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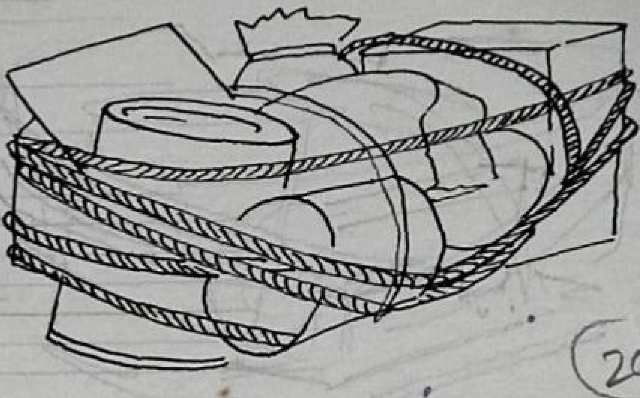
CONTROLS



2085

THE SECOND REMEDY SUGGESTED TO BRING DOWN PRICES IS THE **IMPOSITION OF MORE PHYSICAL CONTROLS ON COMMODITIES.**

CONTROLS WILL LEAD TO GREATER SCARCITIES AS WELL AS THE CREATION OF BLACK MONEY.

AS AN EXAMPLE:

A MANUFACTURER GETS ABOUT RS. 16 FOR A BAG OF CEMENT.

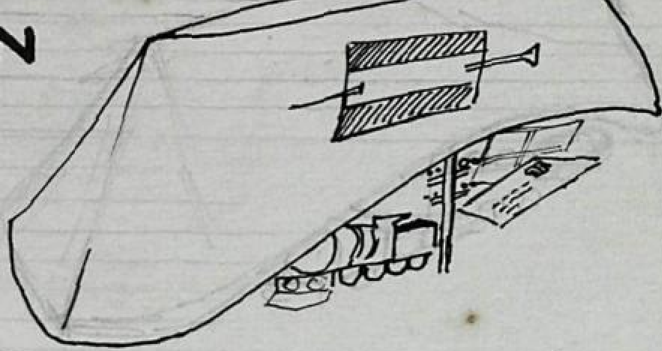
BECAUSE OF CONTROLS AND THE DEMAND FOR ITS USE, IT FINDS ITS WAY INTO THE BLACK MARKET AT THE ABNORMAL RATE OF RS. 25 TO RS. 40 PER BAG.

THE DIFFERENCE OF RS. 9 TO 24 GOES TO THE MIDDLE MAN, AND THE CORRUPT OFFICIAL AND POLITICAL "MIDDLEMAN". IN THEIR HANDS, IT BECOMES BLACK MONEY.

HAD THERE BEEN NO CONTROLS, THE MANUFACTURERS WOULD HAVE GOT THE MARKET PRICE, THIS HIGHER PRICE, PART OF IT GOING TO GOVERNMENT BY WAY OF TAXES AND THE REST TO EXPAND PRODUCTION. EVENTUALLY PRICES WOULD COME DOWN WITH GREATER PRODUCTION.

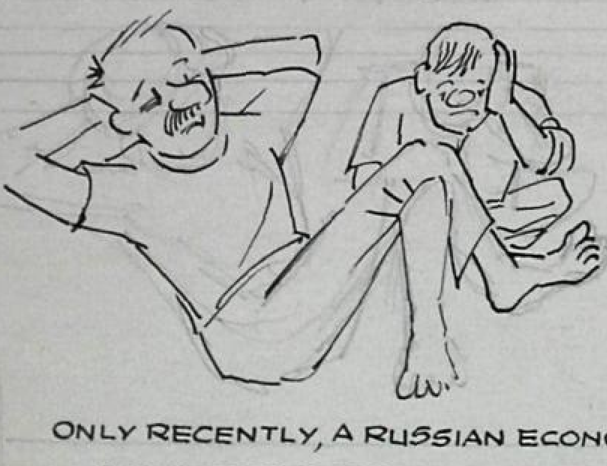
NATIONALISATION

THE THIRD SUGGESTED REMEDY.



THE NATIONALISATION OF THE COAL INDUSTRY, LIKE MOST OF THE NATIONALISED CONCERNS PROVED A COMPLETE FAILURE:

COAL BECAME SCARCE, THE QUALITY DETERIORATED AND THE PRICES SHOT UP BY 40%.



BECAUSE OF COAL SCARCITY, **PLANTS** PRODUCING VITAL ITEMS LIKE STEEL AND CEMENT HAVE HAD TO BE SHUT DOWN.

BE

EVEN THERMAL POWER UNITS PROVIDING ELECTRICITY ARE IN JEOPARDY OWING TO INSUFFICIENT COAL SUPPLIES.

ONLY RECENTLY, A RUSSIAN ECONOMIST, **R. ULANOVSHI** POINTED OUT :-

"OWING TO THE ECONOMIC WEAKNESS OF THE STATE, THE PRIVATE SECTOR MUST BE ENLISTED IN THE SOLUTION OF THESE PROBLEMS. ATTEMPTS TO NATIONALISE THE PRIVATE SECTOR OUTRIGHT . . . HAS BEEN MADE IN SOME COUNTRIES, BUT HAS LED TO SHORTAGE OF GOODS, HIGH PRICES AND GROWTH OF THE BLACK MARKET."

the market price