

Without an Analytical Frame

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Price Levels and Economic Growth by M L Trivedi; Somaiya Publications; pp xi + 350; Rs 50.00.

THIS book has grown out of a PhD dissertation of the author submitted to the Lucknow University in 1970. It is concerned with the impact of changes in the levels of general and sectoral prices on the pace and pattern of economic growth. In the beginning Trivedi states that the other branch of the two-way interdependence between price changes and economic growth — *viz*, the effect of changes in production on prices — will not be discussed in the book. Even though the author has transgressed this self-imposed limitation and has offered comments on the latter aspect quite freely, especially in Chapter IV, the major *quaesitum* of the book remains the effect of price changes on economic growth.

In Part I the author gives a theoretical/conjectural discussion of various issues involved in this study together with a survey of the existing literature. In the following three Parts, he looks into the Indian experience, both in the aggregate and in different sectors of the economy, with a view to identifying the strength and direction of the effects of price movements on changes in national income, agricultural and industrial output, saving, investment *et cetera*. A large quantity of statistical information has been handled in the course of these empirical investigations. The period surveyed generally extends from 1950-51 to 1973-74.

Chapter I gives a survey of the relevant literature. A large number of issues have been brought up for discussion here. However, the author has busied himself chiefly with recounting arguments current in the literature both for and against particular propositions, and has stopped short of giving the reader his own view on them explicitly. Chapter II deals with the same issue as Chapter I but relates more specifically to underdeveloped economies. In Chapter III, the author discusses the impact of price movements on *non-economic* factors of economic growth — social, political, motivational, environmental and structural. This impact, according to the author, "is stronger and comparatively more effective than that on

economic determinants of growth" (p 65).

The major problem with this Part as well as the rest of the book is the absence of a properly spelt-out frame of analysis or model. It is not possible to discuss such a complex issue as the impact of price movements on the pace and pattern of economic growth clearly and usefully except in terms of such a model. In formulating such a model, one would ignore many unimportant details in the interest of a firm grasp on the more crucial aspects of the phenomenon being studied. Unequivocal conclusions could perhaps be derived only in regard to a few issues; answers in regard to many others would be conditional — but one would know what the major conditions for any particular outcome are.

The consequence of the absence of such a model, on the other hand, has been quite damaging for the present work. Because the discipline of an analytical frame is absent, much of the discussion suffers from a looseness which makes it difficult to characterise the book as a serious academic exercise. It is possible to point to many instances in the book where the author puts forward a view which appears to contradict another view already expressed, without stopping to explain to the reader how the frame of his assumptions or the context of the statement has changed in the meanwhile.

But a more serious consequence of the absence of an analytical frame has been the ubiquitous neglect of the essential simultaneity and multilaterality of economic relationships. Thus the statistical exercises reported in the book seldom go beyond examining the sign and magnitude of the simple correlation between pairs of variables. This simple correlation method has inevitably led him to the only 'finding' possible in the present context, *viz*, that everything goes up with price — consumption, saving, investment, income, output. The monotony of this statistical finding has been broken by the author's discussion of variations in the sign and magnitude of the simple correlations for sub-periods of various lengths within the

23-year period covered in the study. Also on occasions, he has examined correlation between real magnitudes and relative prices rather than the absolute and nominal values. However, the major problem of neglect of the inter-relatedness of different aspects of economic behaviour has remained and has vitiated much of the analysis.

The treatment of the book is mostly non-technical. Where the author does use technical language, his expressions have often been unclear and inexact. It may be useful to cite a few instances. On p 157, the author states: "It is possible that the rising prices may be associated with both increased consumption and higher savings as the marginal propensity to consume may be lower than the marginal propensity to save". There is no difficulty in accepting that higher prices may be associated with both higher consumption *and* higher savings in nominal terms. However, it is quite unclear to me why the marginal propensity to consume has to be less than the marginal propensity to save for the realisation of this phenomenon. To take another instance, on p 188 Trivedi observes: "if the prices rise faster than real output, then the real rates of interest will fall below the money rate of interest." The real rate of interest will, of course, fall below the money rate whenever there is an *expectation* of a rise in prices, but I do not see how it has anything to do with whether prices rise faster or slower than real output. A third example is the following on returns to scale (pp 326-28); "If both labour productivity and capital productivity added together equal unity, there would be constant returns operating in the economy." Clearly, the author has confused elasticity with productivity here. Consider finally the following view on the method of least squares (p 188): "... on account of the downward movement of prices from 1951-52, we face two ordinates in the movement of prices which make the method of least squares inappropriate and, therefore, the method of second degree best fit has been applied." I fail to understand how we face two ordinates, how that makes the method of least squares inappropriate and how the method of second degree best fit is different from the least squares method. Indeed, it is inexplicable how

such confused ideas and expressions could creep into a PhD dissertation. One only hopes that the book will not reach undergraduate students who will be hard put to make sense out of the above and many such other passages and yet be chary to dismiss them as nonsense.

Apart from such details and technicalities, however, I have little hesitation in saying that the book is, on the whole, quite disappointing. As mentioned already, Trivedi has brought together and analysed a large volume of

statistical information taken from published sources. However, he has not succeeded in deriving many useful facts from these figures. The theoretical underpinning of the book is poor and the statistical techniques employed elementary, with the result that many of the conclusions of the book are shaky if not completely unwarranted. I am not sure if the book will help in any way in improving our understanding of the many-faceted impact of price movements on the process of economic growth.

proper class base, it is impossible to lay the foundations of communist ideology or socialist society. The frame of reference of most of these leaders was rather amorphous. The mirror image of socialism was found in the egalitarianism of Sikh philosophy" (p 78). This was the state of affairs at the beginning of the communist groups notwithstanding the efforts of men like Bhai Santokh Singh who, according to Josh, "could understand only the economic aspects of the working class movement and arrived at the conclusion that only leaders of the working class itself could defend the interests of the working class" (p 73). The *Kirti* magazine founded by Bhai Santokh Singh and the Kirti Kisan party made a significant contribution to the dissemination of socialist ideas and its impact was seen when a large number of middle class youth came under the sway of socialist and 'Bolshevik' ideas and started organising themselves into militant nationalist groups. These groups addressed themselves to such abstract entities as 'workers', 'toilers' and 'masses' without going into the class analysis of the society they were the products of. Even the Kirti group lost track of the role of "working class". As Josh put it: "Some held the opinion that the biggest task before them was the organisation of workers. Among the 'workers' in the Punjab 90 per cent were peasants. In other words, workers' organisation in Punjab primarily meant the organisation of peasants" (pp 91-29). Armed with this conclusion and spurred by the New Economic Policy of Soviet Russia, the Kirtis made a curious interpretation of the directives of the Third International and put forward "a programme of the type which according to Lenin could possibly serve as measures of the transitional phase from capitalism to socialism. Yet they understood and sought to project it as "the Communist Programme" (pp 97-98). Josh has rightly concluded that "this was a contradictory programme, the instinctive programme of the small-scale commodity producers who not only chose to walk on a middle path, but also chose their own interpretation of socialism" (p 97).

The adoption of such a programme defined and, simultaneously, limited the field of operation of the movement. It also determined the strategy and the orientation of cadre for the movement. For more than two decades Punjab witnessed the rise and fall of communist and Kirti leaders who were itinerant lecturers and passionate firebrands preaching rebellion and sedition through their contactmen in the pro-

Communist Movement in Punjab

Narendra K Joshi

Communist Movement in Punjab by Bhagwan Josh; Anupam Publications, New Delhi, 1979; pp 224, Rs 60.

THE communist movement in Punjab is more than 50 years old. For half a century communist ideas and cadre have maintained their presence in the political arena of this region, but the impact in terms of political strength and ideological awakening of the masses has been almost negligible. Many have felt concerned at this inglorious performance of the communist groups in this part of India. The two communist parties have never looked inwards to offer any analysis of their failures and the small groups of communist revolutionaries now active for more than a decade have been solely concerned with their survival and demarcation from the two established communist parties and from each other.

It is therefore with a great sense of expectation that one picks up Bhagwan Josh's book on the subject. Josh is not only a sympathetic viewer of the situation, he has amply qualified himself by this deep concern and occasional involvement with the revolutionary communist standpoint and movement in the last ten years. But it is a pity that he has also proved unequal to the task. While we wait for analyses, we are treated to facts; when we expect him to diagnose, he overwhelms us with statistics; and when we crave for knowledge, we are provided with information. The book, alas, is written like a customary eight-legged essay.

In the preface, Josh has rightly posed the task ahead of him: "Why was it that neither the national nor communist movements could penetrate the Punjab countryside?" (p x). But instead of going full blast at the root of the matter, he has chosen to engage himself with the *history* of the movement. The Marxist scholar and political economist in him has been overshadowed by

the pedestrian research-oriented historian.

In the first chapter, Josh has chosen to delve deep into the economic and social background of Punjab in the first quarter of the 20th century. He cursorily observes that there was no industry in north-west India (which included Punjab) without bothering to link it with other essential aspects and concomitant ideological aberrations that emanated from the fact that Punjab had no industrial proletariat. It appears that he has reconciled himself to the fact that because of the non-existence of a proletariat, communist activity, could be only on the peasant front. And he devotes a good 40 pages going into the economic background of this social strata to come to the facile conclusion that "during the depression years large sections of the Punjab peasantry in general and small holders and tenants in particular were literally groaning under the weight of indebtedness, rack-renting, high land revenue and water rates" and that therefore "it was convenient on the part of the militant nationalists and socialists to agitate on such demands which mobilised the maximum layers of the peasantry against the colonial state without any internal dissension" (pp 40-41).

The second chapter is devoted to the impact of the Russian Revolution and goes through the entire exercise with which we are now very familiar. Here Josh has correctly observed that the left in Punjab "was constituted by individuals drawn from Muhajirs, nationalist youth, Akali militants and members or sympathisers of the Gadar Party" (p 76), without following the matter to its logical conclusion that without a revolutionary and organised party and centre addressing itself to a