CHAPTER X

EPILOGUE

'Taking now a view back to the study, and brooding for a while about its comprehensiveness, one may find that perhaps more issues would have been side-tracked than those actually finding place in the discussion. All studies with reference to foreign assistance refer to the macro-economic relevance of such assistance and therefore concentrate on variables like saving, investment and income, and their concomitant variables like the capital-output ratio and the saving-income ratio. While pursuing the study, on the way, many issues were no doubt found to be scrambling for getting into the main stream of discussion, which gave rise to the lurking feeling that the present effort, if it could not comprehend all the issues even if remotely relevant to the study may provoke a feeling of floccinaucinihilipilification.

However, an economist qua economist will not prefer to cast his net so wide as to reduce the discussion to rambling. Though of course it was irresistible to connive
at certain side-views which are partly referred to, in the
notes and partly in the text.

Despite this at this stage of the development in
Growth Economics, even a die-hard economist cannot connive
at forces not ordinarily getting expressed in macro-economic
variables. Demison's special query as to why the growth
rates differ,¹ and S. Kuznet's later scepticism² about the
capital-output and saving-income ratios as the two funda-
mental explanatory variables of growth rate, are frank
admissions on the part of growth economists that these
explanatory variables are not purely economic variables but
are largely conditioned by socio-economic factors and which
can vary according to the relative efficiency of the macro-
economic functioning of a country.

The Coefficient of Ignorance

Under the circumstances it is not advisable to draw
conclusions from only the measurable economic variables.
While therefore concluding about the debt-servicing capacity
of the country, a broader and wider perspective is taken.
This will appear to be obvious if growth is viewed not
merely as an effect of certain macro-economic ratios, but
also as a phenomenon, as which it has come to be recognized
in recent discussions.
This phenomenal experience is largely traceable to the residual productivity accounting for differences in the growth rates. Comparatively low growth rates with given technical coefficients, are largely the outcome of the coefficient of our ignorance about the non-technical factors affecting growth. In the case of India the value of this coefficient, though cannot be exactly ascertained, seems to be very high. In a democratic set up it cannot be altogether eliminated, but its value can be reduced. Such reduction can be identified by the proxy change in the upward direction in the identifiable quantitative macro-economic variables. One can say that in the case of India it is not only an imperative but also a possibility.

The productive apparatus is built. The capacity has been created. Proper approach and efficient use are still the desiderata. The coefficient of ignorance is not far to seek.

A Photograph VS a Cinematograph

Again, a point that relevantly should occur while evaluating the impact of foreign aid is that, that it is a macro-economic complementary resource input used for constructing the productive base of the economy. So construed, its impact can be experienced only in the long run and in a ramified form. Studies confined to a
particular sector and a particular time span are likely to emerge with inappropriate conclusions, in as much as such studies provide a photographic account of the effects of foreign aid. The present study has stressed at the very outset the long term economic implications of foreign aid and its aggregative rather than sector-specific nature. The analysis therefore is sequential in nature. The statistical informations constructed for the analysis therefore cover a long span of time, so that a cinematicographic picture can be obtained.

The statistical informations in certain tables (e.g. in chapter V) therefore are presented on year to year basis so as to provide the microscopic view of the changing parameters.

While thus one takes a long term view, not merely inter-temporal but also an infra-temporal one, one has to take into account the international developments also. This particular view is relevant, for instance, in judging the gap controversy and the balance of payments behaviour of the country.

While assessing the work it is hoped that these considerations will keep looming in the background.
NOTES AND REFERENCES


2. Kuznet's observation in this connection is quite categorical. As he has observed, "the inescapable conclusion is that the direct contribution of man-hours and capital accumulation would hardly account for more than a tenth of the rate of growth in per capita product - and probably less" S. Kuznets, "Modern Economic Growth", Yale University Press, 1966, pp 30-31.