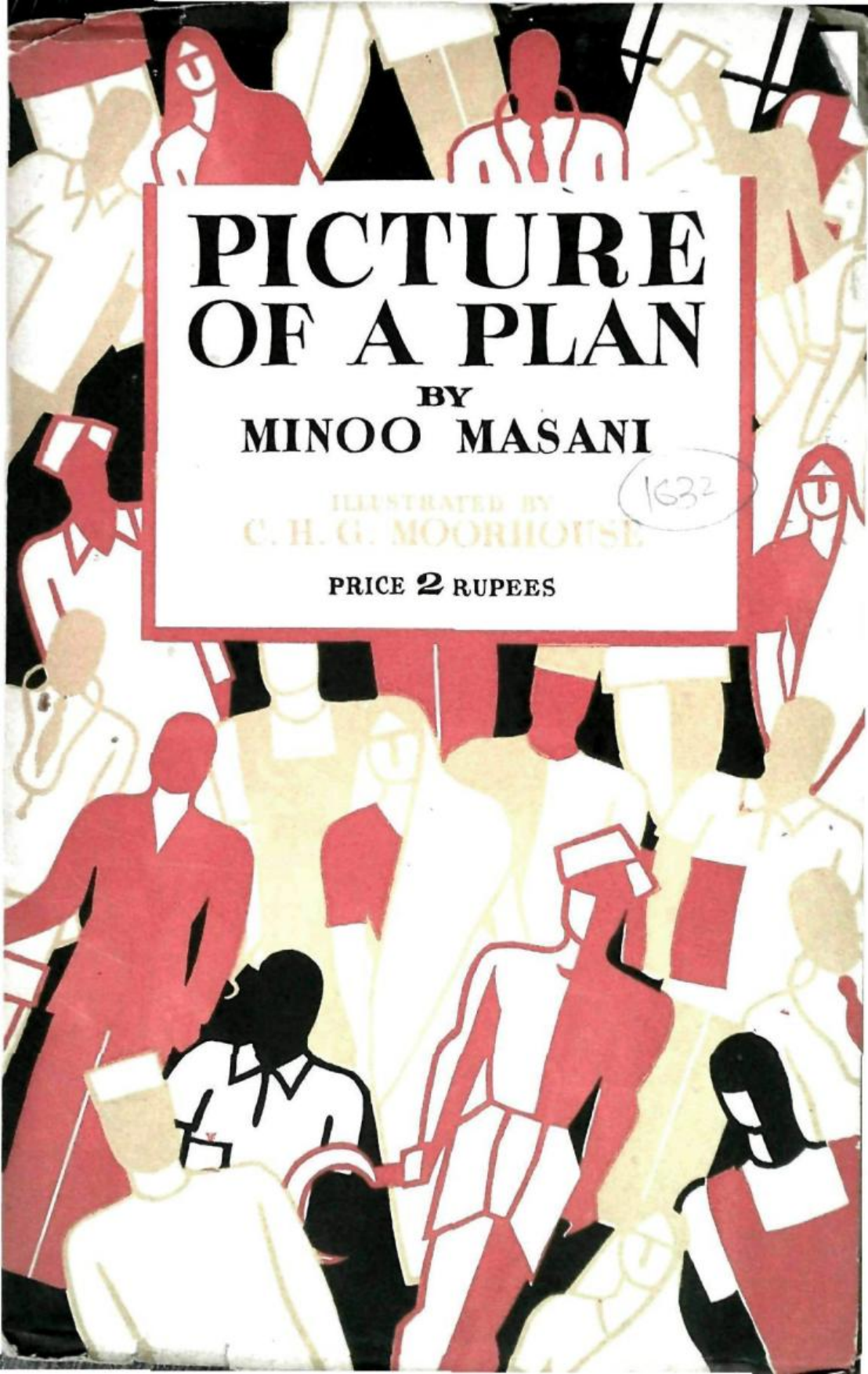


The background of the book cover is a dense, stylized illustration. It features numerous human figures in various poses, rendered in a limited color palette of red, yellow, and black against a white background. The figures are simplified, with some wearing hats or carrying items, creating a sense of a busy, crowded scene. The style is reminiscent of mid-20th-century modernist or expressionist art.

PICTURE OF A PLAN

BY
MINOO MASANI

ILLUSTRATED BY
C. H. G. MOORHOUSE

PRICE **2** RUPEES

1632

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INTRODUCING THE PLAN

Some time in 1943, eight Indians got together and started worrying about the state of affairs in India. They were all rather well-fed, well-to-do, well-educated and well-looked-after people. So one



wonders why they should have bothered. Was it due to what is called a social conscience? Was it another method of swelling their profits? Or was it perhaps that they felt that, while other countries of the world had forged ahead, India was lagging behind and so little was being done to combat the poverty, hunger, disease, and ignorance in which the mass of its people live? Anyway, they looked round to see what some other countries had done to improve the conditions of their people and they saw no reason why the Indian people should not set out on a concerted effort to fight poverty.

We Indians look forward to the day when our country will be free and we shall order our own affairs. The trouble is that, unless people know how to improve their living conditions, they won't quite know what to do with their freedom. It is important, therefore, that people should know what things are possible to achieve and how they can be attempted. The Planners therefore decided to draw up a

INTRODUCING THE PLAN

picture of what a free India can be like in fifteen years if certain things are done meanwhile. After many months of study and argument and work, they produced their Plan.¹ This book will tell you about it, and give you their picture of India in fifteen years. While, however, I have stuck to the facts and figures in their Plan, the views expressed in telling the story of the Plan are my own.

All in all, what sort of a picture does the Plan present? Pandit Jawaharlal Nehru, Chairman of the National Planning Committee, has commended the boldness of the Plan and its aim of producing revolutionary changes within a short period. He has stated that he does not attach much importance to the criticism that the Plan fails to reach the socialist ideal.² The British socialist writer, H. N. Brailsford, has been moved by the Plan to remark that the Planners 'have dared to dream of a healthy nation, which satisfies its hunger in a habitable home and can think to some purpose after it has eaten a square meal'.³

There are many details in the Plan about which people who ought to know have expressed differing opinions. It has been suggested that the selfishness of individuals or of classes of people who today get more than their fair share of the good things of life may prevent such a Plan from working for the benefit of the people of India as a whole. It is not the purpose of this book to enter into these controversies or to sit in judgment on people's motives. Let us first understand the Plan and then judge it on its own merits. We may quarrel with some of the figures and details in the Plan, but if we wish to see India advance we cannot but share its general approach. Leaving aside its trappings, there is so much that is fundamentally educative in the Plan and it raises such vital issues that it needs to be understood by as many of our people as possible. After all, if India is to plan democratically, the people will have to become plan-minded first. As David Lilienthal, Chairman of the Tennessee Valley Authority in the U.S.A., has pointed out: 'The test of a plan is not just whether it is good for the people. It is whether they will accept it.'

¹ *A Plan of Economic Development for India*, by Sir Purshotamdas Thakurdas, J. R. D. Tata, G. D. Birla, Sir Ardeshir Dalal, Sir Shri Ram, Kasturbhai Lalbhai A. D. Shroff and John Matthai.

² *Amrita Bazar Patrika*, 29 June 1945.

³ *New Statesman and Nation*, 8 July 1944.

INTRODUCING THE PLAN

Since the Plan was first published several efforts have been made to devise alternative plans seeking to improve on it in some way or other. The preparation of these other plans is in itself a tribute to the value of this one. In any case, it is encouraging, for it all helps to stimulate discussion on the subject. In a sense the Plan is not so much a solution as a challenge. As one of the Planners has put it: 'That there should be widespread poverty and misery in a country so lavishly endowed by Providence with man-power, talent and natural resources is an intolerable paradox and a disgrace which should fill us with shame and anger and a burning desire to wipe out this terrible wrong done to our people. The obstacles, doubts and setbacks which may have to be faced should not deflect us from our task, but rather arouse us to greater endeavour.'¹

M. M.

¹ Mr J. R. D. Tata's address to the Bombay Rotary Club on 15 February 1944.

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OUR NEEDS

OPTIMUM AND MINIMUM

How much food, how much clothing and what house accommodation does an Indian need ? That is a question on which there is room for a lot of difference of opinion. I may think I need lots more to eat than you do, while you may consider that you need many more suits or shirts or dhotis or saris than I would think reasonable. And as for housing, we each have our own ideas of how to spread ourselves.

But when we speak of a man's needs in connexion with a group such as a nation, we do not think of each man's or woman's varying requirements. We try to work out some kind of standard which we think average or normal, and we call it the norm. Science has now made it possible to assess our requirements in this way. Now, a norm can be of two kinds. It can be a model or ideal kind of norm, which would give the best possible results. That is called the *optimum*. As against that, there is another standard that is the *minimum*, which means the least amount of food or clothing or house space which a man requires.

In this book, we shall not worry too much about the optimum requirements of an Indian. Not because an Indian has not as much right to have a model diet or a well-stocked wardrobe or a nice flat or cottage as an Englishman or an American, but because we cannot think in such terms until we first try to obtain for him the minimum he or she really needs. Have we not then got even the minimum we need of the bare necessities of life ? Well, some of us have—I have, and I hope you have. But so far as the greater number of our people are concerned, they have neither enough food to eat, nor enough clothes to wear, nor enough room to live in.

PICTURE OF A PLAN

In this part of the book, we shall therefore try to find out what the minimum needs of our people are, and how far they are from being satisfied today. And while we are about it, let us consider the need, not only for food and clothing and shelter, but also for education and for medical attention and treatment.

FOOD

First comes food. Why do we eat? Some of you will say you do so because you like to eat. Others will say they eat because they *must*, that they eat to live and not live to eat. Both answers are correct, but here we are concerned with food as a necessity, and not as a pleasure. In this sense, food has three functions : to build or renew the body; to produce energy; and to regulate bodily processes so as to maintain life. Different kinds of foods perform one or more of these three functions.

How much food do we need? This is a subject on which there is room for much difference of opinion. We each have our own ideas



on the point, and some of us are apt to take a rather optimistic view of our capacities! While, however, we may each have our own ideas on this subject, the science of nutrition can tell us how much food we really need to keep alive, to keep healthy and to keep fit for work. Of course, different people need different quantities of food according to their age, sex, condition, climate and the kind of work they do. But it is possible to work out an average for people in general. Such an average has been worked out by nutritional experts.

OUR NEEDS

But how is food to be measured? How can we tell whether a man who has had a plate of curry and rice has eaten more or less than another who has eaten a dish of vegetables and chapattis? Science makes it possible to answer such a question by converting all kinds of foods into calories, which are a measuring rod of the energy provided by various kinds of food.

Now, it is estimated that on an average each of us requires 2,600 calories every day. Since a certain amount of waste (about 200 calories) takes place in the processes of marketing, storing, cooking and serving, we should therefore budget for 2,800 calories a day for every person.

This does not mean, however, that you can consume all your day's calories in kababs, or halva, or chocolates, or whatever else you may feel like. That will never do. The quality and variety of food matter as much as the quantity, and our 2,800 calories must be so distributed between different kinds of foodstuffs that we get the necessary amounts of each of the essential elements. That is what is meant when people say we should have a balanced diet.

Here is an example of a minimum balanced diet suggested in the Plan :

OUNCES PER DAY PER ADULT

Cereals	16	Fruits	2
Pulses	3	Fats and oils	1.5
Sugar	2	Whole milk	8
Vegetables	6	or Meat, fish and eggs	2.3

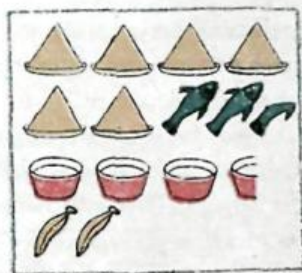
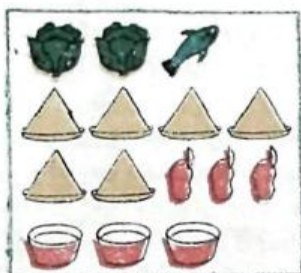
The picture on page 4 shows you how it might work out in the form of morning and evening meals, each of the symbols standing for an ounce of the particular foodstuff forming part of the meal.

Now, personally, I don't think this is an adequate diet. I don't agree that a man needs EITHER milk OR meat, fish and eggs. I think he needs both; and, if he is a vegetarian, he needs more milk and vegetables than are suggested. The United Nations Conference on Food which met in 1943 set very much higher standards. However, let's be modest and accept this diet which comes to 2,600 calories (net) every day as our objective for every Indian, to be achieved within fifteen years.

PICTURE OF A PLAN

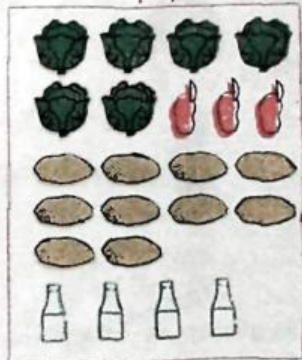
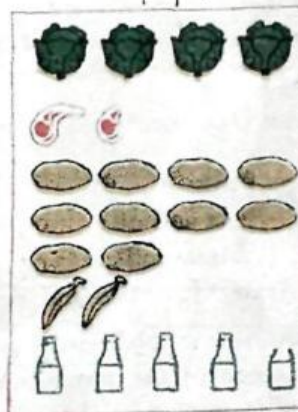
Now, what is the position on the food front today ? Do our people get anything like the diet they need, and if not, how short do they fall of this standard ? We can get the answer by finding out our total production of all kinds of food. The latest available figures show that our total food production comes to somewhere about 290 billion (that is, million million) calories in the year. This boils down to just under 2,000 calories per day per Indian. But we saw

MORNING MEAL



or

EVENING MEAL



that what we need is 2,800 calories. So, assuming we all eat equally well or poorly, we each go short every day of 800 calories. But actually some of us eat more than others, so the mass of our people get even less than their equal share.

To put it another way, if we all insisted on having our full ration of 2,800 calories, there would be no food at all for some 115 million Indian men, women and children. Enough for only some 10 million

OUR NEEDS

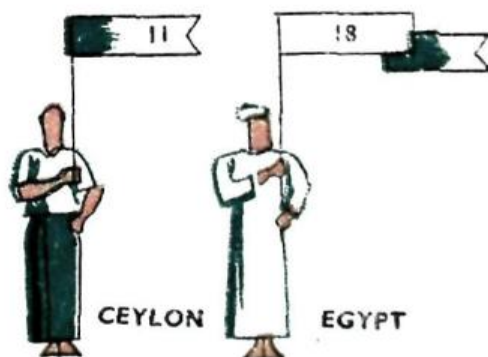
of these was imported into India in the years before the war, and even less has been imported since. No wonder the majority of the Indian people do not get one square meal a day. India today produces barely five-sevenths of the food her people need. For a population of over 400 million, this is a huge margin to make good.

CLOTHING

Clothing is a man's next basic want. It is even more important to most women ! Here again, climate and custom dictate to some extent how much we need. India is a country of very mixed climate. While, over large areas, the hot sun is there to give us warmth, many parts of our country experience a bitter winter.



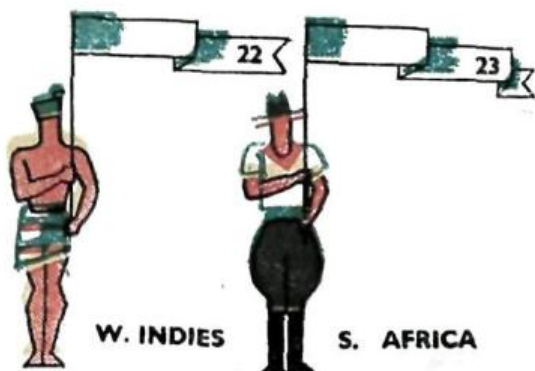
How do we stand in this respect ? Pretty badly, I am afraid, as you can see from these pictures, where some tropical peoples carry pennons showing their respective annual *per capita* consumption of cotton cloth in yards. As someone has put



it, the average Indian today carries his entire wardrobe on his person !

PICTURE OF A PLAN

What shall we make our objective? The National Planning Committee suggested 30 yards per person in place of 16 yards. Their guess is as good as anyone else's, so let's accept it. This will mean a requirement of about 11,670 million yards of cotton



textiles every year. Since, when this war started, we were producing only 5,600 million yards, this means we must double our production within fifteen years. This is depressing, because the cotton textile industry has been our

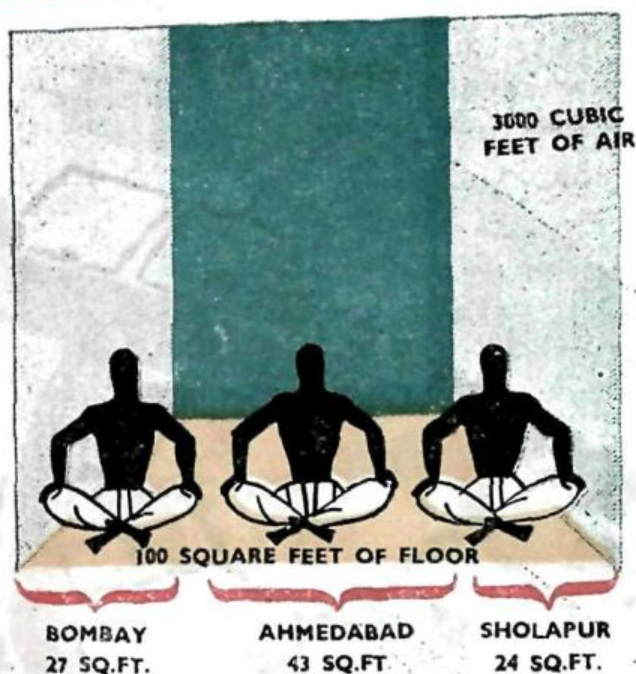
oldest and biggest industry. If, in spite of that, we are producing only half of our basic needs, how much worse must the position be in respect of other articles?

HOUSING

Shelter from the sun, the rain and the cold is another primary need of Man. A house is what gives that shelter. But apart from being a means of protection from the inclemencies of the weather, the house has also in the course of thousands of years become a unit of social life, providing for all those activities and functions which are summed up in the word Home.

Before a house can hope to become a home, it must at least provide enough space to live in and breathe in. Experts have estimated that each of us requires 3,000 cubic feet of fresh air, and that we cannot get it unless we each have 100 square feet of house room. A cell in prison, if you are lucky enough to have one to yourself, is that big and I can't say I found mine very roomy. But do we at present have even that much space to ourselves? Except for some big cities, I am afraid we do not even know the answer. In those cities, however, we certainly have to manage with much less space. In Bombay City, the average floor space per person is 27.58 square feet, in Ahmedabad 43.04 square feet and in Sholapur 24.03 square feet.

OUR NEEDS

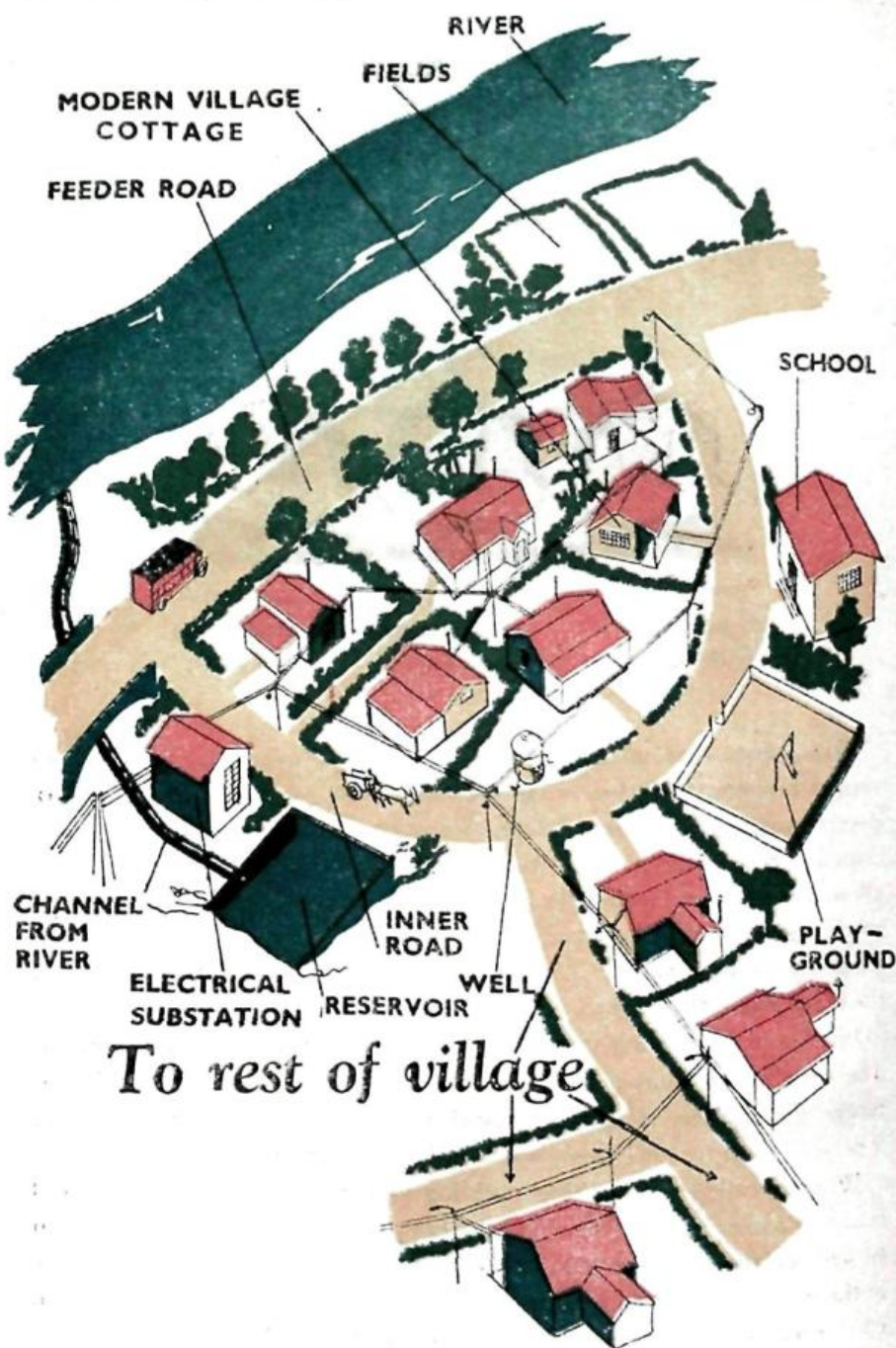


This shows that, at least in the industrial areas, there is a lack of proper housing facilities, with the result that we get a great deal of overcrowding. In these areas, we have what are called slums—crowded tenement houses situated in dirty back streets or courts or alleys, with five or ten people, young and old, all sharing a small, smoky, smelly room where they live, eat and sleep. Such shocking conditions led someone to remark: 'God made the World, Man the Town, but the Devil made the Slum.'

Instead of improving, things look like getting worse as time passes. The number of houses in India does not appear to be increasing as fast as the number of people, for in 1931 there was a house to every 5 persons, and in 1941 there was one for 5.1 people.

What is called for is a big building programme, both in town and country, for converting hovels into homes for our people. Since on an average five persons share a home, each small house or cottage in the countryside ought to be at least 500 square feet in area, while in cities each flat ought to have that much floor space.

PICTURE OF A PLAN



OUR NEEDS

We have so far talked only in terms of bare space. But a proper housing policy has many other needs to cater for besides that of enough fresh air to breathe. Such are the needs for a supply of water all the twentyfour hours of the day, for lighting, for privacy, for a certain measure of beauty in architecture, and for gardens and parks around the houses.

This is what a corner of a village will look like if real homes are provided for our people.

PUBLIC HEALTH

It should not surprise us—after we have seen how little we have to eat and how poorly we are clothed and housed—to learn that the standard of health in India is very low. We have only to look around us to see that this is so. Even apart from the evidence of our eyes, there are many other ways in which this fact is brought home to us.

In the picture on page 10 each symbol represents four births or deaths per 1,000 of the population. You will see that while we breed more freely than people in other countries of the world, we die much more speedily too, with the result that there is a terrible waste of human life.

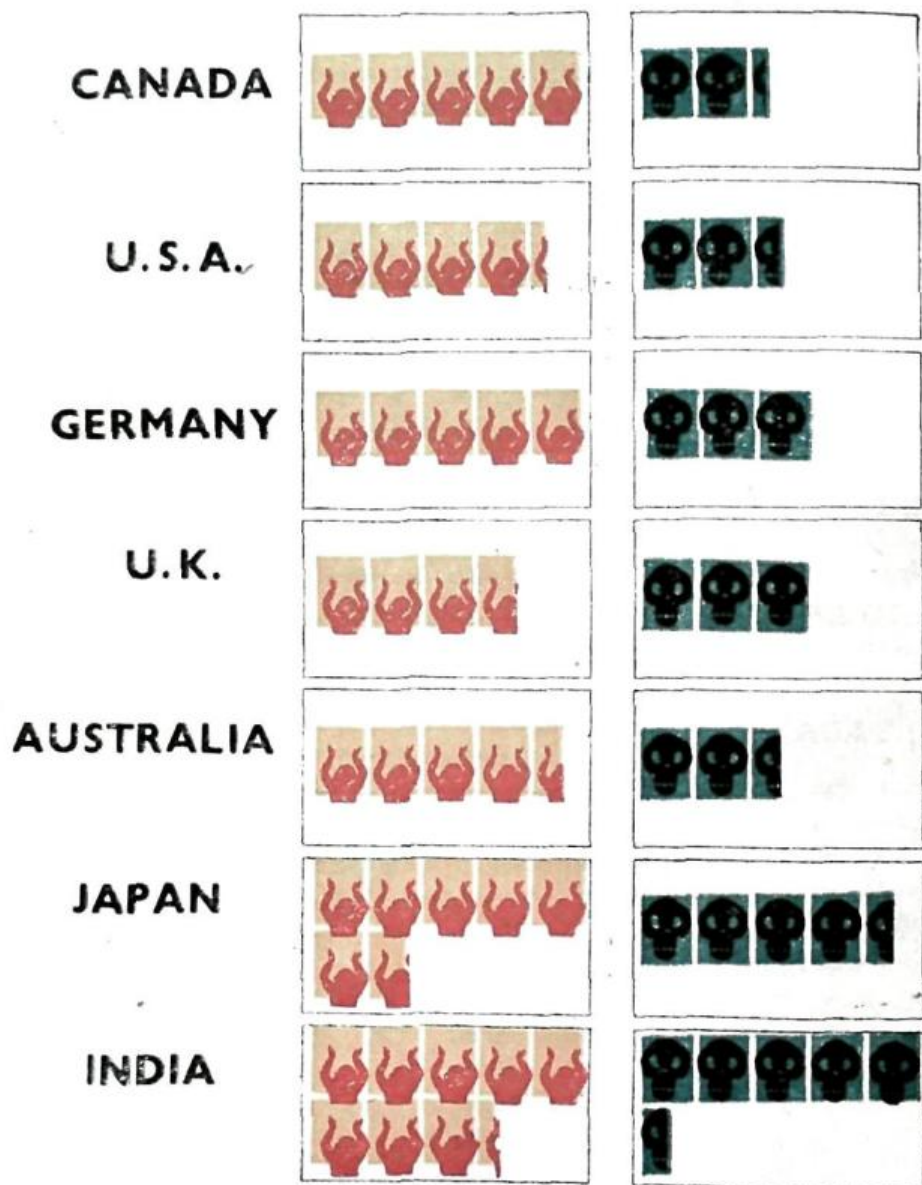
The figures of infant mortality are still more startling. They show that out of a thousand Indian children born every year, no less than 167 die in the very first year of their existence. This rate of infant mortality compares, as you can see on page 11, very badly with that of other countries. Each symbol represents 25 deaths per 1,000 live births.

Another way of judging the health of a people is to see how long they live compared with people in other countries. This is done by working out the average expectation of life at birth. Here is how we stand in this connexion :

YEARS OF LIFE EXPECTED

	<i>Male</i>	<i>Female</i>
Canada	58·96	60·73
U. S. A.	60·60	64·50
Germany	59·86	62·81
U. K.	60·18	64·40
Australia	63·48	67·14
Japan	46·92	49·63
India	26·91	26·56

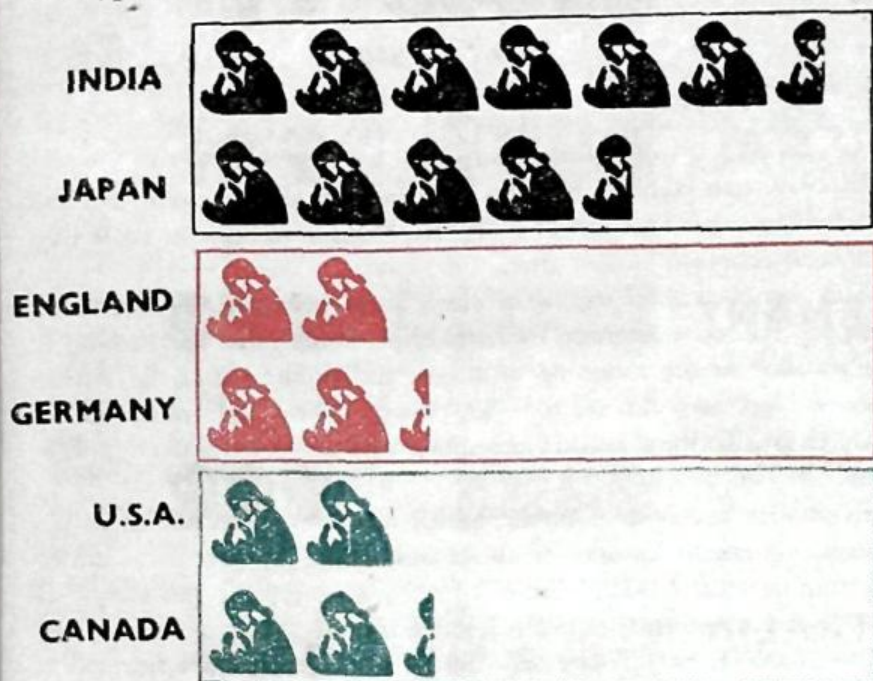
PICTURE OF A PLAN



BIRTHS AND DEATHS (explained on p. 9).
See how quickly we breed and die.

OUR NEEDS

Now, there are two ways in which the national health can be improved and diseases combated which sap the people's vitality. The first way is that of prevention and the other that of cure and, as you know, prevention is always better than cure.



Preventive measures are lumped together under the title Public Health. They include, for instance, sanitation, which means eliminating dirt, infection and other influences which are harmful to health. The sweeping of rubbish, the making of gutters and drains, the taking away of sewage and refuse of all kinds are measures of this nature.

Keeping food of various kinds clean and free from infection is another line of public health activity. Measures against adulteration of foodstuffs are particularly important for milk, both because it is a dangerous carrier of germs and because it is the staple food of infants and children.

That brings us to another department of public health, namely maternity and child welfare. It is by the development of these services that the incidence of death of mothers during child-birth and of newly-

PICTURE OF A PLAN

born infants has been so drastically brought down in the countries of the West. These figures show how striking has been the progress in this direction both in England and in America :

INFANT DEATHS PER 1,000 BIRTHS

	1900-2	1910-12	1920-2	1930-2
England and Wales	150	110	80	60
New York City	130	110	80	55

In 1939, two lakhs of mothers died in India during child-birth and it is believed that four out of every five could have been saved if they had been properly looked after.

Then again, a good supply of clean water is one of the first essentials of civilized existence. Whether for drinking or for bathing or for washing or for cleansing of streets and public places, an assured water supply is essential to every town. Only 253 towns out of 1,471 in British India had the advantage of a protected water supply in 1939.

Even with the best of public health measures, however, there will always be a certain amount of illness and disease rampant in a country. To combat this, Medical Relief of a curative type is necessary. In 1939, we had in British India 7,300 hospitals and dispensaries with about 74,000 beds. This works out to an average of one hospital or dispensary to 41,000 people and one bed for every 4,000. The number of doctors in the country was 42,000 and the number of trained nurses 4,500, which means we have one doctor for every 9,000 persons and one nurse for every 86,000. In England, they have a doctor for every 776 persons and a nurse for every 435 persons.

Any reasonable system of medical relief will require that every village has a dispensary with a medical practitioner and two nurses, one of them a midwife. We have in India in all about 656,000 villages with an average population of 517 people. This gives us a minimum requirement for rural India of 660,000 doctors of all kinds and 1,320,000 nurses. In addition we have some 2,700 towns with an average population of 18,000. For these, hospitals with forty beds for every ten thousand persons will be necessary. Then again, each town would need a maternity hospital with about 30 beds. Our

OUR NEEDS

total requirement would therefore be of some 700,000 doctors and 1,400,000 nurses, which means that we need $16\frac{1}{2}$ doctors for every doctor we have at present and 330 nurses for every nurse we have.

To train and produce these doctors and nurses and to spread them all over the countryside will be a very big job indeed. You will notice how terribly low is the number of our nurses compared with the doctors. That is because of social obstacles in the way of women taking up this noble profession. Fortunately, as Indian women throw off their veils and their fetters, these obstacles gradually disappear.

EDUCATION

The care of the mind is quite as important to the life of a people as the care of the body. National welfare, based on flourishing industry and agriculture, would be impossible if the minds of the people were not trained and developed. No far-reaching improvement in the economic condition of a people can be achieved unless the people are educated to perform the thousand and one tasks that are involved in the process of such improvement. Another purpose of education is to turn out good citizens—the raw material of democracy. Therefore, though we deal with education last, the fight against ignorance is of prime importance and urgency.

Here we come up against the unfortunate fact that the great bulk of the Indian people are today not so equipped, and it has been rightly said that 'extreme forms of poverty will prevail amongst the masses in India as long as the overwhelming majority of the Indian people are able neither to read nor write'.¹ A knowledge of reading, writing and 'rithmetic—known as the three Rs—is the foundation of any system of education. Even this lowest form of education the Indian people are largely denied today. Only 14.6 per cent of those over the age of five are at present literate in India. This means that of every seven Indians over the age of five, six are illiterate—that is, cannot even read or write. When almost all other peoples except the most primitive have achieved literacy for their entire population, this is a sad state for an old and cultured nation like ours to be in. When we know that in 1938-9, the State in India spent only 8 as. 9 ps.

¹ *Unemployment in the Learned Professions*, by W. M. Kotschnig, p. 316.

per head on education of all kinds as against Rs. 33-2-0 per head in Great Britain, we realize why it is that we lag so painfully behind.

Primary education is one of the first duties of the State. It is urged that the minimum foundation on which any system of education can possibly be based is a school for every village, where education should be free and compulsory for all boys and girls between the ages of six and eleven. I should think, however, that this is too modest a requirement, except perhaps as a start. The recent report prepared by the Educational Adviser to the Government of India (and now endorsed by the Central Advisory Board of Education) provides for the education of all children between the ages of six and fourteen. 'Basic education from 6 to 14', says the Report, 'is an organic whole and will lose much of its value if not so treated; in any case, an education which lasts only five years and ends about the age of eleven cannot be regarded as an adequate preparation either for life or livelihood.'¹

Here again, one of the major problems will be the need for enough teachers to make such a scheme possible. It has been estimated that if every teacher has fifty or sixty pupils in his or her charge, we shall need about two million teachers for the whole country, and primary education is not the whole of education. There is high school education, and then university education. Again, there are all kinds of technical instruction which do not fall within any of the other categories.

So far, we have thought only of growing children and young folk. But what about those of our grown-ups who are still unable to read or write? Aren't they also to be educated? The education of such persons is called Adult Education. If they are taken in hand for periods of from three to six months, they can be taught the three Rs and made more useful citizens. It would seem that there are between 165 million and 200 million of such people to be tackled, which is quite a major job in itself.

All this will require a regular revolution in the system of education which at present prevails in our country. Of that system, an Englishman said some years ago: 'If education is the transmission of life from the living, through the living, to the living, we do not know

¹ *Post-War Educational Development in India*, 1st ed., p. iv.

how to describe the system of teaching that prevails here. It is carrying death from the dead, through the dead, to the dead.'

Even the Educational Adviser to the Government of India recognizes this fact when he says :

In the first place it is inconceivable that within a reasonable period a really national system could be developed or evolved from what now exists or by the methods hitherto followed. Apart from the extremely slow progress which had been made before the war, the present system does not provide the foundations on which an effective structure could be erected; in fact much of the present rambling edifice will have to be scrapped in order that something better may be substituted. In the second place, there is no possible half-way house between the present unsatisfactory position and the minimum provision which could be accepted as constituting a national system.¹

¹ *Post-War Educational Development in India*, p. iii.

II AFTER FIFTEEN YEARS

DOUBLING OUR INCOME

We have so far tried to assess the bare needs of our people in the way of food, clothing, shelter, medical relief and education. In doing so, we have seen how very badly off we are today and what a long way we have to go before we can get for our people even the bare minimum of subsistence. How are we going to reach that modest objective ?

The economist would answer by saying that we should raise our national income or dividend. The sum total of the goods and services produced in a country within a given period of time is described as its national income. So he means that we should increase the supply of various kinds of goods available to our people and develop the services which are at present at their disposal. That is, that there should be more food and clothing, better houses, better medical and educational facilities, more roads, railways and shipping than there are at present.

As things are, our national income is unevenly divided between different sections of our people. For instance, a business man or a highly placed official has more to eat, better clothes to wear, a better house to live in, a better doctor to attend to him and a better school for his children than is the case with a poor cultivator or a workman in a factory. All the same, it is possible to get an idea of the standard of living in a country by dividing the total national income by the number of the people in the country and getting what is called the *per capita* (per head) income of the average Indian. In 1931, the total national income of India is estimated to have been about Rs. 2,200 crores. Dividing it by the population at that time, which was 33·8 crores, we get an income of Rs. 65 per year for the average Indian.¹ It is believed that, in the years that have passed since 1931, our total national income has increased more or less proportionately to our population, which is now over 40 crores, and that our *per capita* income

¹ The National Income of British India, 1931-32, by V. K. R. V. Rao.

AFTER FIFTEEN YEARS

remains therefore in the neighbourhood of Rs. 65 per year. Similar figures are available for the average American, Englishman, German and Japanese,¹ and it is interesting to compare our average income



INDIA



JAPAN

with theirs. In this illustration, each little picture stands for an annual income of Rs. 60 per head. Thus the Indian, with an income of Rs. 65, has only one picture to himself. The higher the *per capita* income, the

more rich and full and varied is the individual's life. For the poor Indian, life is practically 'all work and no play'. For the Japanese, life is slightly more varied. The German does not do so

GERMANY



badly for himself. It is the Englishman, and even more the American,



U.K.

who really has a full and interesting day. Look how he does his

U.S.A.



day's work with the help of a telephone and stenographer and then keeps himself fit and amuses himself by playing football or diving

¹ *Economic Record of the National Industrial Conference Board (U.S.A.),*

3 August 1939.

into a cool swimming pool or going out for dinner, dancing, or seeing a talkie before he turns in for the night.

Can we hope, by planning our national life and mobilizing our natural resources, to reach the level of the most advanced nations? I believe we can, but of course it cannot be done overnight. Nor, I am afraid, in my lifetime or yours. Perhaps in our planning, therefore, it would be more worthwhile to plan for a limited number of years and see how far we can get during that period.

Let us try to see how far we can raise our national income in, say, fifteen years. Should we be satisfied if we can double our present standard of living during that period? I think we should, because that can mean that we should each have twice as much to eat and twice as many clothes to wear or, alternatively, that we should be able to have some other comforts which at present we may be doing without. In fact, a little bit of cash would be left in our hands—after satisfying those basic wants which we have assessed earlier—for the purpose of recreation and entertainment.

That would be so if our population were to remain at the end of fifteen years what it is today. Unfortunately, that is not likely to happen. Judging by the experience of the recent past, the population of India is inclined to increase at the rate of 5 million a year, and so, assuming that the Plan is put into operation in 1946, at the end of another fifteen years our population would be in the neighbourhood of 490 millions. This would mean that, unless our total national income was more than doubled, the additional income would be eaten into by the extra population. It has been calculated that if our total national income of 1931 were trebled, that is, raised from Rs. 2,200 crores to Rs. 6,600 crores, it would give a *per capita* income of Rs. 135 a year, which is just over double the present figure.

IN THREE LEAPS

Since trebling the quantity of goods and services in our country cannot be accomplished at one stroke, let us divide the period of fifteen years into three and take a leap forward every five years. The problem that faces us here is that, since we cannot do everything at the same time, we have to decide which are the things we should do during the first, the second and the third periods. Shall we first

AFTER FIFTEEN YEARS

cover the countryside with a network of roads or shall we first grow more food ? Shall we first electrify the country or shall we first put



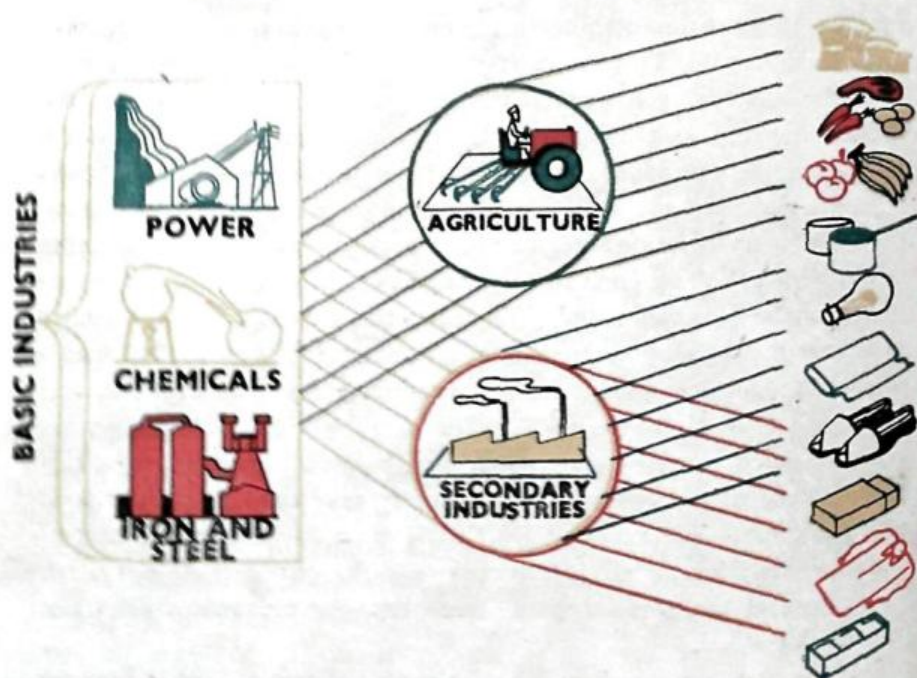
up huge factories for manufacturing automobiles, railway locomotives and machinery ? You see that it all boils down to a question of priorities—that is, what comes first ? In a way, it is rather like the old conundrum as to which came first—the chicken or the egg. It is not much use building roads if you have not the goods to transport from the town to the village and the village to the town. It is no use building factories if there is no electric power to make the machines move; it is equally useless to have huge hydro-electric schemes unless there are the factories which will utilize the power. What it comes to is that the development of our economic life has to be many-sided. Agriculture and industry, production and distribution and transport, have all to move forward side by side. Otherwise, we get a lop-sided movement as when one bullock harnessed to a cart moves ahead of the other and threatens to take the cart off the road into the ditch. We cannot afford to let that happen to the cart of National Planning. Our job therefore is to put first things first, taking care at the same time to see that our movement does not become lop-sided.

It is the first leap which will be the most difficult. That is because we have been at a standstill for so long and have almost forgotten as a nation how to move ahead. Once we have made our first leap

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forward by the end of five years, we shall be able to jump ahead much further the *second* time, and to spring forward even further the *third* time. It is like a rolling object which gathers speed as it goes down a slope or a motor car which gathers speed as we press on the accelerator. To adopt a mathematical description of the process, we shall move forward in what is called geometric progression—each leap being twice as long as the one that goes before.

How shall we divide our attention between the various facets of economic life? I don't think we can concentrate on any one of them and leave the others till later. We must move ahead simultaneously on all fronts. Obviously, one of the things that demands our attention is the development of what are called basic industries. They are also called 'key' industries, because in a way they can open the door to economic development in general. The basic



industries are the production of electric power, of minerals like coal and manganese and mica, of chemicals of various kinds, of cement,

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of iron and steel, of machinery and tools, and of locomotives, ships and automobiles. These industries are particularly important because without them the manufacture of other things like clothes and shoes and paper and all the other hundred and one things that we use in our daily life would not be possible. Nor can we have a prosperous agriculture without an adequate supply of chemical fertilizers for the soil and of agricultural tools and implements. Priority should, in view of the prime importance of prosperous agriculture, be given to those industries which serve the wants of agriculture. We in India are very weak in respect of these basic industries and have till now been dependent on England and other foreign countries for tools, machines, locomotives, ships and chemicals. It is only natural, therefore, that we should lay the foundation of the Plan by developing these basic industries and ending as quickly as possible our dependence on foreign countries.

The importance given in the Plan to basic or key industries is brought out by the fact that it is proposed to invest in the development of such industries no less than a third of the 10,000 crores of rupees with which the entire Plan is to be financed.

In fostering basic industries we have to make sure, however, that we do not let the production of consumable goods—that is, the things that you and I can eat, wear and use—lag behind. If we were to neglect to do so, it would mean that our people would suffer from want of the necessities and comforts of life. That is what happened in Russia when they started on their Five Year Plan. In their anxiety to build giant factories for the production of machinery and other capital goods, the Russian Government allowed the production of consumable goods to lag behind, with the result that great hardship and misery were caused to the poor people of Russia, particularly to millions of peasants. We have to learn from this lesson to do things better by seeing that heavy and light industries move forward in a balanced way. In this way, we may get 'planning without tears'.

The interesting point about these light industries is that, while the basic industries require huge factories and workshops, the light industries provide plenty of scope for small-scale and cottage units which, given electric power, can be spread all over the countryside and make it unnecessary for workers to crowd together in the slums

PICTURE OF A PLAN

that disfigure our cities. Cottage industries give a better return for the money we invest in them because they require only simple equipment and machinery. They also have a higher social value because a larger part of the consumer's rupee goes in their case into the pocket of the man who actually produces the article we use. At the same time, they provide employment to a large number of people and counter the tendency of highly-mechanized large-scale industry to create unemployment. The importance given in the Plan to small industries that would provide maximum employment and satisfy the daily needs of our people is a striking feature when compared with similar plans in Russia and other countries. Our people are already so poor and so starved that to

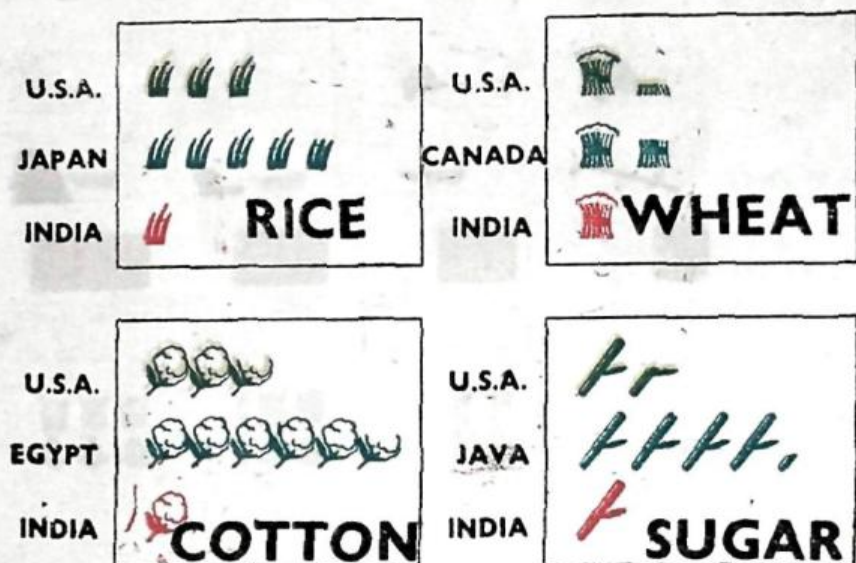


ask them to 'tighten their belts' further would be cruel.

Now it is not much use producing more machinery or even more clothes and shoes and pots and pans if our peasants—who make the bulk of our population—remain as poor as they are now. These articles are not of much use to them so long as they have no money with which to buy them. If the Plan is to have any meaning, therefore, the Indian peasant has to be given more purchasing power—that is, more money with which to buy things in the market. That extra money in his pocket can only come if he can grow more on his land and, after keeping enough for feeding himself and his family, sell the rest in the market. Besides, we shall need raw materials yielded by the land for our factories and food for people in our towns. All this means that agricultural development must be fostered alongside of industrial achievement. What are we going to do about this? There are various things to be done to put agriculture, which is today a bankrupt industry, on its feet. One of the most important reforms called for concerns the size of agricultural holdings. Today, the cultivator's average holding is only three or four acres of land, often scattered in tiny fragments. How to get these strips of land joined together into farms of an economic size is a problem we shall consider

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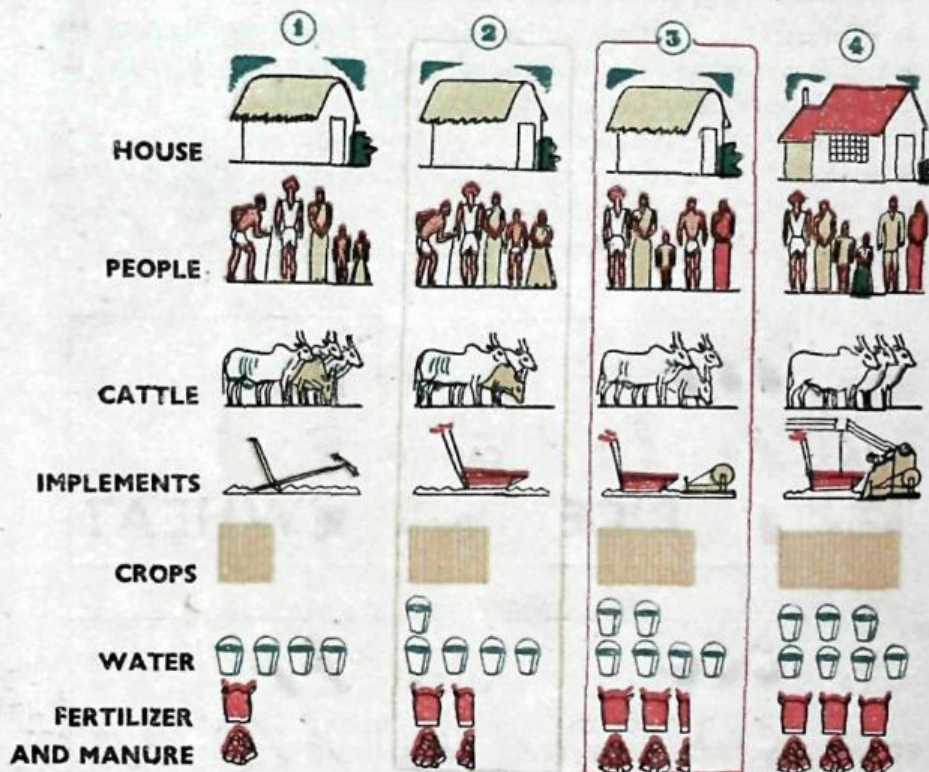
in Chapter V. Through the provision of loans to cultivators, the use of improved tools, fertilizers and seeds of better quality, and the more adequate use of cattle and of irrigation facilities, the yield from the land can be made to rise. Our present average yield per acre is painfully low, being 784 lb. of rice, 717 lb. of wheat, 90 lb. of cotton and 28,358 lb. of sugar. In this picture, we can see how much more people in other countries get out of their land.



Now what change will the Plan make in the state of our agriculture? The answer to that is given by the picture on page 24. The thatched hut turns, for instance, into a nice brick cottage. The cattle look well-fed and hold their heads high. The peasant's rude wooden plough is replaced by a good iron one, while a *charka* and an electric machine are added to his stock of implements. The supply of water and of fertilizer and manure are much more plentiful. The peasant's crop, as a result of all this, increases by 130 per cent.

How will our agricultural progress compare with our industrial advance? The answer is that it won't be quite as striking or spectacular as the latter, which is expected to increase fivefold as you can see from the illustration on page 25. In order to give every Indian

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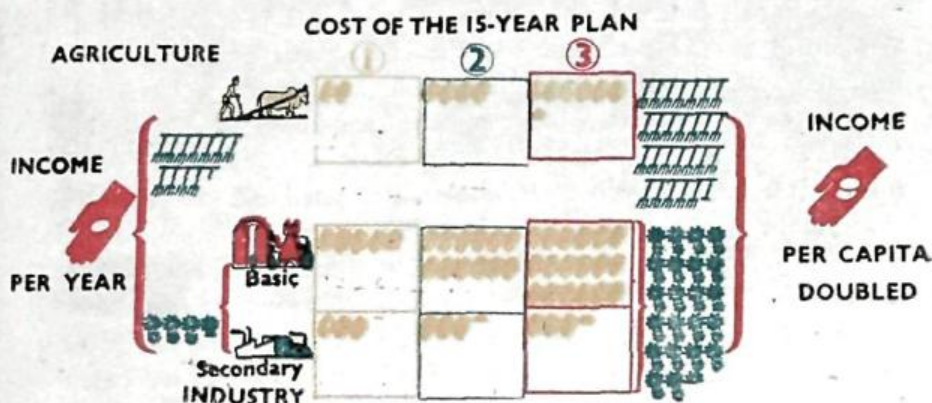


two rupees where he has one today, agriculture and industry have to produce much more. In the picture, each fork stands for Rs. 100 crores' worth of agricultural produce, while every pair of cog-wheels stands for Rs. 100 crores of industrial production. The increase in production that you can see is made possible by the capital that is sunk into both agriculture and industry. Each coin in the picture represents Rs. 100 crores invested.

You will want to know why, if our industrial production can be multiplied five times over in fifteen years, our agricultural output should be only just more than doubled. There are good reasons for this. On the one hand, we have to remember that our industrial structure is practically non-existent compared with the potentialities, because we are starting our industrial development a century later than most other countries. Our use of electrical energy, for instance, is even now practically negligible. The total electrical energy generated

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throughout India in 1943 was approximately 3,500 million kilowatt hours. This is about the same as what the U.S.A. generates in a week. To put it another way, the U.S.A. uses about 180 times as much energy per head of population, and the U.K. uses about a hundred times as much as we do in India. Even the little electricity we generate is mostly concentrated in a handful of industrial areas, leaving the rest of the country practically unserved. More than



42 per cent of the total energy produced is used in Bombay and Calcutta alone, while, if Cawnpore and Ahmedabad are taken into consideration, these four industrial centres—with less than $1\frac{1}{2}$ per cent of the country's population—consume between them more than half of India's total output.¹ It will be realized what tremendous scope there is for the growth of electrification when it is noted that, out of a potential reserve of 27 million horse-power of hydro-electric energy, we have so far mobilized only half a million horse-power—that is, only about a fiftieth.

As against the tremendous possibilities in these directions, there is a limit to the greater yield we can get out of the land. Our soil has for thousands of years been drained of its fruits and we have not taken good care to replenish its precious salts and minerals by proper fertilization. In fifteen years we can hope to do little more than stop this draining away of the fertility of our soil and undo

¹ H. M. Mathews, Electrical Commissioner with the Government of India, in an address to the Institute of Engineers, Delhi, on 1 February 1945.

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some of the damage. Even so, it is going to be a tremendous job to attain our rather modest-looking objective.

It is often complained that our economy is lop-sided because we are too dependent on the cultivation of our land. The percentage of our population dependent on the land is over 70, as against 22 in the U.S.A. and 8 in the U.K. It is interesting to try to find out to what extent a Plan such as this can make our economy a more balanced one in fifteen years. In 1931-2 the contribution of industry to the total national dividend was estimated at 17 per cent, while that of agriculture was 53 per cent. At the end of our fifteen years, it is expected that industry (both large-scale and small) will contribute 35 per cent, agriculture 40 per cent, and services 20 per cent. 'Services' is a compendious term to cover a multitude of occupations. It includes everybody in wholesale or retail trade and everybody working in one or other branch of transport or communications. It also covers office workers, bankers, insurance agents, hotel keepers, domestic servants, journalists, teachers, doctors, nurses, artists, authors, musicians, photographers and actors. Someone has pointed out that the higher the proportion of people engaged in services, the higher the standard of living in a country.

We must not, however, be led away by these figures which deal with income into thinking that a third of our population will be engaged in industry or that only 40 per cent will remain agriculturists. The following Table shows the change-over in the dependence of the working population on different occupations which may be expected in fifteen years from now if the Plan is put into operation meanwhile :

	Percentage of total working population	
	Now	AFTER 15 YEARS
AGRICULTURE	72	58
INDUSTRY	15	26
SERVICES (including Trade and Transport)	13	16
	100	100

We must remember, however, that the population shown as dependent on industry does not refer to urban large-scale industry alone and that most of it will be in small-scale and cottage

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industries scattered throughout the countryside. However quickly we may develop our large-scale industries, the bulk of our people are bound to remain villagers. Our population is growing so fast that, even if we industrialize at the most rapid rate conceivable, we shall only be able *at best* to absorb our additional population in urban industry and the services, leaving about 400 million living in the villages. The way to improve their lot will lie through the development of small-scale and cottage industries in which they can be usefully occupied. One of Mahatma Gandhi's contributions to economic thought has been to point out the great importance of village industries to our national economy. As Pandit Jawaharlal Nehru has said : 'Gandhiji has, I think, done a great service to India by his emphasis on village industry. Before he did this, we were all, or nearly all, thinking in a lop-sided way.'¹

When more goods are produced in the cities and towns and more raw produce is grown in the countryside, it will result in larger movements of goods within the country. It is estimated that internal trade will be three times what it is at present. But that will happen only if there is a corresponding improvement in our means of transport. Unless we have more railways and motor transport and waterways and coastal shipping, things will remain where they are produced. Roads are a sound investment yielding a plentiful return.

**EACH YELLOW SQUARE REPRESENTS
40,000 MILES OF EXISTING RAILWAYS**



Extension under the plan coloured red

¹ Foreword to *China Builds for Democracy*, by Nym Wales, p. 6.

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This truth is at the back of an American saying that a country pays for its roads whether it has them or not, and it pays more for those it does not have !

India is in a bad way as regards means of transport and communication. You see on page 27 how we stand in the matter of railroads when compared with Europe (excluding Russia), which has an area more or less like ours.

In the matter of roads we are even worse off.

**EACH SQUARE STANDS FOR 20 MILES
OF ROAD PER 100 SQUARE MILES**



Extension under plan red

Roads are not of much use without things to move along them. In this respect again, we are painfully backward. At the time of the outbreak of the war, we had barely five motor trucks for every lakh of our population, as against 1,200 in the U. K. and 3,300 in the U.S.A. As roads have been even more neglected than railways and as, from the point of view of rural development, they are more important than railways, we should aim in fifteen years at another 21,000 miles in railways and another 300,000 miles in roads. This would mean increasing our railway mileage by 50 per cent and doubling our mileage of roads. Most of these roads should be what are called feeder roads, that is, they would feed the main roads and railroads which run across the country. They would link up the lakhs of villages with the highways of trade. The result should be that 'no village with a population of a thousand and over should be more than, say, a mile or half a mile from a public road' ¹.

¹ Sir Kenneth Mitchell's Presidential Address to the Eighth Session of the Indian Roads Congress, Gwalior, 1943.



BASIC INDUSTRIES



SECONDARY INDUSTRIES



AGRICULTURE



COMMUNICATIONS



EDUCATION



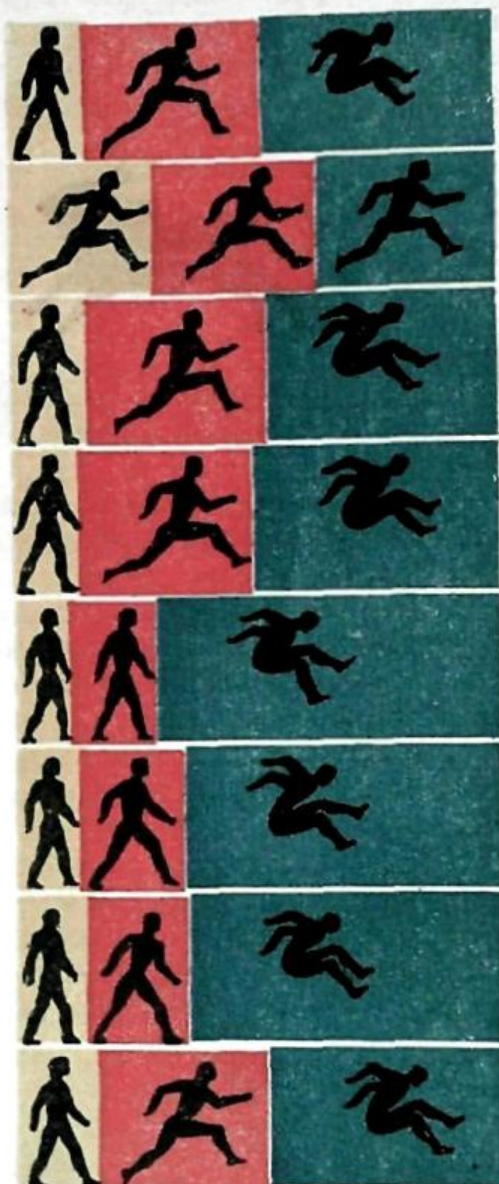
HEALTH



HOUSING



ODDS AND ENDS



THE THREE LEAPS—Note how in the case of secondary industries, which supply consumers' goods, we take a flying start and keep it up without flagging. On the other hand, with education and health we step out very slowly and take a terrific leap forward only in the final stage. That is because, while machines can be quickly put to work, teachers and doctors take a long time to train.

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While we are about the business of improving our roads and developing motor transport, we shall have to consider what we shall do with our national vehicle, the bullock cart. These carts with their wooden wheels at present do a lot of damage to our roads and create the dust



evil. Also, they are cruel to the cattle. Perhaps the best thing would be to make pneumatic tyres available at low cost for those carts which come on the roads so that by the time fifteen years have

passed we can abolish wooden wheels and replace them with pneumatic tyres. See how frisky this bullock feels when his cart has been fitted with them.

The transport of goods from one Indian port to another by vessels plying along our coast should be one of our major means of transport. We should revive our ancient ship-building traditions, build a large merchant fleet, and reserve the coastal trade for indigenous shipping as the English and Americans do. Progress here will lie both in building more ships and in providing more harbours along our coast suitable for small ships. That does not mean that we may not look forward to Indian ships sailing overseas to distant lands. Once upon a time our ships sailed the seven seas and they may well do so again.

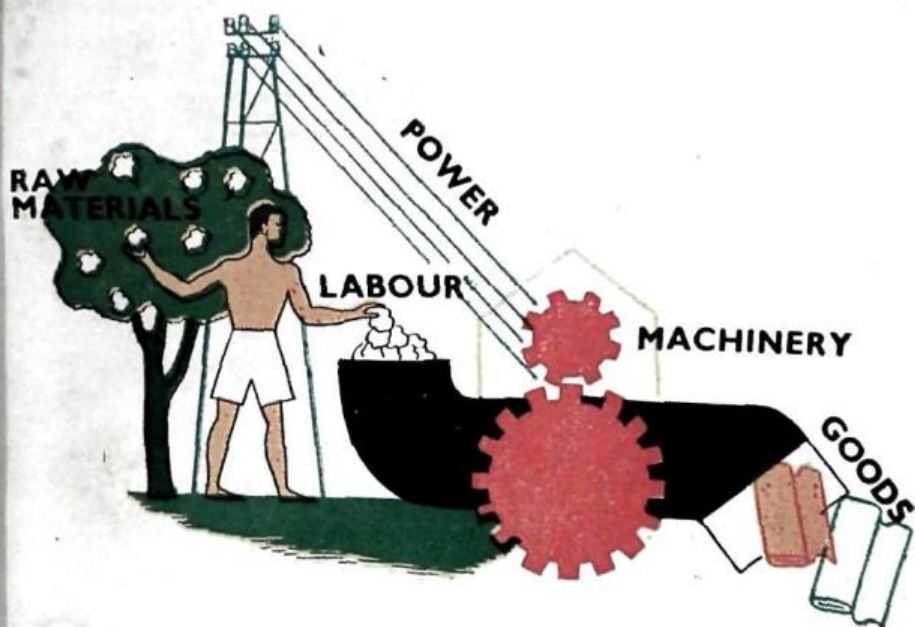
Other means of transport which will need our attention will be inland canals and waterways and, most modern of all, air transport.

We have covered the various activities and services which the Plan calls for. We can now put all the little bits and pieces together and see in one picture (page 29) just what our three leaps amount to.

III WHERE ARE THE MEN AND MONEY TO COME FROM ?

MONEY

We have taken—at least in our imagination—the three long leaps taking us to an India which will be a land, if not of plenty, at least of sufficiency, for every man, woman and child. We have seen that this process consists in the development of India's industries, agriculture, transport and communications, and social services. But we have not considered just how that development is to be made possible. What is it that we must pour into each of these departments of our national economy in order to get the results that we want out of them? I think in each case the answer boils down to Men and Materials.



These constitute the real wealth of a country. If we want to build up a particular industry in this country, what we have to do is to bring together the machinery, the raw materials, the power and the labour needed in order to produce the desired product. This presupposes that machines are manufactured here or bought from other countries, that electric power is generated, that raw materials are available and that human beings are forthcoming to work on the job. In our present economic system, each of these operations costs Money.

Money is such a tricky subject that most of us are liable to get tied up in knots over it. Your dictionary defines money as 'anything having a customary or conventional use as a medium of exchange or a measure, or denominator, of value'. But this definition is, as an eminent economist¹ has pointed out, about as helpful as that of the elephant as 'a mammoth of Africa and India, having the snout prolonged into a prehensile proboscis'!

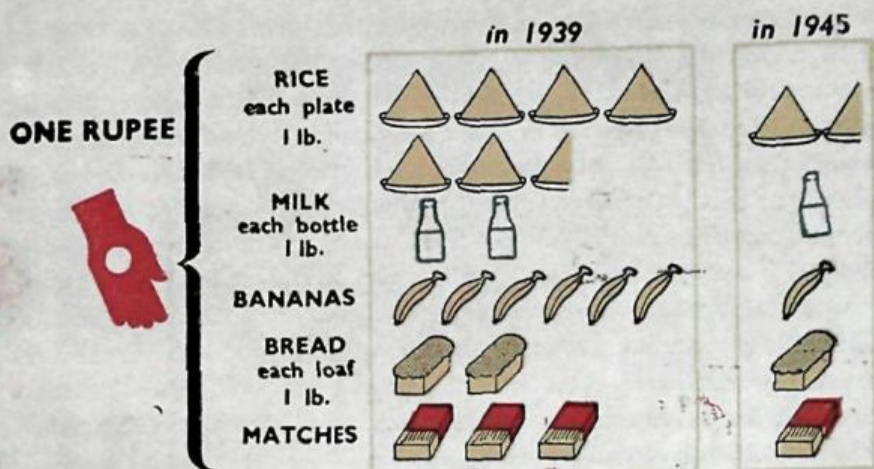
The important thing to realize about money is that it is a medium of exchange, a norm or standard by which goods and services can be measured against one another and debts settled. It is that part of the economic mechanism by which the value of one commodity can be weighed against the value of another commodity, the value of a man's labour against the things he needs and buys. Money is not only a measure of value and a medium of exchange but is also, as we shall see presently, a store of wealth. In performing each of these functions, money is our servant and not our master. We must make it do things for us, not allow it to dictate to us. In this Plan, money is used throughout as a measuring-rod of value—just as we use a foot-rule to measure distance. When in this book we refer to a rupee, we really mean the goods or the labour that a rupee could buy during the years 1931-9. As you know, today the rupee is worth only about seven annas in terms of the pre-war rupee. In the picture, you see on the left what you could buy in 1939 for a rupee and on the right how today the purchasing power of the rupee has sadly shrunk.

The materials that we want for our economic development, whether they are tools and fertilizers for agriculture, electric power and machines for industries, ships, locomotives and trucks for transport, or tele-

¹ Geoffrey Crowther, *An Outline of Money*, p. 13.

WHERE ARE THE MEN AND MONEY TO COME FROM?

phones and radios for communication, have all either to be produced here or bought from people in other countries. In either event, it means we must spend money on getting them. Where is this money to come from? How is it to be found?



When you want to buy some clothes or a bicycle or, if you are lucky, a motor-car, where does the money come from with which you buy it? It comes from your account in the bank or perhaps from the currency notes you have been collecting in your cash-box at home. Those notes, as well as your bank balance, are your savings. Savings are those fruits of your labour which you do not immediately consume. Because you did not spend all the money you earned or inherited or were given some time ago but saved it, you are now able to buy the clothes or the bicycle or the motor-car you want. Now, just as you have your little savings and I have mine, so do lakhs and lakhs of people throughout our country. Can we not draw upon these savings of our people, not only for buying the things they personally want, but for buying what we as a nation need—namely, machinery, power, fertilizers, ships, locomotives and motor trucks? We certainly can. And that is precisely how we can finance a tremendous development of our national economy out of our national savings.

You may be surprised to learn that a poor nation like ours should have enough savings to spend on such a scheme. That is because

not all of our savings are visible to the naked eye. Savings are of three kinds—past, present and future. There is first the money we have already saved or put by in the past; then there is the money we save from our current income; and lastly there is the money we can resolve and promise to save in the future.

Our past savings exist both in India and abroad. It is believed that, taking the country as a whole, there is in India some Rs. 1,000 crores worth of gold buried under the soil or tucked away in safe places. These savings are thus out of circulation. There is no reason why, say, a third of these should not be brought out of their hiding-places, provided the Government of the country is one to which the people are prepared to entrust their savings because they feel it is theirs. That would give us something like Rs. 300 crores.

Our past savings abroad are to be found in the form of the sterling securities which have been accumulating in England since the outbreak of war in 1939. Our bank balance in England at present amounts to about Rs. 1,500 crores. This is how that balance has accumulated. The British had to make payments in India for services and materials they required in connexion with the war. These payments were made on their behalf by the Government of India in rupee notes which were printed for the purpose. As the British were not in a position to export to India things we needed in return for the things they were obtaining from us, they credited the Government of India with payments made in British currency in London. The effect of this in India has been that we have had a huge increase in currency notes which has not been accompanied by anything like a corresponding rise in the supply of goods and services. This is called inflation. It means a continual rise in prices, which reduces—as we have just seen—the real purchasing power of the people and forces them to save part of their income, whether they want to or not.

How are we going to use this bank balance of ours in London? We are assuming, of course, that the British Government will be an honest debtor and agree to repay to us what it has borrowed. There could be no better use to which these savings could be put than to buy the machinery and other goods we shall require for the development of our industries and agriculture during the next fifteen years. We should of course buy these things wherever we can get

WHERE ARE THE MEN AND MONEY TO COME FROM?

them, when we want them, and at the cheapest price. Some of the machinery we may buy in England, some in America, while some we



U.S.A.



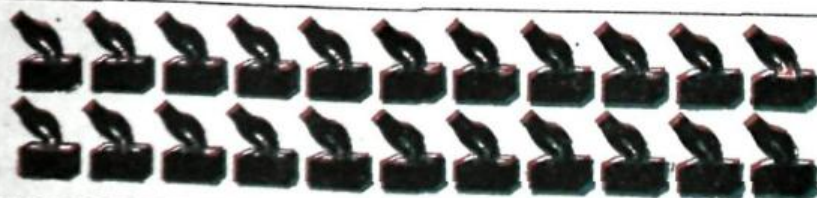
U.K.



GERMANY



U.S.S.R.



JAPAN

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may find it necessary to buy in Sweden or Germany or Japan. We shall have to see that our British debtors do not succeed in getting a monopoly of selling us our requirements abroad.

Having thus drawn on our past savings, we now turn to the finances we can find by making savings during the period of the Plan itself and in the years after. How much can be put by during these fifteen years without denying our people the things they have a right to enjoy? In the illustration on page 35, each money-box represents one per cent of the national income saved in certain countries before the war. In Japan as much as 22 per cent was saved, in the U.S.A. only 5 per cent. The people of India, whose privation is already intense, can hardly afford to save very much, but none the less a reasonable part of the national income during the next fifteen years may well be devoted to the great task of national regeneration. It should be borne in mind, however, that those with accumulated wealth will naturally be expected to save to a much greater extent than the poor and that the rate of saving will be light in the beginning and will go on rising as our income and resources rise every year with the operation of the Plan.

Not only can we dedicate our present savings, raised in a variety of ways, to the economic regeneration of our country, we can also pledge our future savings for the same purpose. One of the ways of doing this is for us to borrow money abroad. When you borrow money from another person and promise to repay it, what you are really doing is promising to save in the future so as to be in a position to repay the debt. Similarly, when a country borrows money by raising loans in other countries, it promises these countries to save from its national income in the future and meanwhile to pay interest on the loan. There is no reason why we should not for some time borrow money abroad in order to be able to buy enough machinery and other producers' goods which are required for our industrial development. Of course, we shall have to see that our creditors do not try to lay down any conditions which might interfere with the complete political and economic freedom of our country.

By these various methods of raising money through current and future savings, we shall have to find Rs. 8,200 crores. Including our past savings of Rs. 1,800 crores, we shall then have in all Rs. 10,000 crores which is the amount of our total bill of costs. In case you

WHERE ARE THE MEN AND MONEY TO COME FROM?

think this is a very ambitious amount to aim at, let me remind you that what we propose to spend in fifteen years is less than a third of what the U.S.A. spent in the single year 1943.

MEN

Most people seem to be worried about where the money is to come from in order to put our Plan into operation. What worries me much more is where the men are to come from. That may seem to you to be rather an unnecessary worry in a country of four hundred million people! Surely, you will say, we have all the man-power in the world that we want? That is true. We certainly have an abundance of the human material. But something else is required, and that is a smaller army of technicians of various kinds. By that term we mean men and women who possess the special kind of skill which is required for putting into operation one or other part of our Plan. Thus, for the development of our industries we need a large number of engineers, mechanics, electricians, architects and chemists. Similarly we need skilled personnel for agriculture and dairy-farming. For our social services, we need teachers, doctors, nurses and social workers. Have we anything like enough of the people who possess these skills?

I am afraid here we come up against one of the rocks on which our planning may founder if we do not look ahead. Today we are sadly lacking in even a nucleus of the engineers and chemists we need for large-scale economic development. It has been stated that during the war 10,000 technicians have been trained in India. That, however, is a flea-bite compared with the number we shall require.

A tremendous scheme for training young men as technicians should be the first step in our planning. But such training would take anything from a year to five years, and so, for the first part of our fifteen years, we shall have to rely to a certain extent on foreign technicians whose services we shall have to borrow from other countries till we have enough of our own.

The position is equally alarming in respect of the social services which we have assumed will be made available to our people. Take, for instance, our medical and public health services. We have seen that we shall require some 700,000 medical practitioners and 1,400,000 nurses and that this will mean that we need 16.5 doctors for every

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doctor we have at present and 330 nurses for every nurse we have. Where on earth are all these doctors and nurses to come from? We certainly do not expect to import them from abroad! What it comes to is that umpteen new medical colleges will have to be opened all over the country where doctors and nurses can be trained. The same problem faces us in the field of education. It has been estimated, for instance, that the operation of the Sargent scheme, in the form it has been adopted by the Central Advisory Board of Education, would require nearly 2,000,000 teachers for the whole country. Here again, a whole crop of training colleges and schools for teachers must first arise before we can proceed.

If we are to have planning, a new kind of person will also have to be trained—the planner. With this in mind, Princeton University in the U.S.A. has separate classes for the training of plan-experts, plan-makers and plan-administrators. In our country the solitary attempt so far made in this direction is that of the University of Allahabad, which has introduced a paper on planning in the economics course for the degree of Master of Arts.

Some idea of the trained personnel which planning requires can be had from the extent of the bureaucracy that was, when the war broke out, functioning in Russia.¹ It was so numerous, that one out of every 18 of the population was a member of the bureaucracy. The illustration opposite shows how they were distributed between various jobs, each symbol representing 100,000.

In Russia 5.6 per cent of the entire population is engaged in some skilled administrative or technical work. This means that, in the same proportion, we should need 22 million or over 2 crores of such personnel! Perhaps we shall not require quite as many administrators and technicians as all that. In Russia, things have been controlled much too much from the centre and this has meant an unnecessarily large army of bureaucrats. We can manage things more economically if we learn by this experience and decentralize both administration and industry in local self-governing units. Even so, we shall certainly need a crore of such people. Their education and training is one of the biggest jobs that faces the Indian people.

¹ E. Strauss, *Soviet Russia* (p. 317), quoting *International Labour Review*, February 1940.

WHERE ARE THE MEN AND MONEY TO COME FROM ?

     HEADS OF ADMINISTRATION

    MANAGERS OF STATE INDUSTRY

      FARM MANAGERS

    OTHER ADMINISTRATORS

 ENGINEERS & ARCHITECTS

        TECHNICIANS

IV HOW ARE THINGS TO BE SHARED?

LEVELLING DOWN

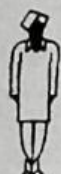
In the first three chapters of this book we have assessed our needs, considered how production can be trebled within fifteen years, and ascertained where the men and money are to come from with which this process can be carried out. The question that now arises is—how are the benefits of this increased production to be shared? It is not much use producing more if the bulk of the people are not to enjoy the fruits of this great effort, is it? This is an important question and, if we have delayed raising it till now, it is because production, in point of both time and logic, comes before distribution. Unless we produce, there is nothing to distribute. In India, we produce at present so little of the essential goods and services that even if they were to be distributed equally among our people, we should all still go short of food, clothing, shelter and the other comforts of life. That is why production has to come first.

We have seen how in fifteen years we can through increased production double our *per capita* national income from Rs. 65 to Rs. 135 a year. Unless, however, we take steps to see to it, the result of our increased production will not be that the average Indian who now has in hand every year thirteen five-rupee notes will automatically find himself holding twenty-seven five-rupee notes. The average *per capita* income does not mean that today the bulk of Indians actually get Rs. 65 per year. Since there are a few lakhs of very rich and well-to-do people who get many times this income, it means that the ordinary Indian gets less than even this very small amount. Such averages can therefore be very misleading. This had led someone to say : 'What a pity we cannot abolish the average from all social statements!'

There is a particularly sharp contrast in India between the town and the village in the matter of standards of life. Thus, as you can

HOW ARE THINGS TO BE SHARED ?

see in this picture, where each coin represents an income of Rs. 25 in the year, while the average annual income in urban areas is estimated



URBAN

AND



RURAL

INCOMES

to be Rs. 166, the average for the rural areas is as low as Rs. 51, that is, just over two annas a day. Considering that people in the villages work as hard as we do in the towns, this does seem terribly unfair, doesn't it?

According to one estimate prepared twenty years back, 62.4 per cent of the people of India earned 37.5 per cent of its national income; 32.9 per cent of them drew 31.8 per cent; while the remaining 4.7 per cent enjoyed 30.7 per cent of the total income.¹ Since the distribution of the national dividend cannot have changed much during these years, what it comes to is that if you divide the national income of India into three roughly equal parts, five Indians out of a hundred take one part, thirty-three of them take another part, leaving sixty-two out of the hundred to share the remaining third.

Pretty bad, isn't it? It is by no means, however, an evil peculiar to India. In England things are not very much better—66.6 per cent of the people draw 33.3 per cent of the national income, 32.9 per cent draw 60.7 per cent, while the remaining 0.5 per cent draw 6 per cent.²

And here is how things stand in Europe as a whole : 90 per cent of the population draw only 56 per cent of the national income, 9.5

¹ *Wealth and Taxable Capacity of India*, by K. T. Shah and K. J. Khambatta (1924).

² *Rich Man, Poor Man*, by John Hilton, pp. 37-8.

PICTURE OF A PLAN

per cent draw 28 per cent and 0.5 per cent draw as much as 16 per cent of the total income.¹

Even in Russia, where an attempt was made to achieve equality, inequalities have again been making their appearance in recent years, until, in 1939, it was estimated on the basis of official statistics that 11 or 12 per cent of the Russian population received approximately 50 per cent of the total national income.² Considering that in the United States of America, the upper 10 per cent of the population received approximately 35 per cent of the national income, this shows how wide are these inequalities.

On the other hand, there are a few small countries in the world, like the Scandinavian countries of Sweden, Norway, Finland and Denmark, where a fair measure of economic equality has been achieved. Thus in Finland in the years before the war, 'skilled workmen, business employees with secondary school education, and civil servants of the lower ranks lived in outwardly fairly similar circumstances'. One Finnish family in every three owned land; and there were only six persons in Finland owning property worth more than Rs. 18,66,667 and only twelve with an annual income exceeding Rs. 86,667.³

There are two good reasons why, in our planning for the future, we should try to see that this pyramid of wealth and income is levelled down and replaced by an even surface. For one thing, it is extremely unfair that those of our countrymen and countrywomen who do the hardest and most irksome kind of work should live on two or three annas a day, while those of us who work under more comfortable and pleasurable conditions should get incomes which are fifty or a hundred or even five hundred times as big. Apart from the question of justice, this unequal distribution of the national income also means that most of the people lack purchasing power—that is, the money in their pockets with which to buy things. This means that there is little demand for goods and that production in its turn must be restricted. As we have seen earlier in this book, we want to increase production so greatly that the various needs of our people may be met. This can only be done if they first earn enough by their labour to have

¹ *Problems of Modern Europe*, by J. Hampden Jackson and Kerry Lee, p. 17.

² Quoted in *The Managerial Revolution*, by James Burnham, pp. 43-4.

³ *Finland*, by Hampden Jackson, pp. 131 and 203.

HOW ARE THINGS TO BE SHARED ?

the money to spend. That is why, apart from being unfair, gross inequality of incomes is also uneconomic. Not only must equitable distribution follow increased production, but it is also 'necessarily implied in a plan for increased production'.

Does this mean that we should aim at complete equality of reward and income at the end of fifteen years? I for one wish that this could be achieved. It is very doubtful, however, whether it would be a practicable aim for a short-term plan such as this. Made and brought up as people are today, most of us unfortunately are not prepared to put out our best effort unless we are rewarded in a material manner. This is known as the problem of incentive for efficiency, and in India efficiency is a vital factor in the building up of the economic structure. Lord Keynes, Britain's leading economist, had something interesting to say on this point: 'I believe that there is social and psychological justification for significant inequalities of incomes and wealth, but not for such large disparities as exist today. There are valuable human activities which require the motive of money-making and the environment of private wealth ownership for their full fruition. Moreover, dangerous human activities can be canalized into comparatively harmless channels by the existence of opportunities for money-making and private wealth which, if they cannot be satisfied in this way, may find their outlet in cruelty, the reckless pursuit of personal power and authority, and other forms of self-aggrandisement.'¹

The experience of the one country, Russia, where an attempt was made to introduce equality overnight gives support to this point of view. That attempt was given up on the ground that efficiency was not forthcoming unless the incentive of a higher income than that drawn by others was held out.

While, therefore, equality should be our objective, we must realize that it cannot be achieved during the operation of the Plan. What we should aim at is that, by the time fifteen years have passed, the gross inequalities that exist today between different sections of our people should be radically reduced and consistent efforts should be made to move as fast as possible towards an equalitarian society.

¹ *General Theory of Employment, Interest and Money*, by Lord Keynes, p. 374.

PICTURE OF A PLAN

One direction from which the problem of equitable distribution can be attacked is to reduce the privileged position enjoyed by certain sections of society today. This purpose can be achieved to a certain extent by heavy taxation of the incomes of the rich and the imposition of death duties and inheritance taxes which would stop such privileges from passing to the children of the present owners. The title-deeds of absentee and parasitic landlords also call for examination. The money acquired by these methods by the community can be utilized for the benefit of the mass of the people. Excessive profits of manufacture and trade can also be restricted by controlling prices in the interest of the consumers and the community.

The emergence of fresh inequalities needs also to be prevented. This can be done by decentralizing and distributing as widely as possible the ownership of things through which profits can be made—like land, mines and factories—a process which we shall consider in detail in Chapter V.

LEVELLING UP

We have considered some negative measures to reduce inequalities and prevent their rise. But, as Bernard Shaw has pointed out, 'Poverty and not wealth is the evil to attack and abolish'. Our attack must be even stronger at the lowest levels than at the highest. This means the provision of a minimum standard of life for the poorest of our countrymen. Henry Ford has defined this for his own country to mean that every man should earn enough to own a home of his own, a piece of land, and a motor car. We have seen in the beginning of this book that the immediate minimum needs of our people are much more modest. The satisfaction of these at least must be brought within the reach of every Indian. This can be done if, for one thing, his income is increased. Let us see what the means are through which such a rise in the level of incomes can be secured.

The first thing to remember is that before we can hope to eat enough and be decently clothed and have a nice home, we must all do our fair share of the work which produces the good things of life. Don't we then do so at present? I am afraid the answer is that there are millions and millions of us, nobody knows quite how many, who

HOW ARE THINGS TO BE SHARED ?

are 'not usefully occupied at all, or for a large part of the time. This is not, as you might think, because these people are inexcusably lazy. It is simply because they can find no work to do. That is true, for instance, of the bulk of our cultivators who, during certain seasons, are forced to remain idle. It is true that they could spin yarn, weave cloth or make all kinds of things they need, but many of them have not the skill nor the instruments and materials necessary. So widespread is this 'disguised unemployment' that, if only we can eliminate it, the sum total of goods and services that we produce in this country will increase very substantially. The importance of fully employing our man-power is brought



WANT



IDLENESS

out by Sir William Beveridge when, talking in terms of fighting the five giants of Want, Disease, Ignorance, Squalor and Idleness, he says : ' If the giant Idleness can be destroyed, all other aims of reconstruction come within reach. If not, they are out of reach in any serious sense and their formal achievement is futile.'¹

Securing the full employment of India's huge man-power is by no means an easy task. As we have seen earlier, India today suffers from the pressure of population on land due to the lack of development of industries of all kinds. It is believed that the population working on the land which must be diverted to non-agricultural pursuits would, at a rough guess, be at least 30 million, which does not include dependents. It is obvious that only

¹ *Pillars of Security*, by Sir William Beveridge, p. 43.

a small proportion of this surplus can be absorbed in large-scale urban industry and the services within the period of our planning. To what then are the bulk of these people, and even those who will remain on the land but will be unemployed during certain seasons in the year, to turn their hands? The answer is: to small-scale and cottage industries, which must be established in the villages themselves. There are a large variety of such industries which, without too much loss of efficiency, can flourish throughout the countryside. We have seen in Chapter II of this book that the Plan makes provision for the development of such small-scale and cottage industries and in the next chapter we shall consider the other advantages of such a development.

Apart from the redistribution of our labour power satisfactorily between the main sectors of our economic life—namely, the services, large-scale urban industry, small-scale rural industry, and agriculture—a policy of full employment will also call

for planning in the way of regional location of industry. At present, just over half the country's industrial workers are concentrated in the two provinces of Bengal and Bombay. This lop-sided development needs to be put right by a better balance as between various regions.

The second precondition of a rise in the level of income is increased efficiency. Today, as we know, the efficiency of our labour, both

industrial and agricultural, is very low. This is due to several



IGNORANCE



SQUALOR

HOW ARE THINGS TO BE SHARED ?

factors, which include malnutrition, low vitality, illiteracy, and adverse social conditions. All of these factors can be traced back to our poverty and arrested economic development. We are thus caught in a vicious circle: to improve efficiency we must do away with poverty; but poverty can only be abolished if we are more efficient! One of the main purposes of the Plan is to destroy poverty. Even while the Plan is in operation, however, we must seek to create conditions for increased production. This can be achieved by the spread of general education and of technical training, the provision of modern tools and implements and machinery, the supply of cheap electric power and, in general, the scientific development of our industries and agriculture. If production is decentralized, as it should be, the benefits of higher efficiency will go increasingly to the smaller producers and the workers.

The third approach to raising the level of income would be the provision of minimum wages for different sections of our toilers. This would be relatively easy in the case of factory workers. It would be more difficult in the case of agricultural labourers—of whom there were no less than 30 million in 1931. Their wages are the lowest, and there should be a minimum wage for them worked out for each region in the country.

Prescribing a minimum wage for agricultural labour is only possible if agriculture is put on its feet. The fourth means of raising income lies therefore in several measures which range from a drastic revision of the entire system of land tenure and revenue to the organizing of marketing on a co-operative basis and the ensuring of stable prices for agricultural products through the setting up of a Reserve into which the surplus produce of one season may be absorbed for use later when the crops may not be so satisfactory.

The cumulative result of all these measures is expected to mean an increase of 50 per cent in the average income of agricultural workers,

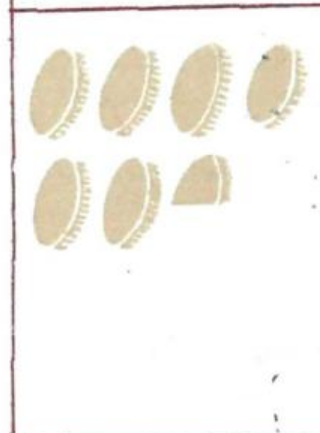
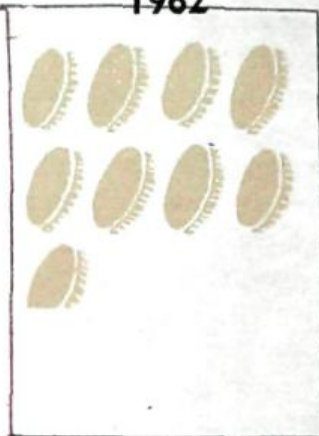
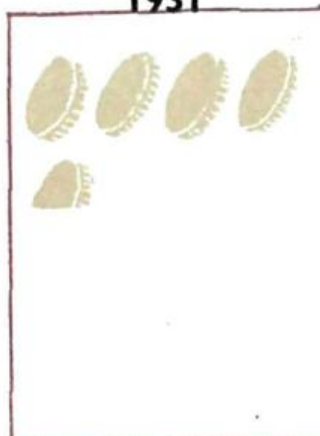


DISEASE

AVERAGE INCOME

1931

1962



Each coin represents Rs. 25

HOW ARE THINGS TO BE SHARED ?

of 93 per cent increase in the income of industrial workers, and of 129 per cent increase in the income of those providing service.

A rise in money income is not, however, the only method by which a minimum standard of life may be secured to the poorest sections of our people. Another way which can be employed side by side is to reduce the cost of living and to help people to tide over periods of crisis. Here three sets of measures are called for. The first is the provision of free social services. Today, education and medical relief, not to mention nutrition, clothing and housing, are available in adequate measure only to those who have a long purse. We have to become used to the idea that every man, woman and child is, as a matter of inherent right, entitled to adequate food, clothing, housing, medical attention and education. To start with, the community should undertake the burden of education and medical attention for

**U.S.A. POSTAL
DEPARTMENT
LOSES Rs. 4 CRORES
A YEAR**



the people out of the taxes it collects. This would mean that no part of the wages of the poor would have to be used up as at present for the provision of these elementary needs.

The second set of measures would be the provision of public utility services at low cost. Such services are the provision of electricity and gas and the means of transport such as railways, buses and trams

and of communication such as the radio, the telephone and posts and telegraphs. The community should subsidize the provision of these services and make them available to its members at below cost. Today, while the U.S. government loses Rs. 4 crores every year on its postal department (see page 49),



**INDIAN POSTAL
DEPARTMENT
MAKES A PROFIT**

the government in India makes a profit of some Rs. 4½ crores. This difference in policy largely accounts for the fact that the U.S.A. handle 29,000 million letters and 218 million telegrams every year while only 1,575 million letters and 28 million telegrams are handled in India.

In the matter of radio we are even worse off. Russia, with a population about half of ours, has 500 radio transmitting stations, while we have only 13. In India, 500 families have one radio set between them; in Denmark, the same number of families have 375 radio sets.

The third set of measures are known compendiously as social security, that is, provision against old age and such misfortunes as sickness and unemployment. Such security is made available in other countries by means of social insurance towards which the community, the worker and the employer concerned contribute in varying measure. This presupposes that each of these parties has a surplus from which to pay the premium. India, which today lives below subsistence, has no such surplus. Therefore, social security for any and every citizen cannot be one of the objects of any short-term plan. You cannot put by for a rainy day, can you, when you haven't

HOW ARE THINGS TO BE SHARED ?

enough with which to feed yourself on a dry one ? All that may be possible during the term of the Plan would be social insurance in certain large-scale and well-organized industries against a contingency such as sickness, and for the bulk of the population all that would be possible is the setting up of a National Relief Fund which would provide mobile units of ambulance vans and food kitchens on wheels to be rushed to the scene of distress caused by an earthquake, a famine or an epidemic.

What it all boils down to is this—that we cannot within fifteen years replace the present pyramid of wealth with an even plain of equality, but we can make sure that destitution is eliminated and that certain minimum needs of every one of our countrymen and countrywomen is met from the common pool.

In Chapter I we have assessed our needs; in Chapters II and III we have reviewed the steps by which our national production can be trebled and our *per capita* income doubled; and in this Chapter we have considered the various methods by which we can put through within fifteen years a process of levelling down at one end of our social scale and of levelling up at the other. One big question, however, still faces us—who is to do all this ? Who is to organize the increased production, and who is to see to it that the benefits are equitably shared ? That question we shall answer in the next Chapter of this book, which will also be the last.



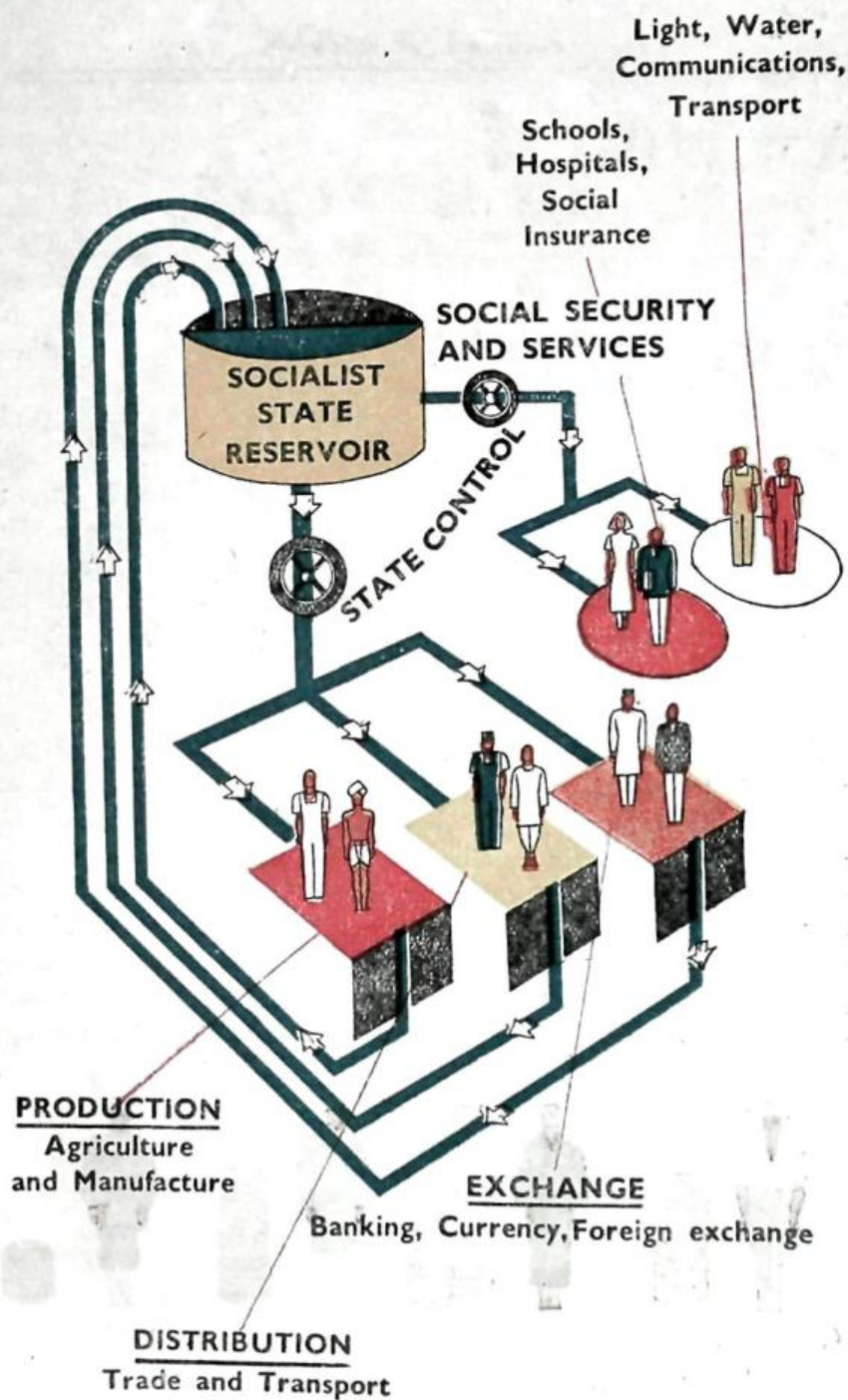
V WHO IS TO DO IT ALL?

The answer is—we ourselves, all of us. After all, this is *our* country, or rather it is going to be, and if we don't do all this, who else will? Our instrument for this purpose is the one which people throughout the world have created to manage their affairs. This is called the Government or the State.

Now, what kind of Government or State shall we need in order to put such a Plan into effect? A British scientist recently declared that India's greatest need is the fuller application of science to her problems. A Plan like this is in fact nothing more than the application of various sciences to our economic problems. We have to make sure, however, that the people who give effect to the Plan will have only the interest of our people at heart. Just as an injection can cure or kill a man, so too a Plan can enrich or ruin a country. And because the patient must have confidence in his doctor, a Plan such as this can only be put into operation by a purely Indian government representative of the people.

That does not mean that any and every government made up of Indians will do. We shall have to see to it that it is not made up of selfish people who are out to feather their own nests. The only method human beings have so far devised of guarding against selfish cliques is what is called democracy—that is, making the government look for its authority to the people as a whole. Such a government is called a responsible government—that is, it is elected by the people, it is responsible for its actions to the people, and it can be removed by the people. Abraham Lincoln described it as government of the people, by the people and for the people. This is the only kind of government which can be trusted with a Plan of this kind.

For many years now, people have been arguing about the respective merits of various kinds of economic systems. Roughly, they have so far been labelled as either 'capitalist' or 'socialist'. To put it

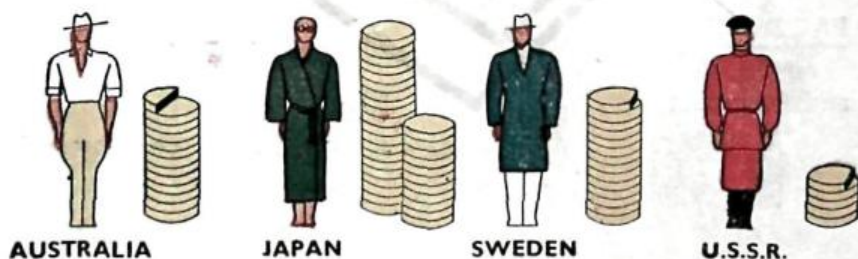


THE SOCIALIST STATE

PICTURE OF A PLAN

very simply, a capitalist society is one where the ownership and control of things like land, mines, factories, ships, railways, banks and shops belong to individuals or groups of people organized in what we know as corporations or joint-stock companies. Those who own and control these enterprises supply the wants of the people, and, in the course of doing so, make profits and run the risk of losses. Another name by which the capitalist system is known is that of Free Enterprise. A socialist society by contrast is one where the instruments of production, distribution and exchange are owned and controlled by the State representing the community—all individuals being employees of one kind or another of the State. The State meets the wants of the people by planning production and distribution in such manner as it thinks best. The profits of production go to the State which can then use them for the good of the community as a whole. It is claimed that such a system of society would not only make for increased production but also for equitable distribution and would create a classless society based on the principle: From each according to his capacity, to each according to his need.

Actually, neither system in its pure form exists at present in any country in the world. On the one hand, in what are called capitalist countries, the principle of free enterprise has in the course of this century been so largely modified by State intervention in various spheres of economic activity that 'in many of its characteristic aspects capitalism has been transformed almost beyond recognition'.¹ On the other hand, Russia, which after the revolution of 1917 attempted to build a socialist society, has in recent years found it necessary to accept the capitalistic ideas of competition and differential monetary



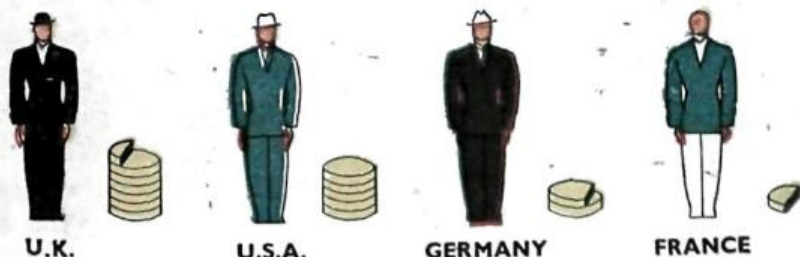
¹ *A Plan of Economic Development for India, Part II, p. 25.*

WHO IS TO DO IT ALL?

reward as incentives to efficient production. Also, the claim that Russia has been able to raise the standard of life of the people only because of collectivization is not borne out by the facts. In the period 1913-37, the national income of Russia calculated on the basis of production per head of working population rose, according to Colin Clark, by 24 per cent; during the same period some 'capitalist' countries showed an even greater rise in their national incomes—Japan 155 per cent, Sweden 69 per cent, Australia 63 per cent, the United Kingdom 32 per cent and the United States of America 25 per cent; others showed a smaller rise, like Germany with 9 per cent and France with only 3 per cent; while Holland showed a fall of 15 per cent.¹ The pictures at the foot of the page show the comparative rise in the respective national incomes, each coin representing a 5 per cent increase.

All this indicates the desirability of concerning ourselves with ways of life rather than with labels. Experiments in developing what has been called a middle way of life have so far been successfully carried out in small countries like the Scandinavian States of Sweden, Finland, Norway and Denmark, and in such regions as the one served by the Tennessee Valley Authority in America. Professor Julian Huxley has written that 'the initials TVA are beginning to be familiar as the symbol of a new possibility for the democratic countries—the possibility of obtaining the efficiency of a co-ordinated plan without totalitarian regimentation'.²

A more positive role to be played by the State in the economic sphere is the prerequisite of all planning. The control of the instruments of production, distribution and exchange is the method by



¹ Colin Clark's *Conditions of Economic Progress*, table facing p. 148.

² TVA—*Adventure in Planning*, by Julian Huxley, p. 7.

PICTURE OF A PLAN

which the State can perform this task. In India, the land is by far the greatest single unit of production. What part is the State going to play in relation to the land? Today, only about a third of our land belongs to those who actually cultivate it. The percentages of area owned by cultivators in other countries before World War II were:



France 60, Switzerland 80, Germany 88, and Czechoslovakia 90. As we have seen earlier, the State will have to examine the claims to ownership of those who do not work on the land. How then will the land be redistributed? Should the State create huge collective farms and set the people to cultivate them with the use of tractors and other machines? There are people who claim that collectivized and mechanized agriculture in Russia has worked wonders and transformed the face of the countryside. There are others, however, who take a different view and rule out such a course on the ground that it would tend to impoverish the soil, reduce the peasantry to serfdom, and create unemployment of staggering proportions. On this point, Doreen Warriner¹ says: 'Measured by any quantitative standard of yields per acre, output per head, or the terms of exchange between agricultural and industrial products, the position of the peasantry in Eastern Europe in general was better, before the outbreak of war, than the position of the collective farmer in Russia.'

It would seem that the choice for India lies between two systems. One would be that of peasant farming of inalienable and indivisible farms of an economic size, with the State helping and guiding the peasant in various ways to put his land to the best use. The other would be co-operative farming of a larger unit, such as a village, where the ownership of the smaller plots which make up the unit would remain with the peasant but farming operations would be jointly

¹ Author of *Economics of Peasant Farming and Eastern Europe After Hitler*, quoted in Walter Padley's *The Economic Problem of the Peace*, pp. 111-12.

WHO IS TO DO IT ALL?

performed. There is ample room in India for both these systems to play their part.

In so far as industries are concerned, we have seen that a great part of our industrial production will be in cottages and small workshops spread throughout the countryside. The ownership and management of such industries will be with those individuals or groups or co-operatives who run them. The State here can only play the part of 'big brother' in helping such industries along by making tools, raw materials, electric power and credit facilities available to them and helping with the marketing of their products.

Till recently, it was considered modern to describe rural and cottage industries as antediluvian, but in the last few years a different attitude is coming to be adopted by people all over the world. In our own country, Mahatma Gandhi stressed the importance of village industries almost twenty years back and educated us slowly to stop thinking, in a lop-sided way, of industries consisting only of huge factories situated in big cities. In the West too, people have more recently started realizing that the latest developments of science no longer make it necessary for people to congregate in huge cities, work in giant factories, and live in foul slums.

The first of these new developments is known as the process of standardization, which means that the same product or part of a product may be made umpteen times over without the slightest change in its size or shape or quality on a small machine worked by hand just as well as it could be made on a big one. Another development is the use of electric power. Unlike steam, which can be generated only from coal, electric power can also be derived from a variety of things such as waterfalls, flowing rivers and even from the tides of the sea. Also, unlike steam, it can be carried over long distances. Then again, rapid development in the means of communication, of which the telephone is an example, have made distances shrink. It is no longer necessary for industry to be centralized. It is true that even so the cost of centralized mass-production may be lower than where it is undertaken in small units. On the other hand, where industry is decentralized the costs of transport and distribution to the consumer are very much lower. What it all comes to is that in many industries small machines installed in cottages throughout

PICTURE OF A PLAN

the countryside can compete on more or less equal terms with the big plant and the giant factory.

In our own continent, the leading industrial power, Japan, had already developed on these lines before World War II. Over half the industrial workers there worked in units engaging less than five workers while no less than 70 per cent were engaged in workshops with under 50 workers each. The example of the Industrial Co-operatives (INDUSCO) in China also teaches the same lesson. From America comes the testimony of the man with whose name the process of mass-production is most intimately associated. Henry Ford, as a result of his own experience, has come to the conclusion that 'there is no point in centralizing manufacture unless it results in economies. . . . A product that is used all over the country ought to be made all over the country in order to distribute buying power more evenly'.¹

We must remember, however, that neither agriculture nor rural industries can flourish without certain basic large-scale industries, sometimes called key industries, and public utilities. Such are mining and metallurgy, engineering, heavy chemicals, fertilizers, cement, electric power, railways, shipping, aviation, posts, telegraphs, telephones, and radio. Here the State will have to be more assertive. For one thing, in the kind of society we are thinking of, there should be no place for a few Big Business-men who own these workshops and utilities to control the lives of the people and to make big profits at their expense. For another, planning implies a deliberate decision taken in advance regarding operations which cannot therefore be left to the sweet will or caprice of individuals, each concerned with his own profits.

Does that mean that all these industries should be owned and managed by the State? Not necessarily. The experience of Russia and Germany has shown that what matters most is neither legal ownership nor management but control. The case for elasticity and diversity, in controlling industries in general as well as particular units within each industry, has been put by the British socialist writer G. D. H. Cole as follows: 'There is no need to socialize at once all the forms of production it may prove desirable to socialize some time: nor is there any reason why a form of production, socialized at first, should not

¹ Quoted in *Technics and Civilization*, by Lewis Mumford, pp. 225-6.

WHO IS TO DO IT ALL?

be handed back, under proper safeguards, to private enterprise if socialization does not yield good results. Within a single branch of production there may be some parts which it is desirable to socialize, and others which are best left under private ownership and control. The less rigidly the line is drawn, the more room will there be both for diverse experiment and for suiting different types of men and women with jobs in which they have a decent chance of being happy. . . . The more gigantic the essential instruments of power become, the greater grows the danger that, in centralizing their administration, we may be drawn to create a political machine too vast and complicated to be amenable to any real democratic control, and may thus become ourselves the victims of the very power-mania which we are organizing ourselves to defeat. It is a clear lesson of recent history that democracy cannot be real unless it rests on small groups as its basic units—on groups small enough to be competently administered and led by men of normal stature and mental make-up. This should make even Socialists wary by now of tearing up by the roots any small man's refuge that is left in a world so ridden as ours by hugeness. It should make them regard the farmer, the shopkeeper, the small manufacturer, not as obstacles in the way of universal centralization, but as valuable checks upon a dangerous agglomerative tendency.¹

This leads to the conclusion that our objective should be the 'mobilization of all the available means of production and their direction towards socially desirable ends'.² This object can in some cases be furthered best by State ownership and management, in other cases by State ownership without management or by State management without ownership, and in yet other cases by State control without either State ownership or management. What should be constant in all such cases is the control of the State. This will take the form of licensing, the nomination of some directors on the board of management, the prescribing of conditions of work and wages, the fixing of prices, and the limitation of dividends. Whether ownership or management should be added to these forms of control is a matter of convenience to be decided on in each case. It is possible, however, to state broadly the categories where such ownership

¹ *Great Britain in the Post-War World*, by G. D. H. Cole, pp. 12 and 81.

² *A Plan of Economic Development for India*, Part II, p. 27.

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or management may be called for. Where the State finances an enterprise, there is a strong presumption in favour of its also acquiring the ownership. In fact, in the case of some non-existent industries, that may be the only way in which under the present conditions they can be started at all. Other enterprises which it may be necessary for the State to own are monopolies, and such vital services and public utilities as posts, telegraphs, telephones, radio and railways. State management should normally follow where an enterprise is owned by the State, but it need not do so in all cases. Even State-owned enterprises may sometimes with advantage be left to the management of private parties, as in the case of many enterprises in the United States during World War II, or to *ad hoc* public corporations of the type of the London Passenger Transport Board, in which the State would be represented.

In addition to the control of key industries and public utilities, the State would also, during the period of the Plan, have to exercise a more general control over economic processes. Such a control would include that of prices, of priorities in the distribution of raw materials and manufactured goods, of the flow of investment of capital, and of foreign trade and exchange.

The part that the State will thus have to play will obviously call for a great increase in the administrative machinery. Till the outbreak of war in 1939, the administration in this country could fairly be described as most rudimentary—its main purpose being the collection of revenue and the maintenance of order. A State of the kind we have imagined would need, as we saw in Chapter III, a far larger body of persons with special education, training and experience. Perhaps one of the best instruments for such a purpose would be a newly created Economic Civil Service.

The creation of a large army of officials of various kinds and the concentration of administrative and economic power in their hands bring us face to face with perhaps the basic problem of the rest of our century, which is that of whether the people are to own the State or the State is to own the people. To put the matter differently, it is the problem of finding 'the most fruitful method of combining planning—the right kind and degree of planning—with freedom'.¹ It

¹ *The Economist*, 13 May 1944, p. 639.

has been argued by a learned professor that the path of total planning is the road to serfdom.¹ Is this assumption true, that a planned economy can only function within the political framework of dictatorship? Such a fear is natural, 'since in the two countries which have witnessed the most impressive experiments in economic planning undertaken in recent years, namely Soviet Russia and Germany, the State has exerted over the activities of its citizens in every sphere of life a degree of authority which provides little scope for the exercise of individual freedom'.² These States have been described³ as 'Managerial States', that is, States where the managers of industry and the bureaucrats of administration monopolize all power.

It has been said that 'in a country where the sole employer is the State, opposition means death by slow starvation. The old principle: who does not work shall not eat, has been replaced by a new one: who does not obey shall not eat'.⁴ It is therefore a natural fear that, as Lin Yu-Tang has put it, 'When democracy falls into the hands of the experts, democracy just falls'. But to agree to surrender liberty for the sake of planning, or vice versa, would be to accept defeat too easily. There is no reason why, learning the lessons which these experiments have to teach us, we should not devise safeguards which will make it possible for planning in India to take place democratically. To quote David E. Lilienthal, one of the builders of TVA: 'Our choice need not be between extremes of "right" and "left", ... between "private enterprise" and "socialism", between an arrogant red-tape-ridden bureaucracy and domination by a few private monopolies. ... The fog is caused largely by words, words without reality in the world as it actually is; to dispel this murkiness we must see the reality behind the words.'⁵

That reality is that in our planning we have to make a choice not so much between Socialism and Capitalism as between Democratic Socialism and Totalitarian Collectivism. 'Democracy rests on the belief that the freedom of the individual to give full expression to his personality is one of the supreme values of life and among its basic

¹ *The Road to Serfdom*, by F. A. Hayek.

² *A Plan of Economic Development for India*, Part II, p. 23.

³ *The Managerial Revolution*, by James Burnham.

⁴ Quoted in *The Road to Serfdom*, by F. A. Hayek, p. 89.

⁵ TVA, by David E. Lilienthal, p. 10.

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needs; the State cannot demand a surrender of that freedom except for well-defined ends and except with the assent of the community freely expressed through constitutional channels and with opportunities for the free functioning of parties holding divergent views. If a planned economy involves, as it necessarily must, the restriction of individual freedom in varying degrees, such restriction under a democratic government will be of limited duration and confined to specific purposes. Whereas in a totalitarian society the individual is merged in the State and belongs to it, having no rights except those which the State chooses to confer, in a democracy the State belongs to the people and is but a means of securing the fulfilment of the individual's rights and therefore any restriction which it imposes on his freedom must be justified by that test.¹

On the economic side, planning for freedom calls for the widest possible decentralization of the processes of production and the widest possible distribution of economic power. As far as possible, such decentralization of ownership should be combined with co-operative endeavour—through the encouragement of co-operative farming by peasant proprietors and industrial co-operatives consisting of small producers, alongside a strong consumers' co-operative movement. The value of co-operation is that it gives scope for individual initiative and freedom without the evils of individual selfishness and for the benefits of collective action without the evils of bureaucratic collectivism which reduces the common people to being 'small screws in the great machine of State'.

The best guarantee for the preservation of political liberty is that of free opposition to the government of the day. Indeed, an acid test of democracy is the existence of opposition parties functioning freely and with every hope of winning the support of the majority and thus becoming the government. No State which does not allow such freedom of opposition can claim to be democratic in any sense of the word. A mixed society, with several autonomous sections acting as checks and balances, provides the most likely soil in which such democracy can flourish.

Above all, what needs to be remembered is that planning is but a means to an end. It is an instrument by the use of which certain

¹ *A Plan of Economic Development for India*, Part II, pp. 24-5.

desired results may be achieved and, like all tools, it can be used for good or for ill. The question therefore arises: Planning, yes, but to what end?

Surely, just more to eat, more clothes to wear, and better houses cannot be those ends. They are no doubt important and valuable things, but only to the extent that they make possible what the ancient Greeks used to call the good life. Man is something more than an economic animal and, as Bertrand Russell puts it: 'The chief test of an economic system is not whether it makes men prosperous or whether it secures distributive justice (though these are both very desirable), but whether it leaves men's instinctive growth unimpeded. To achieve this purpose, there are two main conditions which it should fulfil: it should not cramp men's private affections, and it should give the greatest possible outlet to the impulse of creation.'¹ Perhaps the most satisfactory goal of planning is that which is embodied in the American Declaration of Independence—the inalienable rights to Life, Liberty and the Pursuit of Happiness. The last is perhaps the most elusive of these three targets to hit. On the material side, it stipulates that the good things of life should be made available to all citizens. Also, since a decent society cannot permit greater material opportunity for happiness to one class of citizens as against others, it means not only an economy of plenty, but of plenty more or less equally shared.

Planning for Life certainly sounds rather vague, but one thing it certainly does mean—and that is that it must not be planning for death. It assumes a respect for human life and for the human personality. It certainly cannot include preparation for war.

Planning for Liberty rules out the suppression of individual liberty and the resort to authoritarian or totalitarian government, whatever label it may bear. It means that democracy, involving the right of free opposition, has to be maintained right through the period of planning.

Can all this be done? The answer is—It can be done. We have a land of great natural treasure, terrific man-power, and an age-old tradition of devotion to the highest ideals that humanity has evolved. We should like to think we have also the patriotism that is called for. Where there is a will there is a way.

¹ *Principles of Social Reconstruction*, p. 155.

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