

Forum of Free Enterprise

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FOR STUDY AND INFORMATION

The following excerpt is from a report from Kathmandu in the "Sunday Searchlight", Patna, dated June 14, 1959, from its Special Representative:

"Speaking at the Nepal Council of Asian Relations and World Affairs today* Mr. Nehru made a categorical statement about unsuitability of applying socialism suddenly to undeveloped countries such as Nepal and India.

"While he would describe himself as a socialist, Mr. Nehru said that to talk of socialism or communism in a country not industrially developed was foolish. 'Socialism in a poor country can only mean that it will remain permanently poor. Instead of producing wealth in the real sense it may equalise poverty.'

"Socialism, continued, Mr. Nehru, inevitably implied a certain growth, it might be applied in the process of growth but to start with socialism in an under-developed country would only be to spread poverty."

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A Brief Note on Socialism which may be of interest in the light of the above report.

Socialism originated as an ethical protest against the social injustices arising out of industrialisation. While technological application of science led to rapid industrialisation and the production of more goods and services for the community at large, at the same time, it gave rise to the problem of equitable distribution of those goods and services. Early Socialists thought that if the State, as the representative of the people, nationalised all industries in the hands of private parties and the state itself was the sole owner of the means of production, distribution and exchange, then the problem of equitable distribution would be solved. In such a manner, they hoped to create a society of the "free and the equal."

While Communists sought to achieve the same ends by revolution and violence, Socialists hoped to achieve them by evolutionary processes.

History has shown that State ownership ultimately leads to State Capitalism and totalitarianism. Where economic power concentrates into political hands, the

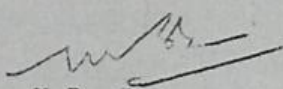
* June 12, 1959

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democratic way of life disappears. When all citizens, or at least the majority, are dependent on the State or the Government for their very livelihood, freedom of expression and other liberties remain only as paper guarantees and do not obtain in fact. It gives rise to a section of privileged people, which has been described by Milovan Djilas, reputed Communist theoretician of Yugoslavia, as the "New Class". This New Class consisting of politicians and bureaucrats in charge of the machinery of the State enjoys the best things of life and the people remain where they are. Problems of equitable distribution become more acute instead of reaching a solution. The so-called acquisitive society based on normal human nature is replaced by a perquisitive society based on hypocrisy and callousness.

It is now felt that state control rather than state ownership is the proper way to ensure equitable distribution as also promote maximum production. Under-developed countries can spare themselves the horrors of a totalitarian regime if these lessons of history are carefully taken note of.

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M.R. Pai
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Extracts from the official hand-out on
the proceedings of the A.I.C.C. Planning
Seminar at Ooty.

The aim of the Third Plan should be to take the country a significant step forward to its goal of a socialist society and, to this end, work for a self-generating and self-accelerating economy.

The large scale units of production which remain in private hands are to be appropriately controlled and regulated.

The Seminar felt that in a planned economy prices could not be left entirely to market forces, but had to be socially regulated.

There should be a national wage and salaries policy based upon the principle of having a definite maximum subject to exceptions in the case of personnel with specialised qualifications. Wages should be related to productivity.

Profits, after deduction of all necessary payments, including normal remuneration, were intended not only for the benefit of those working in the concerns but for society as a whole. Such profits must, therefore, also be utilised for financing developmental schemes in the interest of society.

Norms of productivity should be set up for different industries on the basis of a sample survey of different concerns in each industry and targets formulated.

Special taxation should be levied on unearned, functionless, speculative and windfall incomes. In particular, increments in urban land values should be subjected to special taxation.

The Seminar also agreed that positive steps be taken to bring about a substantial reduction in the existing disparities of income and wealth in both rural and urban sectors of the national economy.