together two former princely states, Travancore and Cochin, and the Malabar and Kasargod regions that belonged to the Madras Presidency in British India. Malayalam was the principal language in all four areas, and Kerala's formation as a modern state was part of the linguistic reorganization of states under Nehru. In the mid-1960s, Kerala spent twice as much per primary school student as the northern state of Uttar Pradesh. Kerala, therefore, had more schools, which were located closer to students; it had better teachers and a tradition—unique, I believe, in India at that time—of school lunches. While most children in Kerala completed primary school, those in Uttar Pradesh dropped out quickly. The result: in 1970, Kerala had a literacy rate of 70 percent while Uttar Pradesh's literacy rate was 22 percent. Compared to Uttar Pradesh, Kerala spent less per student on secondary and significantly less on college education. At the college level, learning and job outcomes were disheartening even in Kerala; corruption and student anxiety were common. But Kerala's superior primary and secondary schools created greater consciousness of social rights and good health, to which the government responded by establishing an extensive health infrastructure. While Kerala's accessibility and quality of education and health have remained unmatched among Indian states, Uttar Pradesh has remained one of the worst-performing states throughout the post-independence decades.³²

The historian Robin Jeffrey offers the most persuasive account of how Kerala achieved and sustained a commitment to mass education. The initial impetus came in the 1860s from the then princely state of Travancore. Guided by a “remarkable” set of administrators, the Maharaja of Travancore made widely available primary education his government's priority. The princely state of Cochin followed with its own mass education push in the 1880s. But Kerala had another reason for success. The Nayar caste in Malabar had a matrilineal tradition, which gave women substantial authority in family decisions and, in general, gave women greater freedom to live their lives. Until the early twentieth century, the Nayers were “the reference group” for many Malayalam-speaking people.

Members of other castes and religions, writes Jeffrey, “were eager to imitate matrilineal practices, which included school-going for girls.” For this reason, the gap between male and female literacy rates narrowed early in Kerala and has stayed narrower than elsewhere in the country.³³

Educated women played a vital role in helping Kerala sustain a virtuous cycle of broad-based human development. The women attached greater value to education. As Jeffrey evocatively explains: “Literate men have literate sons, literate mothers have literate families.” Women also attached greater value to healthcare. They gave birth to fewer children and ensured better medical care for the children they did have. Infant mortality fell to low levels and the children grew up to be more diligent parents.

Education brought other benefits. As Tagore might have predicted, deep-rooted caste divisions weakened. Residents of Kerala were also more politically active. They elected to power the Communist Party of India (CPI) in April 1957, less than six months after the state was formed. The CPI was, in truth, not a communist party, at least insofar as it did not seek to overthrow the political order. Rather, it was a social democratic party in the Western European tradition. Whereas Kerala’s CPI initiated land reforms to give greater rights to agricultural workers and tenants, elsewhere in India, the landlords won.³⁴

India’s Lost Opportunity

Modern scholars have echoed Tagore’s belief in the power of education. “Investment in man” rather than in machines, they tell us, is central to economic progress and equality of opportunity. As an educator and witness to history in the making, Tagore also understood that there is no cookie-cutter method to promote education. Each country, each region has its historical inheritance. Moreover, a nation’s educational capability does not advance without conflicts and setbacks. Japan went through periods of intense debate—on the degree of westernization of education and the appropriate balance between general schooling and vocational training. Japanese teachers were often the butt of ridicule, with one commentator describing them as “fat toads blinking their eyes after just having missed a mosquito.” The privileged in Japan consistently had access to better education.³⁵

However, despite multiple starting points and frictions along the way, all successful education drives have shared one feature. The top leadership's big push ensured resources and helped align various actors around an optimistic vision of a more equal and cooperative society; within that context, state and community leaders, administrators, teachers, and parents coordinated their efforts to educate children. The best moment for the big educational push typically arose when the political regime changed. In America, the vision and drive for the spread of education came from the Founding Fathers; in Japan, it came from the bureaucrats and ministers in the early Meiji era; in Kerala, the new maharajas of Travancore and Cochin were the catalysts of schooling.

Post-independence India needed a big education push. For India, Tagore was also saying that a big push to accelerate education would weaken the barriers of caste and other divisions. Kerala's experience showed the wisdom of that advice.³⁶

Nehru's fascination with the temples of "modern" India kept him focused on the visible victories of steel plants and fertilizer factories and pushed him away from the administratively complex and long-haul effort of creating a world-class education system for India. Looking back, Tagore would have rightly regretted that Nehru did not hear him. Indeed, he might well have said, as he did in his *Gitanjali*, "The song that I came to sing remains unsung to this day. The blossom has not opened; only the wind is sighing by."