A SYMPOSIUM

Devaluation:

THE EDITOR'S QUESTIONS

1. Do you approve of India's decision to devalue the rupee?

2. If you do not, what are the alternatives you suggest?

3. If you do, what other steps do you think India should take in order to counter the inflationary pressures implicit in a policy of devaluation?

4. What is your assessment of the inherent strength and weaknesses of India's economy?

by RAMAN B. AMIN

1. It is difficult categorically to approve or disapprove a complex decision like that of the devaluation of the rupee. All that one can say is that it was a decision which was very hard, almost impossible, to avoid in the existing circumstances. One can approve of the decision to the extent that it can set in motion certain corrective forces in the entire economy and some necessary change in the formulation of economic policy. As a result, there are prospects of improvement in the health, tone and tempo of the economic system. To this extent, one can give a very heavily qualified welcome to devaluation.

2. Some alternatives to devaluation had already been introduced in India through the export incentive schemes as well as the National Defence Remittance Scheme. These could, perhaps, have been more consistently worked into a full-fledged system. Under such an arrangement imports would be checked only by means of high import duties, but would otherwise be free, and the market forces would be allowed to determine the extent and flow of different imported items. On the export side, there would also be a linking up with imports through entitlements. Import entitlements should assist in the induction of market mechanism. This would be possible if the import entitlements were transferable in respect of importers as well as items. Both these techniques for assisting our external payments situation can still be adopted as measures to reinforce the correctional aspects of devaluation. Checking the high rate of population increase is an important requirement, so also is the curtailment of Governmental outlays.

3. Following devaluation, the most important thing is to increase existing levels of production both in agriculture and industry. As regards agricultural production, it can be increased by assuring larger modern inputs such as fertilisers, pesticides, weedicides, insecticides, pumps, agricultural implements, and so on. In terms of industrial production, higher imports of raw materials as well as components should be assured for a sizable period of time. This will result in lower unit costs through operation at higher capacities. It is necessary that, particularly in imported goods, the psychology of shortages which has been allowed to develop over all these years should be removed.

Production will also increase if the existing policies and procedures regarding licensing are removed or at least relaxed up to a capital investment of Rs. 1 crore. In the field of minerals, if production is to be increased, many areas reserved by the Government should be thrown open to private entrepreneurs.

To check the inflationary factors on the monetary side, Government spending has to be severely curtailed until production gathers momentum.

4. The biggest asset that we have is manpower and human skills, at all levels of work—manual, designing, fabrication, invention, marketing, as well as management. These energies have to be utilised in order to operate on the other resources that we are endowed with.

I do not think that the Indian economy has any inherent weakness.

by HEM BARUA

1. India's decision to devalue the rupee, which is by any reckoning a drastic measure to rejuvenate our economy, confirms officially the flagrant fact that during the past few years of our economic planning, India's economy has been in the doldrums. What has been a common experience all these years has now the Governmental seal of approval. It must be admitted that during all these years no effort has been made to instil strength and stamina into our failing economy. Since 1964 our financial reserves have been experiencing the strain of a precipitate decline. This was a warning writ large on the wall for our rulers to take note of. Yet, except for looking at the deteriorating economic scene in a spirit of philosophic detachment, was any effort made to replenish our declining reserves, particularly by export promotion and by putting a check on non-Plan civil expenditure?

After burning the candle at both ends, the Government now comes out with this desperate remedy called devaluation. I am afraid that the measure, however drastic, will not work, unless follow-up steps are taken on a war footing to rejuvenate our recalcitrant economy. To say that the rupee is devalued for external purposes is not to recognise the basic fact that a nation's economy is a comprehensive whole, so much interlinked and interdependent that it cannot be compartmentalised into watertight divisions of external and internal avenues. Compartmentalised thinking can be an excellent academic exercise, but in its practical application, such an approach is doomed to sterility.

2. Instead of resorting to so desperate a device, the Government should have tried to rejuvenate our economy by other measures, such as: (a) Framing annual budgets within available resources, so as to avoid deficit financing. Unfortunately, deficit budgeting has become a regular feature with our Government, whether at the Centre or in the States. (b) Introducing strict fiscal discipline, which can be ensured only by avoiding deficit financing and overdrafts. Besides, (c) discipline in expenditure, particularly on non-Plan projects, must be meticulously observed.

3. Inflation, which is the unfortunate consequence of deficit financing, has been eating into the vitals of our economy during the past few years. What devaluation is going to do is to give a further fillip to inflation, which has been a chronic ailment of our economy during the Plan period. To say that inflation is inherent in a developing economy cannot be the right answer to bad economic planning. In the context of all this, the Government should take urgent measures: (a) to put a curb on the price spiral; (b) to effect drastic economies, particularly, in non-Plan expenditure; (c) to promote exports on a judicious scale; and (d) to put a check on imports on a selective basis.

In the context of our economy facing a critical situation the Government should take the lead in austerity of living, so that their ideal may become an inspiration to the rest of the nation. Fiscal discipline, coupled with a sort of Gandhian austerity, can alone bring back our economy from the morass it has already been consigned to.

4. Whatever inherent strength our economy once possessed, even after a century-odd of foreign rule, has been successfully squandered by the Government of free India by: (a) bad planning; (b) excessive spending, particularly on non-Plan civil administration; and (c) neglecting exports. For instance, India has lost her traditional market in different parts of the world. Who monopolises the market in South-East Asia today? Is it India or China?

Only an ostrich can say that there is inherent strength in our economy at present. That our economy is in the doldrums has been confirmed by the Governmental decision to devalue the rupee. Whatever is "inherent" in our economy today is inherent weakness, a monument to the Government of free India. This may sound pessimistic, but it is true.

INSPECTING THE RATINGS

It was a colourful ceremony off Bombay—President Radhakrishnan's review of the Indian Fleet as the Supreme Commander of the Defence Forces. And it was the President's first visit to the I.N.S. VIKRANT, India's first aircraft carrier. Besides the VIKRANT, the vessels that participated in the naval exercises included the cruiser MYSORE, the anti-submarine frigates KHUKRI and KUTHAR, two anti-aircraft frigates and two destroyers. The Navy's Sea Hawks and Alizes also participated in the demonstration. The VIKRANT is a light fleet-carrier of 20,000 tons displacement, and is the most modern of its class. It can carry about 30 aircraft, including jets, turboprops and helicopters. Of the manoeuvres, the President said: "You have operated without even losing a split second and you have been precise in your calculations."

THE PRESIDENT arrives by helicopter.

THE VIKRANT CAN CARRY ABOUT 30 AIRCRAFT. Right: A number of vessels took part in the display including anti-submarine frigates, anti-aircraft frigates, destroyers and minesweepers.

Pros and Cons

by C. H. BHABHA

Without indulging in a post-mortem examination of the causes, or the timing, or the extent of the devaluation of the Indian rupee, one can say with confidence that this was an inevitable step. It was very well known that in the free markets of the world many more rupees than the official figure had to be paid for buying other currencies such as sterling or the dollar. Hence, the measure could only be described as a correction of an over-valued rupee. The bold step should facilitate the restoration of faith in the currency of our country.

This major step of devaluing the rupee affords us a good breathing space to put our house in order. Devaluation should not be taken as a cure for all our ills. It is purely an opportunity to retrace our steps from incorrect policies and programmes. No longer can the nation afford to live beyond its means. It is

an implied admission by the authorities of their reckless mismanagement of the economy. Even with devaluation, the rupee is still regarded as a "weak" currency. However, this can be cured by the prompt adoption of realistic measures calculated to restore the inherent soundness of the country's currency.

As an immediate follow-up to the devaluation of the rupee, changes in export and import policies, as well as in the relevant tariff schedules, have been announced, and no doubt they have been, to a certain extent, helpful. But to stabilise the value of our currency at the new rate and to ensure an ever-increasing measure of confidence in our economy, much more remains to be done to contain the inflationary pressures. The supreme need of the hour is to step up production in every possible manner. The alarming rate at which the cost of living index has been soaring may let loose forces which cannot be controlled through any means, including the use of force, and, which, if left unchecked, may lead to a deterioration in the law-and-order situation.

It is not sufficient to issue an exhortation to maintain the price line. Nor will it be possible to hold the price level at the pre-devaluation rate without a vigorous implementation of specific and positive measures. While the setting up of department stores would be one way of dealing with the matter, the most important need on this front is the ensuring of a steady supply of the main essentials of life at least to the organised sectors of the community at the announced prices, while simultaneously putting a complete stop to increases in wages or incomes or any other extra benefits accruing to any sector of the population through additional money rewards.

Among the more important follow-up steps to bring back India's economy to normal health would be the rigid enforcement of discipline in the matter of spending by the Governmental machinery and by all its affiliated or controllable agencies or organisations. Along with this, a categorical assertion that further deficit financing would be stopped and that unplanned expenditure would be drastically curtailed would create an atmosphere of brightness and confidence throughout the country. As against the admission by the Finance Minister himself that prices had risen by 80% during the past decade, there was a suppression by him of the fact that deficit financing was of the order of Rs. 1,200 crores during the Second Plan and Rs. 1,500 crores during the Third Plan. Also, the nation should have been told frankly and sincerely that during the Third Five-Year Plan, as against the planned increase of 35% in the money supply, the actual increase in the money supply was 57%, and, further, that while the contemplated or programmed increase in the real national income was 30%, achievement measured up only to 15%.

No wonder then that even under the Third Five-Year Plan, prices shot up at an average rate of 8%, each year, i.e., almost 40% during that Plan period. The deficit financing that took place during the Second and Third Plan periods was far in excess of what was stated by the Planning authorities. Such and similar misrepresentations have to be dealt with severely and should not be allowed to be repeated.

India's economy can be regarded as inherently sound, with its vast material resources and large manpower that can be harnessed for useful, constructive purposes. With right policies and programmes, productivity could be stepped up faster than before. The slogan should be "Work and more work and still more work for each and everyone in the land." The so-called welfare measures and amenities, if they have as their only objective the availability of an abundance of leisure for the individual worker, should be checked severely, because they will eventually tend to make the worker more and more lethargic.

A toning up of the manpower resources and a linking of rewards to the quantity of work will alone ensure sound foundations for growth and development. To cite a single concrete case, it is seriously suggested that the number of holidays in India should be ruthlessly reduced, so as not to exceed ten days per year in any circumstances. Automatically, production levels will show increases so necessary for the healthy survival of the nation and the faster growth, particularly, of our exports. Artificial props as well as controls should not be allowed to continue in any area of India's economy for any great length of time, if it is desired to have a fair record of the final results. It is futile to boast of our exports having increased by Rs. 100 crores, when, for achieving this increase, incentives of more than Rs. 40 crores have had to be provided—a fact which has not been so widely made known.

by BABUBHAI M. CHINAI

1. Now that the decision has been taken, I feel that the question of approval is an academic issue. Whether one approves or disapproves, the important point for consideration is how best the decision is to be made successfully effective in the interests of the country.

2. & 3. It is obvious that the decision to devalue stems out of the recognition that we as a nation have been spending far in excess of our resources. In 1949, the rupee was devalued, following the devaluation of the pound. Our anxiety then was to ensure that the value of our accumulated sterling balances did not deteriorate, nor, likewise, our competitive capacity in international markets. Even at that time the then Finance Minister, Dr. John Matthai, openly brought up the question of living within our means. In the subsequent 17 years, Governmental expenditures grew apace. Indeed, the pre-1949 expenditures were a mere trifle when compared with the post-1949 outlays. For many years, quite a few responsible organisations and individuals have been urging upon the Government not to indulge in unproductive expenditures, for these constituted a prime source of inflation.

The question is whether the authorities at the Centre, in the States, districts and villages, have learnt the lesson now. Otherwise, the devaluation decision, which is undoubtedly a courageous one, politically and economically, will be a meaningless exercise, and, worse, the people will have to face untold sufferings.

Further, it is not wrong to assume that devaluation is conceived of as part of a package programme to stimulate the economy. A basic assumption here is that we will be in a position to effect imports on a larger scale, thanks to foreign assistance. On this hypothesis the following steps require to be taken:

a. Freer imports of industrial raw materials and components.

b. Delicensing of as many industries as possible under the Industries Act.

c. Greater credit facilities to finance imports (which will be costlier) and economic activity generally.

d. The revival of the capital market by bringing down taxes on that part of the income of companies and of individuals which is either ploughed back or invested in industrial securities or in banks.

e. Readjustment of excise duties, with a view to bringing down prices.

f. Adoption of a wage policy which will link additional wages to higher productivity. As a corollary, the matter of increasing dearness allowance linked with the cost of living index also requires modification in such wise that the increase is restricted only to the extent of the rise in the basic necessities of life and not to the whole range of items which go into the cost-of-living index.

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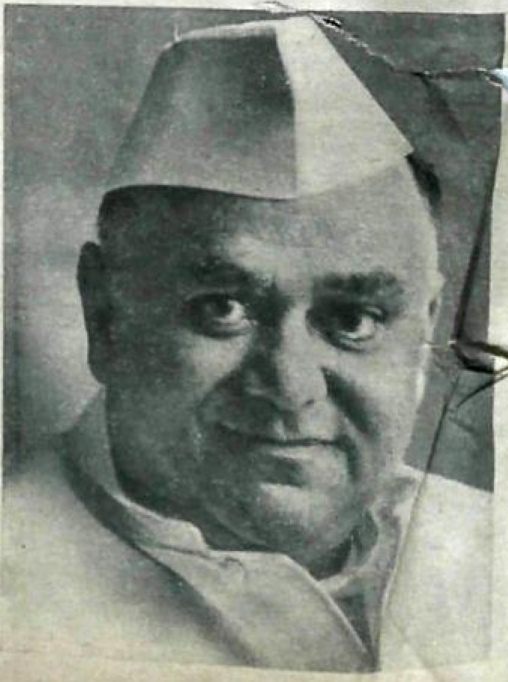

Devaluation

(CONTINUED)

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The opening of co-operative stores by thousands will not solve the problem for consumers. On the contrary, on the basis of past experience one can almost predict that there will be avoidable losses. To the extent that the normal trade channels are disrupted, there will be unemployment and also the interests of the consumer will not be served. However, manufacturers as well as traders have a responsibility. They must see that prices are raised only to the extent of increases in costs. Further, they must keep a more than vigilant eye on reducing costs.

One can well argue that if the above steps had been taken earlier, there would have been no need at all to devalue the rupee. In fact this is the view which I hold. My hope is that, at least after devaluation, Governmental policies will be modified on the lines indicated.

4. Despite the many stresses and strains, the Indian economy, even the harshest critic will agree, has not collapsed. Why? Because, since Independence, the economy has been strengthened in many ways. Agriculture is the kingpin of our economy. Although during the past two or three years we have been confronted with the problem of food deficits, it will be well to recall that production has increased in a period of 15 years by 60%. If we can step up agricultural production, and I think it is less difficult now than before, then our major problems will be solved. I say that it is less difficult because quite a substantial part of the area under cultivation need not depend on the monsoon alone. Our irrigated area has been widened. Moreover, we are better placed to ensure large inputs into agriculture. What is lacking is proper administration. If the Government implements its programmes efficiently and expeditiously, we shall at least be self-sufficient in respect of food.

Our industrial base too has been enlarged and diversified. This is a point of strength. As against it, a sizable part of our industrial production depends upon imports, industrial raw materials and the like. This is a weakness. We must develop indigenous substitutes.

Although our power capacity has increased fourfold in the past fifteen years, there is still a shortage in this area also. If the monsoons fail, our hydro-electric power also fails. We must therefore develop alternative sources of power.

Our transport systems have also developed. There is still scope for further development, having regard to the size of the country and the potential for growth. It will be unfortunate if, on the basis of the traffic offered during the past three years, the Railways cut back their development programmes. There are indications that this is being done. The Railways must take a forward view in the matter.

by N. DANDEKER

1. Devaluation was the inevitable consequence of the ruinous economic policies adopted by the Congress Government over the past ten years. Hence, I "approve" the decision to devalue the rupee only in the sense in which I would approve a declaration of insolvency by an insolvent who was at last determined to mend his ways so as not to default again.

2. As in the case of an insolvent, devaluation by itself will neither achieve healthy growth nor avoid recurrence of balance-of-payment difficulties unless certain essential *austerity measures* are immediately taken. These are:

a. Drastic economies in public expenditure (at least Rs. 500 crores) in the Central and State Budgets for 1966|67; and the further improving upon this over the next three years.

b. This economy in expenditure must be directed especially towards cutting down:

i. capital expenditure (in foreign exchange and rupees) on industrial and commercial projects in the public sector;

ii. all "non-Plan" public expenditure, whether "developmental" or otherwise, excluding that on Family Planning, Technical Education and infrastructure Public Utilities; and

iii. "election-winning" expenditure.

c. The surpluses resulting from this should be utilised as to one-half in repaying borrowings (overt and concealed) from the Reserve Bank of India, and the rest, in reducing the level of direct and indirect taxation.

d. The dangerous myth of "Rupee Payment Trade" with the U.S.S.R. and East European countries must be jettisoned; and the State Trading Corporation must be wound up.

e. In the Private Sector too, an embargo must be imposed for at least five years on *all projects of new concerns* and on *all new projects of existing concerns* involving substantial imports of capital goods, except where:

i. substantial foreign exchange commitments have already been made; or

ii. production is directly concerned with agriculture, or import substitution; or

iii. the project is concerned wholly with expansion of the installed capacity of existing plants; or

iv. there is a negligible recurring liability for imported components, raw materials, stores and spares.

f. Except as above, and save as regards rationing foodgrains at subsidised prices in scarcity areas, all controls (including those on production, prices, distribution, imports and exports) on industry, trade, transport and banking must be abolished.

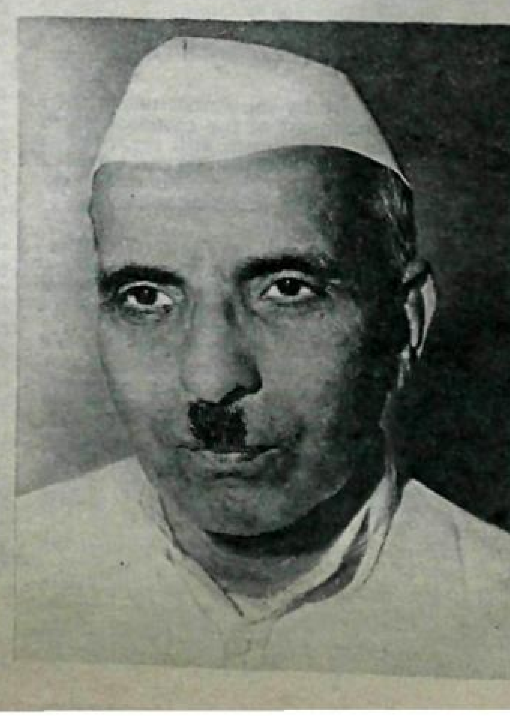
3. One often hears the cliche that the Indian economy is "inherently sound, provided certain measures are taken to correct past errors". This makes about as much sense as to say of a man with high blood pressure, a dicky heart, chronic diabetes, and an enlarged liver that but for these he is in good shape!

4. In fact, the Indian economy is *not* "inherently sound". It is overheated with inflation, overburdened by debt and taxation, and very much distorted. It is steadily grinding down to a slow halt. It needs prolonged, sober and complex treatment, of which devaluation is only the first step, if it is to be saved from ending as a Greek tragedy—known from the outset to be ineluctably destined to a tragic end.

by U. N. DHEBAR

1. India's decision to devalue the rupee has now become a settled fact. All discussion of its validity is therefore academic. There was of course an obvious justification for the Finance Minister. For a long long time the rupee was losing its value in both the domestic and the foreign markets. While I accept this justification, I do not think it will result in removing the basic causes which led to the devaluation of the rupee. India's capacity for expanding exports is marginal. The social set-up is not ready for the large-scale sacrifices in consumption that the real export needs of India demand. The pressures on the home market resulting from the export of consumption articles have also to be borne in mind.

2. While the question as to whether devaluation was inevitable or not is academic, I think there is an imperative need to guard against further devaluation. The reduction in the value of the Indian rupee in the external market was not the result of a mere adverse balance of payments. India has to address itself



to the basic causes which led to the reduction in the value of the Indian rupee. There were several causes, not only external, but internal as well. These were, broadly: heavy deficit financing and shortfalls in production. If India is to avoid repetition of the present crisis, it has to redress the basic causes underlying it.

3. All efforts must be concentrated on increasing domestic production. All unutilised capacity must be put to use. This includes land, men and other resources. So far as distribution is concerned, the weakest link is the administration. The Government must accept the principle of accountability on the part of the Minister dealing with the distribution of supplies. We shall then have realistic controls in place of paper ones. There must be a serious attempt to save. All non-productive expenditure must be controlled. All imports must be scanned by a national committee, to ensure that imports of non-essentials are cut out.

4. This is the most vital question. India has vast untapped socio-economic resources. To enumerate a few: India, despite her backwardness in the region of industrialisation and her shortage of fertilisers, reached rates of growth of 10.6%, 9.2% and 11.7% in the national income in the years 1958-59, 1960-61 and 1963-64, respectively. This was solely due to good rains. With the water resources India possesses, it can do as well if the problems of irrigation and soil conservation are taken up on the footing of a national emergency. India has vast forest resources. The crude, bureaucratic, monopolistic system that holds on to the forests permits neither their proper exploitation nor their development. In its animal wealth, India is perhaps one of the richest countries in the world. It is again a question of an integrated programme for its exploitation and development. India has an abundant potential for developing her crafts. India loses between 20 to 30 crores of man-hours a day because of under-employment and unemployment.

An unbalanced programme of rapid industrialisation has resulted in the neglect of all these resources during the last eighteen years. We are paying a heavy price for it. The proper course for India is to attend to the development of these resources and to develop her industries only from the surpluses of these and from the assistance India can get with dignity and goodwill from outside. On the day India realises this truth, the inherent strength of the Indian economy will be felt all over the world.

by GANGADHAR GADGIL

1. Yes. But I only wish we had taken it a year later, after preparing ourselves in various ways to get the full benefits of devaluation. In any case, we have to frame our policies in such a way as to gain these benefits fully. For this we must have price stability and increased production, particularly of exportable commodities. The most important single measure for ensuring price stability is to curb public expenditure and avoid deficit financing like the plague for at least the next two years. Even after that, budgetary deficits must be moderate. Agricultural production (and our staple exports consist of processed or unprocessed agricultural products) can be increased substantially if the farmer is guaranteed reasonable prices and if he is supplied with fertilisers. Other measures are of a more long-term character. Industrial production can be expanded if we rearrange our expenditure on development projects sensibly and liberalise imports of raw materials and components.

2. The question does not arise.

3. In spite of all that the Government may say or do, some rise in prices is inevitable in the wake of devaluation. But inflationary pressures can certainly be checked by adopting sensible fiscal and economic policies. What we need are curbs on budgetary deficits, fewer controls, more incentives, more fertilisers and imported raw materials and components, fewer additional public-sector projects and a sensible rephasing of our development programmes. We also need less of gratuitous exhortations and advice to the people from the Government.

4. Basically, our economy is sound. Our land is fertile and we have sizable mineral resources. Our people are fairly industrious, adaptable to the modern economic environment and responsive to economic incentives. We have a fairly large supply of trained technical and managerial personnel. We have business men who are enterprising and competent. We have a fairly developed network of transport facilities. We generate a lot of power and can easily generate more. We have a sound and well developed banking system. We have a substantial industrial capacity, which can provide a base for further expansion. We have not yet been victims of runaway inflation, in spite of the follies of our Government. We have a great deal of international goodwill, which has ensured an annual flow of aid of about one billion dollars for the last few years. All that we need is a more sensible Government!

by Dr. B. N. GANGULI

1. & 2. As between the system of import restrictions-*cum*-export subsidisation and devaluation, the choice always depends on circumstances. In my view, devaluation was the lesser evil in the circumstances. What was "veiled" devaluation has become "open". I therefore approve of it.

3. Inflationary pressures are not implicit in a policy of devaluation. Devaluation can succeed to the extent to which internal costs and prices do not rise or do not rise to the same extent as the weighted average of export and import prices. "Home-market goods" are relatively more important in India than "international goods". The cost and prices of the former should rise, but not to the same extent as those of the latter. Our main trouble is the current inflationary pressure, which has to be held in check.

Subsidising mass-consumption goods is one of the declared policies. This is feasible within the budgetary possibilities as I see them, provided our economy picks up fast enough and this year's monsoon does not let us down. But checking inflation would mean restraint on current consumption through restraint on current expenditure that leads to the increase of current consumption. The supply of "exportables" is bound to be inelastic in the short run. Without sacrificing domestic consumption, exports will not materialise, in spite of the stimulus of higher prices. Thus a number of measures will be necessary: heavy excises on exportables (or other methods); keeping track of installation of fuller installed capacity and supplying industries with necessary inputs; raising farm output by all possible incentives; pruning of unnecessary income-creating expenditure, etc. Devaluation will prove a blessing in disguise if it brings about a re-structuring of production that reduces our dependence on imported inputs through foreign aid.

4. Our strength lies in the "overheads" of development and the new skills and enterprise that have developed over the years. If these can be harnessed under a freer economic system (not necessarily without "controls" of an essential kind) we can tide over the crisis. Our weakness is incapacity for hard work in the face of "rising expectations" of a higher standard of living, or higher profits, as the case may be, and too much dependence on "aid" in all forms, all along the line.

by ATULYA GHOSH

1. Yes.

2. The question does not arise.

3. & 4. The devaluation of the Indian rupee by 36.5%, which took place on June 5, 1966, is a major structural change in the country's economy. Devaluation of the currency has a tendency to cause a rise in the price index of the country concerned. It is, therefore, absolutely necessary to take all precautionary measures to check this inflationary tendency, so that the country may enjoy the benefits of devaluation. In recent years the price rise has

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Devaluation

(CONTINUED)

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accelerated considerably and price inflation has already caused serious dislocation in both the domestic sector and the external sector of the economy.

It follows, therefore, first, that a determined attack on inflation will require the adoption of strict budgetary policies by the Centre and the State Governments. The utmost economy has to be exercised in the existing expenditure programme. As regards new schemes, they should not be undertaken without careful scrutiny of the details of expenditure.

Secondly, the emphasis in production has to be shifted from schemes which take a long time to fructify to schemes which will yield increased production quickly.

Thirdly, agriculture and processing industries based on agricultural output require immediate attention, because the prices of agricultural commodities have a major impact on the price situation of our country. In the manufacturing industry, too, emphasis has to be shifted to industries with an export potential.

If devaluation is to succeed, strenuous efforts will have to be made to check rising industrial costs. Adequate credit has to be provided for industries, so that they are able to step up their output to the maximum. At the same time the overall supply of credit has to be controlled, so that it is used economically. The use of bank credit, to build up excessive inventories in particular, has to be strongly discouraged.

If we thus put our house in order, devaluation will be of immense benefit in our development plans. It will, in course of time, strengthen the balance of payments by encouraging exports and import substitution and free us from continued dependence on foreign aid and thus help us to become self-reliant.

by A. K. GOPALAN

1. I consider that the decision of the Government of India to devalue the rupee is highly detrimental to the Indian economy. Instead of solving the problems of the country, it will only deepen the economic crisis, resulting in severe hardships for the people.

I totally disagree with the claims of the official spokesmen that devaluation is being resorted to to correct the imbalance in international payments and relieve the economic situation. These very spokesmen only one month before this decision were giving solemn assurances inside and outside Parliament that in no case would the Government resort to devaluation.

The claim that devaluation will push up exports and earn more foreign exchange is also fictitious. In reality, the foreign buyer will be able to purchase more goods for the same foreign exchange. The terms of trade in the so-called free world are becoming increasingly unfavourable to developing countries. Therefore, India will have to depend more on foreign loans to run the economy.

It is no longer a secret that the World Bank had been pressing for the devaluation of the rupee as one of the preconditions for giving aid for the Fourth Plan. One after another, the Indian Government accepted all the preconditions, and the devaluation of the rupee is the culmination of all the earlier steps taken by our Government to woo foreign monopoly capital.

It is also significant to note that the rupee has been devalued without consulting the Indian Parliament. Though the Congress Party has an overwhelming majority in both Houses, the Government did not consider it essential to have a prior discussion in the highest legislature. In fact, the decision was taken in New York by the U.S. Government and the World Bank. This only shows to what an extent the Indian economy is helplessly dependent on U.S. capital. It has now threatened the very existence of India's economic independence.

2. Had the Indian Government been serious about avoiding devaluation, there would have been other ways open to it. Instead of relying on Western powers, it could have chalked out a programme of independent economic development for the country. Many underdeveloped countries have already undertaken the nationalisation of foreign capital,

with a view to mobilising resources for further economic development. The Indian Government could have taken similar measures to save the country from its precarious situation. Instead, the Government preferred the path of more reliance on the World Bank and gave fantastic concessions to woo foreign capital.

The import policy of the Government, which benefited only the big business of the country, is partly responsible for the foreign-exchange crisis. The small-scale industrialists were virtually starved of intermediary goods and forced to run their factories below capacity. Import licences were cornered by certain business houses with official connections, which were minting money by resorting to unfair means. As a result of this, many commodities which could have been produced in India were imported and thus a large part of foreign exchange was wasted. An effective control on imports would have relieved the situation to some extent.

The Indian Government could have utilised socialist aid to develop an independent economy, but it used this aid only to bargain for further aid from the Western powers. Import substitution was never seriously considered by the Government.

Over-reliance on food imports has only made the foreign-exchange crisis more acute. The utter failure of the Government to introduce genuine land reforms is at the root of the present food crisis. Had such reforms been introduced, India's abject dependence of PL-480 doles could have been avoided.

These failures clearly highlight the alternative path which could have been followed by the Government. However, the ruling classes in India are not interested in this democratic path, because their selfish class interests lie in collaboration with foreign capital.

3. The policy of devaluation, according to me, will lead to disastrous inflationary pressures on the economy. The weapon of inflation has been systematically used by the ruling classes in India to fleece the common people and to augment the profitability of big business. It is because of this that despite tall talk of checking inflation the Government's policy has only led to further inflation. The prices of essential commodities have already gone up by more than 20% since devaluation.

I think the present economic policies of the Government will only lead to further inflation, and I do not rule out the possibility of further devaluation.

Some minor palliatives will not change the major drift in the policies of the Government. Unless the present policies are reversed, I do not think India can effectively check inflation. On the contrary, there is a danger of runaway inflation in not too distant a future.

4. I am firmly of opinion that, despite the country's rich natural resources, the path of development of capitalism in India in collaboration with imperialism is bound to lead to growing dependence on imperialist powers.

Faced with increasing pressure from World Bank bureaucrats, the Indian Government is compelled to surrender one outpost of economic independence after another. The Indian economy is becoming increasingly linked to that of imperialist countries, which in turn is having its impact on the Government's foreign policy.

For a developing country like India, which is heavily indebted to foreign countries, the repayment liability, which is growing fast, will spell disaster to the economy. The Government, which is compelled to borrow even to repay the loans, will have to find money to meet the additional burden of repayment, which has gone up by more than 50 per cent since devaluation. It is clear that the Government will try to solve the problem by imposing crushing burdens on the people.

The concentration of capital in the hands of a few families is giving rise to further inequalities in the country. The domination of landlordism in the rural sector is responsible for the acute agrarian crisis. These factors are leading to stagnation in the Indian economy and depression in the standard of living of the broad masses of our people.

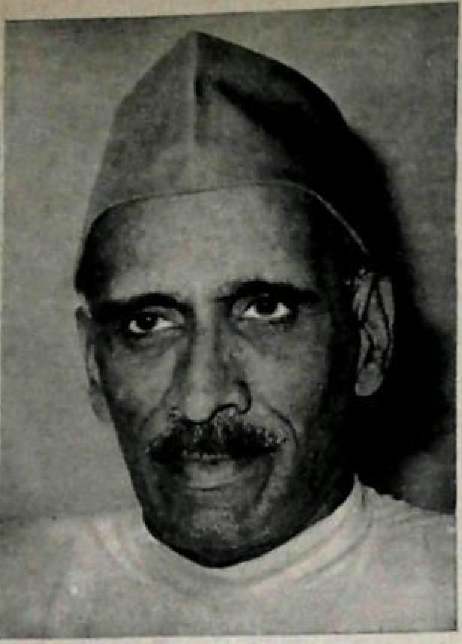
The economic policies of the Government are directed towards safeguarding the vested interests which are today meeting with increasing resistance from all sections of the people.

by H. V. KAMATH

To ask whether I approve of the Government's decision to devalue the rupee is like asking whether I approve of Delhi being the capital of India. It is there for all to see, and it cannot be undone.

Three men and a woman decided, in secret conclave, that as, even after eighteen years of independence, India cannot do without massive doses of foreign aid, the insistent advice, if not pressure (the word is a little jarring), of the largest aid-giving Government—that of the United States—and of the World Bank, could no longer go unheeded.

The official devaluation of the poor rupee, already badly battered in the international market, is the end-product of a long and reckless career of playing ducks and drakes with



our foreign exchange resources as well as of the far more calamitous devaluation of financial values, norms and standards in public spending over the years. Devaluation has become ineluctable, a necessary evil.

The wages of inordinate deficit financing, of unconscionable, extravagant expenditure, of continuing inflationary policies, has been devaluation. It is a virtual confession of failure on the economic front.

The malaise is deep seated, but even at this late hour, if the Government's moribund conscience for public money is roused, if non-Plan expenditure is drastically curtailed, if the gigantic Plan is cut to size and tailored to our resources, if draconian methods are employed against waste and corruption, if self-sufficiency in foodgrains is given the highest priority in schemes of development, if exports are boosted enormously, and imports substantially reduced or replaced by local products, the rupee can yet be saved from further loss of face. But the inability of the Government to hold the price line even with regard to foodstuffs including vegetables and other hundred per cent "swadeshi" goods—the new-fangled, diversionary slogan of the Prime Minister—shows to what extent swadeshi anti-social elements such as profiteers, hoarders and blackmarketeers are holding society to ransom. Even the Government-owned Ashoka Hotel in New Delhi has raised its rates. The Prime Minister and her colleagues, apparently unable to control the situation, are now asking the people, particularly women, to build up consumer resistance. Is it not an abject admission of impotence to resist vested interests, and otherwise deal firmly with the economic situation? People are on the warpath, but the Government by its negative policies and inefficient, corrupt administration has provoked them to the point of exasperation.

India's economy, though inherently sound, has been so badly damaged by the Government's wrong policies of the last decade or more that unless the Government now acts with firmness and—by personal example, by an earnest and sincere effort to shun luxuries and live laborious days—inspires confidence and enthuses the people to work harder and to fight ruthlessly anti-social money-grabbing elements, we are, I am afraid, on the slippery slope of bankruptcy, not far removed from economic disaster, and even political perdition.

by AMBALAL KILACHAND

1. Devaluation is the appropriate corrective to inflation and the fall in the external value of the rupee, caused chiefly by fiscal indiscretions—excessive deficit financing, exorbitant taxation and excessive non-development expenditure. Devaluation lends reality to the economic position, encourages exports and import-substitution, discourages imports and facilitates the inflow of foreign capital. It has been criticised chiefly on political grounds.

3. Inflationary pressures can best be eased by strict fiscal discipline—eschewing deficit financing, reducing direct and indirect taxation, drastically curtailing non-development expenditure (including expenditure on embassies abroad) and restricting development expenditure mainly to the completion of existing projects, quick-yielding agricultural schemes, and the build-up of defence and high-priority industries. The existing production capacity must be fully utilised before putting up additional capacity. The objectives on the physical plane must be to increase production and productivity in agriculture as well as industry, which are key factors in solving such basic problems as poverty and inflation. Needless controls that depress production and retard growth must be pruned.

4. The weakness of the economy lies mainly in the precarious nature of our agriculture, resulting from excessive dependence on rains, most of the cultivable land being dry farming areas. Even after realising the full irrigation potential of existing schemes, dry-farming areas will still form a predominant proportion of our cultivable acreage. The remedy lies rather in intensive cultivation, including more

small irrigation schemes, more fertilisers, better seeds and improved methods. From the monetary angle, the weakness lies in the low rate of savings, which can and must be improved by fiscal incentives. In the last analysis, the human factor is the most important of all, and whilst India is fortunate in this respect, the fullest utilisation of its resources must be encouraged through incentives to work, save and invest.

by S. L. KIRLOSKAR

1. I not only approve of the decision: I welcome it. In saying this, I may of course find myself in a minority. But then I have long been pleading for devaluation. I must, however, add that I have never considered devaluation a complete measure in itself.

2. Surely, I need not answer this! Besides, the chances of an effective alternative began dimming fast, following the failure, after 1962, of the Plan strategy.

3. It may sound trite, but devaluation is a means to an end, not an end in itself. It makes possible *and* necessary a number of follow-up steps. Among the important steps that readily come to mind would be:

a. A more serious all-out effort to improve the productivity of our agriculture. It was, I believe, the overvalued rupee which long kept us from realising the high cost of imported foodgrains, leading to a lull in efforts on the food and agricultural front.

b. A sharp cut-back in unproductive official outlays—especially those that finance our overblown administration.

c. Avoiding (or even scrapping) fiscal, labour and welfare policies which have strengthened the cost-push in the economy.

In this connection, I would readily commend a large part of Mr. Morarji Desai's concrete action programme which he recently circulated in a note among members of the Congress Working Committee. I may call special attention to his urging a total stop to deficit financing, both at the Centre and in the States, a 10% cut in Government expenditure and investment, and a slash of fruitless outlays on community development and social welfare. Indeed, there is room for a more drastic cut in Government expenditure. But 10% would be most welcome and readily feasible to begin with. Should it mean unemployment, the axe would probably fall on positions that should not have been created in the first place. The resulting distress would be temporary and could not be more serious than was caused to the country's goldsmiths by the Gold Control Order. Unemployment is *socially* more tolerable when it results from right policies than from wrong ones.

4. The inherent strength of our economy derives from its common people—farmers, workers and managers. I find them intelligent, hard-working and receptive to new, healthy ideas. There is plenty of common sense and initiative in them. Only its expression must be given full scope, instead of being stifled by cock-eyed policies and controls.

The inherent weakness derives from the ingrained idea among the rulers that goods are delivered only when the Government is fully in the saddle, riding the people.

by ACHARYA J. B. KRIPALANI

The value of the rupee had already fallen, in my opinion, due to inflation. But whether officially devaluation should have taken place at this juncture is a question which was answered by the Government itself in Parliament, when its spokesman said that there was no intention to devalue the rupee. Mr. Asoka Mehta

Devaluation

(CONTINUED)

THE EDITOR'S QUESTIONS

1. Do you approve of India's decision to devalue the rupee?

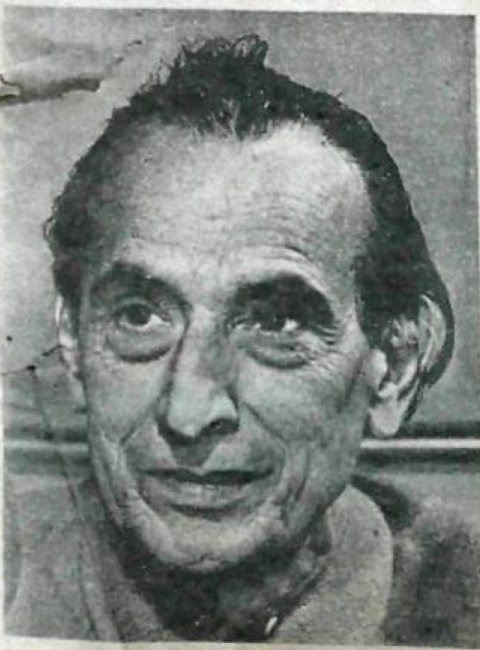
2. If you do not, what are the alternatives you suggest?

3. If you do, what other steps do you think India should take in order to counter the inflationary pressures implicit in a policy of devaluation?

4. What is your assessment of the inherent strength and weaknesses of India's economy?

is reported to have said in America that he had not travelled ten thousand miles in order to decide that the rupee should be devalued. This naturally made people think that external pressure was used to oblige the Government to take this decision. It may be that no direct suggestion for devaluation was made by America or the International Monetary Fund, but it is clear that we had put ourselves in such a position that if we wanted massive economic aid, we could not get it except by devaluing the rupee. However, today devaluation is a fact. It not only affects the economy of the nation, but it has international implications. Only a new Government could reverse this decision.

The Indian economy was badly affected by the indiscriminate squandering of the £1,000 million sterling balance that we had in England on the eve of our Independence. It was further adversely affected by the gigantic projects undertaken in pursuance of the successive Five-Year Plans. About these the present Planning Minister has himself admitted that they were improperly conceived and defectively executed. This has been confirmed by the Prime Minister herself. These Plans could not be even defectively implemented except through heavy deficit financing progressively corroding the value of the rupee. Now that the rupee has been devalued, our national economy can be, to some extent, salvaged by the Government by moderating its excessive zeal for rapid increase in capital industry. The nation must have some respite to recoup its economic strength. Also it must industrialise in a manner which will give the greatest employment to the greatest number. Also there must be the utmost economy in public expenditure, whether on the Plans or in the administration. All prestige posts should be abolished.



by Dr. P. S. LOKANATHAN

I hope I may be permitted to answer the questions posed by the Editor in my own way.

At the present moment the question of approval or disapproval of devaluation has lost much of its relevance. The rupee has been devalued; in the difficult and almost desperate condition into which the Government of India, over the last several years, had brought our international trade sector, devaluation had become almost inevitable. The Government had permitted themselves no choice. It had become crystal clear that foreign aid of any size would not be forthcoming unless India agreed to devalue the rupee and adopt other complementary measures. Nor are we in a position to do without foreign aid at the present stage of the economy's development.

The real issue is, therefore, not whether devaluation is right or wrong, justified or unjustified, but whether the Government could not have avoided it. My own conviction is that the Government could have, and indeed should have, if only reasonable precautionary measures had been taken earlier. As one who initially reacted strongly against devaluation, I may perhaps add that it was really no remedy for India's economic plight. We were not suffering from our goods' and commodities' being unsalable abroad; it was lack of exportable surpluses rather than lack of foreign demand that had been our difficulty all along. Devaluation by itself would therefore not increase our exports appreciably. Insufficient and poor methods of production in industry and agriculture, an insatiable domestic demand springing from a fast-growing population and rising incomes, under-utilised capacity, an un-coordinated export policy which permitted different Ministries to pull in different, even opposite, directions—these were the real major factors inhibiting exports.

The fact that after devaluation the Government has been able to announce a liberal policy in respect of maintenance imports is no argument in favour of devaluation. Devaluation has not immediately increased our exports and foreign exchange earnings. Acceptance of devaluation has only enabled the World Bank to offer special additional dollars for non-project aid. Even in respect of import substitution, no further incentives were needed in addition to, or beyond, what our chronic and phenomenal scarcities and lack of foreign exchange have already provided.

The only effect of devaluation is to make all our essential imports—indeed for the last few years we have claimed that all our imports are a *must*—needlessly costly. The increased burden of foreign debt in both the public and the private sectors of the economy will take quite some time to be lightened. Meantime the inevitability of price increases in an already overheated and inflationary economy would have serious consequences in terms of higher wages and higher costs and also in terms of additional taxation required for resources for the public sector as well as for debt repayment.

Devaluation could have been avoided if the Government (a) had made a careful and critical budgeting of our foreign exchange resources each year, (b) had not resorted to ambitious investment and non-productive expenditures in excess of our domestic resources and a realistically based estimate of foreign aid, (c) had made a more realistic appraisal of the foreign exchange needs for maintenance imports, (d) had not let the capacity that had been built up be so badly under-utilised—this despite steady and continuous warning, (e) had established closer rapport with the World Bank and convinced the Consortium of friendly nations of the need for a higher proportion of the total aid to be given as non-project assistance, (f) had not let the administrative machinery become such a serious barrier to production and progress and cause dismay to foreign and domestic entrepreneurs; and finally (g) if the Planning Commission had not so systematically confused needs and targets and believed that needs by themselves justified any level of targets. The result has been that we have sought to live beyond our means, have wastefully spent our resources, have not attained our targets, have allowed performances to fall far below expectations, and have made friendly foreign countries feel greatly disheartened at the rigidity of the Government and the planners.

To counter the inflationary pressures inevitable as a consequence of devaluation, I would suggest the following: The additional aid promised for maintenance imports should be quickly and efficiently utilised; maximum production both in industry and agriculture should be attained as quickly as possible; industry must be required to adopt a policy of discipline by which prices and incomes are not permitted to increase; dividends should be voluntarily limited; the Government should avoid all unnecessary and unproductive expenditures for the next two or three years; the level of investment and other expenditure in the Fourth Plan should be limited to the level of the real resources available; and a policy of no increases in incomes, wages and salaries above the levels of productivity should be accepted and pursued. Acceptance of self-reliance must be not just an emotional attitude but a firm objective.

The Indian economy has many sources of weakness, such as the lack of a modern and rationalised productive apparatus to meet the challenge of the pressure of demand from a fast-growing population with rising incomes. Agriculture in particular needs to be modernised, and there should be more scientific agriculture, utilising the modern, non-traditional factors of scientific agricultural production. Even our industrialisation, such as has been achieved, has been at too high a cost both in money and in real terms. We must therefore rationalise our industrial production as well. Devaluation will have at least one major beneficial effect. It will make the rigid, complicated and inefficiently administered controls unnecessary. By releasing production from the shackles of Government control, the economy will gain a fresh momentum.

At the same time, the strength of our economy must not be overlooked. Over the years we have built up and developed a highly trained and skilled manpower. One has only to visit some of the modern factories in the public and private sectors of industry to see what a large number of bright, highly skilled and exceptionally intelligent and competent young men have been added to the working force. Even in agriculture, the number of farmers imbued with ambition to produce the maximum possible, to apply the knowledge of science and technology and make farming a profitable industry is growing. The country has also come to realise that investment in education results in a big pay-off. Investment in education, technology and research is capital formation. Recognition of this must govern the rapid growth of our economy.

by M. R. MASANI

1. One can neither approve nor disapprove of devaluation. The Indian rupee had already depreciated to about half its value in terms of world currencies. All that has now happened is that official recognition has been accorded to that fact. One neither approves nor disapproves of a surgical operation that has become necessary. At the same time, the motives for the act of devaluation by the Indian Government were not *bona-fide* ones. It was a bargain struck in order to secure foreign aid for the proposed Fourth Five-Year Plan, which is of a disastrous nature. It looks, therefore, like being a bad bargain from the national point of view.

2. The alternative to devaluation, which the Swatantra Party had advocated over the last two years, was to live within our means, to cut out deficit finance, to scrap the Fourth Plan, to cut down excessive taxation and to decontrol, so that industrial and agricultural production might go up and inflation be avoided. Unfortunately, the Congress Government rejected this alternative and drifted to devaluation instead.

3. The other steps that need to be taken in order that the sacrifices imposed on the people by devaluation may not be wasted and the benefits of devaluation may not be thrown away are:

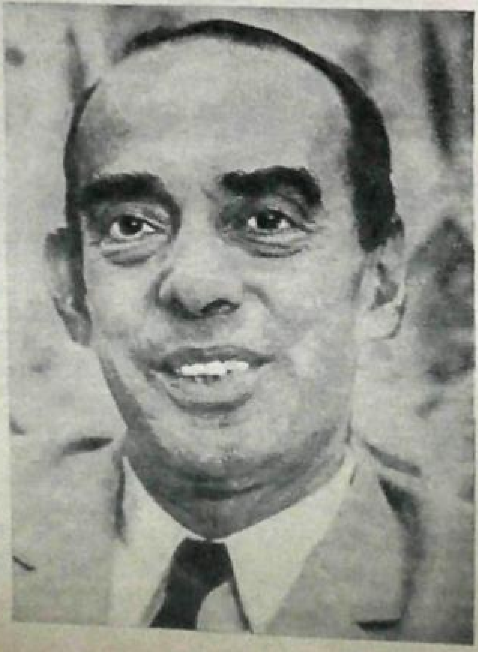
a. A clear declaration that from now on inflationary policies of every kind will be scrupulously eschewed and that, subject to whatever foreign assistance may be made available, the Indian Government will live within its means.

b. An appropriate reduction in the civil non-developmental expenditure of the Union Government and the observance by the Union and State Governments of fiscal discipline by eschewing deficit finance and overdrafts.

c. The restriction of foreign loans on a government-to-government basis only to such legitimate purposes as fall within the natural duties of the state, such as the laying of the infrastructure and, as a short-term measure, for maintenance imports.

d. A postponement and recasting of the proposed Fourth Plan by dropping all new capital projects in the state sector (including the proposed Bokaro steel project), except such as fall within the area indicated in (c) above.

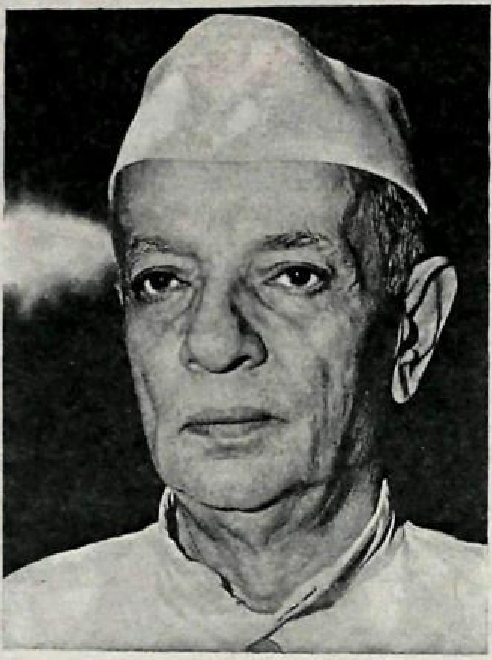
e. A sharp reduction in both direct and indirect taxes, so as to increase the flow of national savings and thus make available a larger supply of rupee finance for expanding production and lowering the cost of domestic goods.



f. The complete dismantling of the structure of permits, licences and controls, so that the machinery of production and competitive enterprise comes under the direction, and caters for the needs, of the common man, instead of being manipulated arbitrarily by the planners and the administration, this being the only effective way of increasing production and bringing down prices.

4. The inherent strength of India's economy lies in the vitality of the productive forces in the nation. The weakness of the Indian economy lies in the disastrous policies of the present Government in Delhi, which have brought the country to its present pass.

by G. L. MEHTA



1. & 2. This is a step which has been taken, and we have to live with it. A post-mortem on the decision is an exercise in futility. What is necessary is to use this decision as a step in the direction of setting the economy right. Devaluation could not have been a decision lightly taken. It is a cathartic decision and we must use the opportunity to set our sights lower. This is the second devaluation in a generation and the nation cannot afford to have any more for a generation or two.

3. Devaluation will strengthen inflationary pressures in the economy, and it is necessary to take counter-measures which are effective and may even be painful, to avoid inflation. I would give avoidance of deficit financing the first place in this respect. I feel pruning exercises on Government expenditure (including travel in small cars) are symbolic obeisance to demands for economy and are of little economic or practical significance. A more relevant measure would be to freeze the existing levels of expenditure and to require Government departments to carry out their activities (which will, no doubt, be added to) by re-allocating work and men within the existing budget. Another measure would be to maintain the annual expenditure on the Plans at the level fixed for 1966-67 (about Rs. 2,000 crores) until such time as price stability is achieved. A third step would be to maintain a strict control on bank lending (both to the public and the private sectors) for some time. Lastly, if liberalised aid comes in, it would be desirable to channelise it in activities which are related to consumer expenditure or which are likely to lead to a large *immediate* rise in output. We have to get to the specifics of financial management of the economy rather than indulge in broad generalisations and ceaseless exhortations.

4. The inherent strength of the economy is the potential capacity of the country and the vast and diversified economic structure built up during the last fifteen years. The inherent weakness is our manifest inability to manage it or make the most of it.

by H. P. MODY

The inevitable has happened and devaluation is an accomplished fact. To conduct a post-mortem on it now is utterly futile. The rupee had lost caste internally and abroad and the reality had to be faced some time or other.

Devaluation can only be the first step in the process of restoring our economy to health and vigour. Prompt and drastic action has to be taken to follow it up. The price line has to be held, and it is time the Government stopped fooling about and trying to shift the responsibility for high prices on to the business community. Unproductive expenditure has assumed colossal proportions, and what is wanted is an immediate curb on public extravagance and on State Governments' borrowing incontinently from the Reserve Bank. Production, and still greater production, is the supreme need. This necessarily involves a reorientation of our Plans; our financial and physical resources should alone determine their size and pattern. There is no sense in keeping on conjuring up visions of spectacular and utterly unrealistic projects for development—in fact, it is criminal folly.

Foreign aid, on which our development so largely leans, is not likely to be forthcoming in anything like the measure we expected, and even maintenance imports, for which we had received assurances from the World Bank, do

not look like reaching their target. The situation is serious and calls for an all-round national effort to prevent it from turning disastrous. The remedy for reckless extravagance is not reckless taxation or experimentation. We must live within our means.

by K. M. MUNSHI

1. Yes, I approve of the Prime Minister's decision to devalue the rupee. It ought to have been taken at least four years earlier. I congratulate Mrs. Indira Gandhi on the wise, bold and realistic step, which, if followed up, appears to herald a new policy in the economic and political life of the country.

2. The question does not arise.

Devaluation

(CONTINUED)

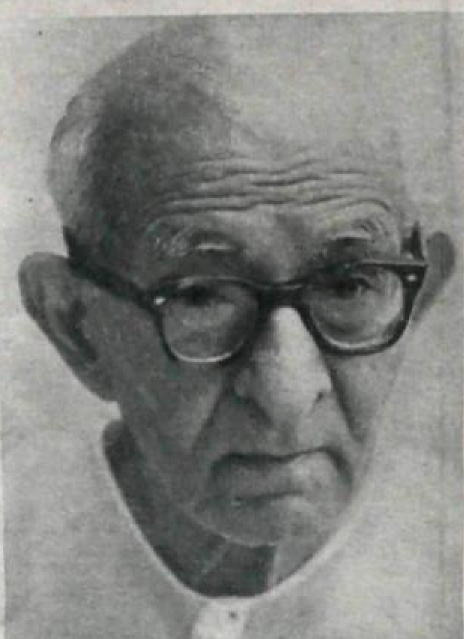
THE EDITOR'S QUESTIONS

1. Do you approve of India's decision to devalue the rupee?

2. If you do not, what are the alternatives you suggest?

3. If you do, what other steps do you think India should take in order to counter the inflationary pressures implicit in a policy of devaluation?

4. What is your assessment of the inherent strength and weaknesses of India's economy?



3. It is not correct that devaluation, *per se*, implies inflationary pressures. It is true that the cost of imports will go up. But that is exactly the logic behind devaluation. There is no reason why the prices of goods manufactured indigenously, with little or no import content, should increase. As regards the rise in the cost of imports, it should promote import substitution and restrain consumption of imported luxuries. Either way, it is beneficial to the economy.

Devaluation of the rupee represents a tacit admission of the country's living beyond its means. A successful implementation of the decision would require: (1) pruning the size of the Fourth Plan to our resource potential; (2) encouragement of the Swadeshi spirit; (3) greater and larger incentives for the private sector; (4) a simplified and less burdensome taxation structure; (5) an unambiguous declaration regarding the economic and political goals of the country; and (6) the setting up of a non-official body consisting of experts, representative industrialists and spokesmen of all parties, to maintain a constant liaison with the Government.

4. The above, no doubt, will go some way towards promoting the country's economic recovery. But the malaise that has beset the economy is deeper. The balance of payments crisis, the fall in exports, the higher imports and the anti-social economic practices that have become the rule rather than an exception are symptoms of a basic disease that the nation is suffering from. It is unfortunate that while the economic policy of the country is governed by political factors, the political policy of the nation is formulated on ideological hypothesis.

To the extent to which this step of the Prime Minister's happens to be the harbinger of a new policy, sans ideological considerations, to that extent the economy will turn the corner.

The nation has been led far away from the doctrine of "trusteeship" that Mahatma Gandhi was preaching day in and day out. The spirit of Swadeshi, which once shook the very foundations of the textile industry in Manchester, seems now to be a thing of the past.

What the country needs today is neither socialism nor capitalism, but an economic and political society rooted in the foundations of Indian culture and tradition and related to the realities of the situation as it emerges from day to day.

So long as there is no reorientation of the Government's approach towards this end, the basic disease of the economy will continue to be there.

by P. A. NARIELWALA

1. One's approval or disapproval of devaluation no longer matters, since it is a *fait accompli*. If devaluation was inevitable, as claimed, it should have been decided upon on the grounds of its economic necessity and not because of international pressures. Whether it will do good to the country or prove disastrous time alone will show.

2. The alternatives to devaluation were:

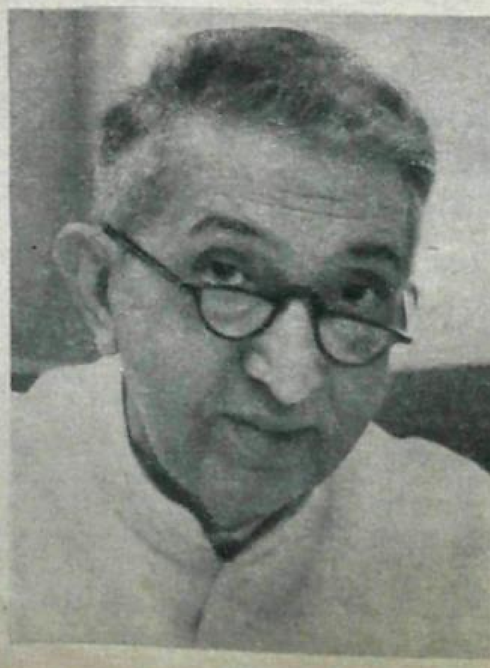
a. a strict control on Government expenditure at all levels;

b. the elimination of deficit financing, which, at Rs. 400 crores last year, was the largest single factor causing inflation;

c. a sustained drive for higher agricultural production;

d. a continuous search for import substitution; and

e. vigorous export promotion measures, with selective assistance to manufacturers, imposing upon them, wherever possible, the responsibility of earning their requirements of foreign exchange through exports, or imports of raw materials, components, etc.



If these measures had been effectively enforced, devaluation could have been averted.

3. Measures *a*, *b* and *c* to counter inflationary pressures are even more imperative in the post-devaluation era. Additionally, the Government should review its monetary and fiscal policies. Lowering, if not abolition, of import duties on raw materials and capital goods; reduction of excise duties wherever they exceed 20% of the manufacturing cost; liberalising of credit for genuine productive purposes and cheapening the cost of credit. These measures, if taken quickly, would counter the inflationary pressures implicit in devaluation and would not appreciably affect the Government's revenues, because the promised larger imports would lead to higher production and buoyant Government revenues.

4. The strength and weakness of India's economy revolve around agriculture. It will be some decades before the country becomes highly industrialised. Till then, sustained and concentrated efforts are required to regenerate and modernise our agriculture, in order to put it on its feet. Systematic inputs of fertilisers, pesticides, water, better seeds, modern tools, etc., must increase our agricultural production and reduce the drain on our scarce foreign-exchange resources. Simultaneously, agriculture-based industries should be promoted and attempts should be made to cultivate our cash crops, such as cotton, jute, spices, cashew, oil seeds, etc., on a plantation scale. This would result in applying scientific methods in their cultivation, leading to a substantial increase in their output.

by N. A. PALKHIVALA

1. Devaluation was advisable, since India's business with the rest of the world had a better chance of thriving under a devalued rupee than under a rupee which had fallen to less than half its value in parity with sterling and the dollar. Devaluation was inevitable, since our Government had been living beyond its means and planning beyond our means for ten years.

2. Devaluation was a bad step, but every other feasible alternative was worse.

3. Our economic future should not be left to those who trade away price stability for an expected higher rate of economic growth and end up by finding that they have lost both. It will be impossible to hold the price line unless production increases with the money supply. The economy has to be freed from the heavy

hand of the bureaucrat, with the pen-and-pencil armies and permit-licence armouries. Our system of controls and licensing has put out of commission the two greatest economic power-houses: price and competition. An exhortation to the business community to hold the price line will be less fruitful than vigorous and realistic steps to increase production: it is easier to increase the national product than to change the national character. The Government should put consolidation before growthmanship, and bring down excessive taxation, which destroys all cost-consciousness.

4. India's economy is actually as weak as potentially it is strong. On the surface the problem arises from a currency crisis, but in reality it is a crisis of character and of confidence. We have the requisite talents, skills and enterprise, but totally lack discipline. The future will be bright only if business looks upon money as something to be earned rather than to be won, workers put in extra labour before extra holidays, and increases in wages or dividends are made conditional upon increase in production.

by H. M. PATEL

1. I do not approve of India's decision to devalue the rupee.

2. There is no point now in considering the alternatives, for devaluation is a virtually irreversible step.

3. In order to counter the inflationary pressures implicit in devaluation, it is essential for us to:

a. liberalise imports of raw materials and spare parts required by established industrial units not engaged in the production of luxury goods;

b. remove as many restrictive controls as possible: a great many are functioning inefficiently, and the abolition of many others which do not serve any vital purpose will help stimulate production besides enabling a reduction in administrative expenditure;

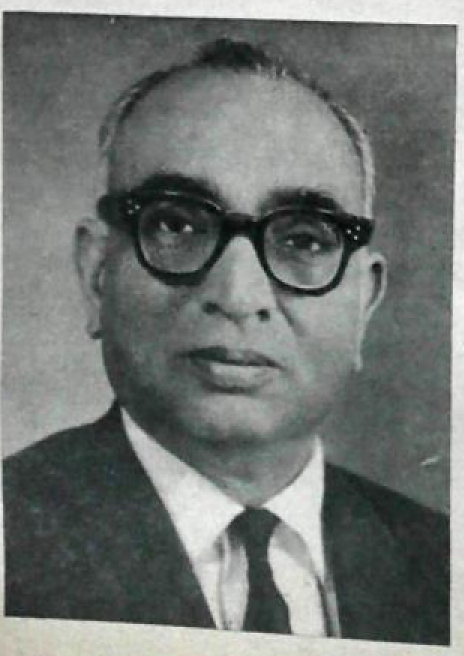
c. reduce administrative expenditure at the Centre by at least 20% and in the States by at least 10%;

d. reduce taxation: a beginning could be made by taking off the 10% added to individual and corporate taxation this year;

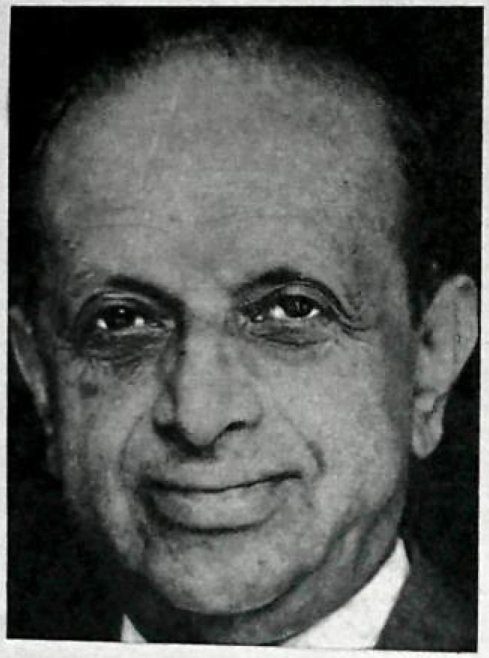
e. make every effort to maintain stability of prices: this means, above all, the avoidance of grandiose plans and projects; and

f. increase our exports through the adoption of methods which will win, however slowly, "permanent" markets for our products, which in turn means emphasis on quality and service coupled with competitive prices.

4. India's inherent strength lies in the fact that it has a great potentiality for growth in agriculture, as also in industry; and its greatest weakness lies in the fact that its people have so far shown themselves incapable of disciplined and determined action for any length of time. Except in the face of aggression from outside, we have not shown ourselves capable of functioning as a united people: if we could only realise it, our present situation—economic, military and political—is as grave as if we were actually face to face with a relentless enemy.



by N. R. PILLAI



With the Editor's kind permission, I shall deal with all parts of the questionnaire together, and go somewhat beyond it to answer it more completely.

I approve of the Government's decision to devalue the rupee. The situation which made devaluation inevitable was of our own making, and it is unworthy of us to seek to shift the blame to others.

For some years past there has been an upthrust in prices, which, it is to be expected, will initially tend to be accelerated rather than retarded by devaluation, not merely in the sectors directly affected by the change in the exchange rate, but all along the line. Clearly, the greatest restraint should be put on this general trend towards a spurt in prices, and this demands voluntary action by industry and trade and, to the extent necessary, coercive action by the Government.

So far as concerns the daily necessaries of life, Government subsidies have guaranteed the maintenance of pre-devaluation prices for foodgrains and kerosene, but others, such as cooking oils, vegetables, milk and fruit, expose a wide field where human cupidity can range at will. In India, as elsewhere, the small man is just as ready and willing as the big man to exploit a situation to his own advantage and to the detriment of the common good; and both must be deterred with equal vigour. Where exhortation does not suffice, the Government must be prepared to back it resolutely with the needed exercise of authority.

These, however, are mere palliatives, and for a more enduring solution we must look to the Government and the Government alone. The Finance Minister has said that prices have risen by as much as 80% during the past ten years. What is the prime cause of this excessively large price increase? Unquestionably, deficit financing by the Central Government, unauthorised overdrafts by State Governments and needless, and perhaps even wasteful, expenditure by both. Unless the resulting canker of inflation is completely removed, which the Government alone can do, our economy will continue to sicken and decay. It is for the Government to match precept with practice: and nothing would be a more welcome earnest of their determination to hold down prices than complete acceptance by them of the strictest financial discipline for the future.

Devaluation will fail of its purpose if our total economic effort is not directed to expanding our export earnings as rapidly as possible to match our import needs and thus ensuring the progressive development of our economy without external aid. Our greatest weakness lies in the inordinate extent to which we are dependent on imports for foodgrains and certain primary raw materials. The new, resolute agricultural policy of the Government can be expected, however, to go far towards helping to reduce the size of our import bill over the next few years and in consequence to make the problem of closing the gap in the balance-of-trade position less intractable. Nevertheless, on the export side, the national effort required is of an order which poses for the country a supreme challenge.

To meet this challenge, we must step up production to the fullest scale attainable within our capability, make production as efficient as possible to withstand international competition, and reduce to a minimum domestic consumption of exportable goods. Such a programme can be carried out only on the basis of shared concern and co-operation between the Government, the public and private industry. Among these, the Government, perhaps, have to make the greatest contribution, for upon them rests the responsibility for facilitating the import of machinery and materials required by industry, for adjusting both personal and corporate taxation to levels which would ensure higher savings for investment as well as the ploughing back into industry of a greater proportion of company profits, and for evolving a labour policy conducive to industrial development.

The public, as always, have to help by self-abnegation: they must try to do without imported articles and do with less of those that can be exported until there is enough produced for both the internal and export markets. Finally, the industrialist must learn to judge himself, and be judged, not only by his productive effort but also by his performance in the export field, and must to this end subordinate all considerations of relative profit margins to this primary national purpose. Such unified effort directed towards a common aim may seem difficult of achievement, but it is by no means an illusory hope that our greatest asset, the resilience of the Indian economy—based, as it is, on both human and material factors—may prove of value once again in promoting the success of our endeavours.

I do not take the view that development should be put on the shelf while we are busy mending our economic fences. Consolidation and development are not mutually inconsistent: indeed, consolidation cannot be fully effective without some development. Such development, however, should be designed in the main to aid and advance the process of consolidation and be strictly proportioned to currently available resources. Furthermore, in the uncertain times in which we live, it would be practical wisdom, for political if not economic reasons, to hold in reserve some untapped or unused resources to be brought into use in the event of a grave emergency. We should, in short, set our economic sights no higher than prudent judgement will permit, and to our planners we might well quote the advice reputedly given by Talleyrand to the hopeful, young diplomatist: "*Et surtout pas trop de zele* (And, above all, avoid excess of zeal)!"

(*Please Turn To Page 3[illegible]*)

Devaluation

(Continued From Page 19)

THE EDITOR'S QUESTIONS

1. Do you approve of India's decision to devalue the rupee?

2. If you do not, what are the alternatives you suggest?

3. If you do, what other steps do you think India should take in order to counter the inflationary pressures implicit in a policy of devaluation?

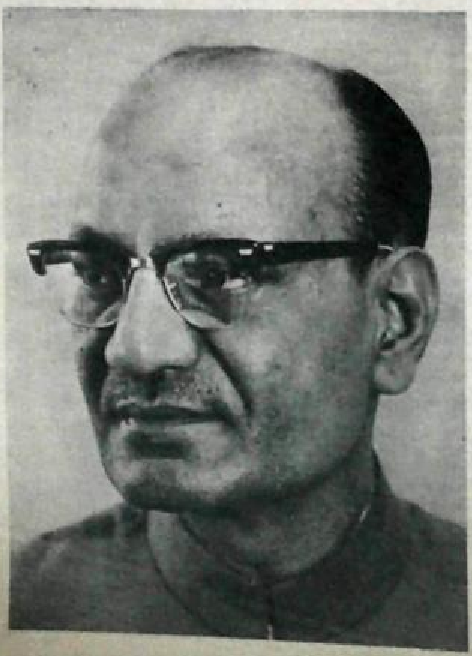
4. What is your assessment of the inherent strength and weaknesses of India's economy?

by RAMNATH A. PODAR

1. & 2. The decision to devalue the rupee is irrevocable. The question of approving or disapproving that decision, therefore, does not arise. Such being the position, it will hardly serve any purpose to examine what steps could have been taken as an alternative to devaluation.

3. It is true that devaluation will have the effect of giving an impetus to the inflationary pressures in the economy. Whatever steps one may consider on a short-term basis for containing the inflationary pressures, in the ultimate analysis, if the problem is to be given a lasting solution, the remedy has to be found in substantially increasing agricultural and industrial production in the country as early as possible.

It is implicit in this suggestion, that all the necessary steps, either in the field of policies or in the sphere of procedures, should be taken at an early date with a view to encouraging increased production in agriculture and industry. Space does not permit an enumeration of all these measures. Basically, however, it can be said that all policies should be directed to-



wards a production-oriented economy. For this purpose, what is essential is that, in the field of agriculture, adequate inputs in the form of water, fertilisers, pesticides and quality seeds are made available to the farmer at the right time and he is encouraged to learn to make judicious use of them to get the best out of the land.

In the field of industry, raw materials and components must be made available on a continuous basis and in adequate quantities, so that the capacities of the existing industries are fully utilised. The setting up of new industries has to be encouraged by facilitating imports of capital goods, machinery, etc., at a reasonable cost. Alongside, arrangements must also be made to make available to industry adequate finance, for both its long-term and short-term needs.

4. To reply to this question, one must go back to the period immediately following the attainment of independence. The economy of the country was shattered as a result of foreign domination and of the devastation caused by World War II, to which were added the problems arising out of the partition of the country. In spite of heavy odds, under the programmes of planned development, the economy of the country has taken definite strides towards progress, although of course, in the process, it has gone through many trials and tribulations.

While progress has undoubtedly been made, it is also true that for some years past, its pace has been halting in several spheres and the rate of growth has perceptibly slowed down. In fact, at present we are confronted with imbalances and distortions in the economy which have cumulatively given rise to inflationary pressures so far resisting all measures brought into force to contain them. Devaluation will only add to these inflationary pressures. It might, however, be looked upon as affording an opportunity for a review of current policies and procedures with a view to suitably changing them so as to help create an environment in which the forces of growth are encouraged, production is increased, exports are stepped up and foreign exchange resources are improved. If so, there could be a real and lasting beneficial impact on the economy.

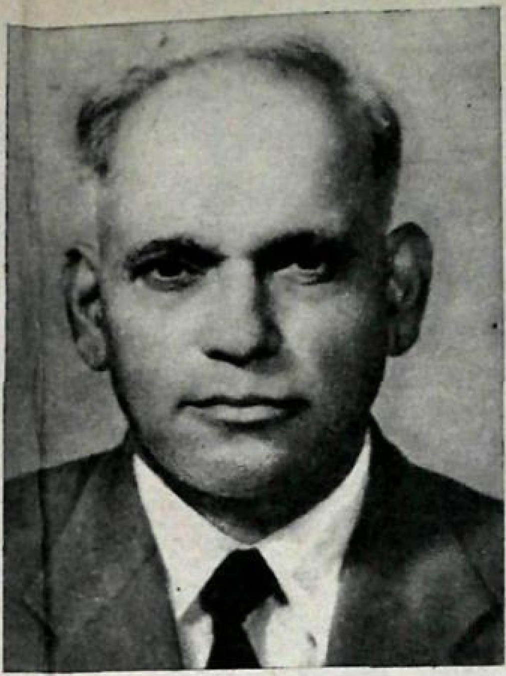
But, along with these measures, attention will also have to be concentrated on the steps necessary to check the population growth. The rate at which the population is increasing presents a real weakness in our economy and unless family-planning programmes are implemented on a large scale to check this, even such limited economic progress as may otherwise be achieved will be rendered nugatory.

by B. R. SHENOY

1. Devaluation of the rupee is, doubtless, a most welcome measure. Currency over-valuation had been a millstone round the neck of the Indian economy. The removal of this handicap should contribute materially to continued economic progress. But unfortunately the rupee has not been devalued to the equilibrium level. Economic indicators demonstrate that devaluation by 57.5% has taken the rupee only to the measure of currency over-valuation which had obtained in 1963-64. It follows that we cannot reasonably hope for the full benefits which could be expected from devaluation to the equilibrium level.

3. It is not correct to say that inflationary pressures are implicit in a policy of devaluation. Neither logic nor empirical evidence supports your assumption.

To say that prices may rise following devaluation is to ignore the basic principles of price determination. Prices may rise only if either or both of two things happen: the money incomes of the Indian people go up faster than the national product; or, money incomes remaining the same, the quantum of the national product declines. Neither can happen merely because the rupee has been devalued. Indeed, the opposite eventuality is much more probable. Devaluation may convert a deficit budget into a surplus one and the national product may grow through mobilising idle production



capacities made possible by more liberal imports of fertilisers, raw materials, accessories and capital equipment.

Price data do not confirm your apprehension of inflation. During the first three weeks following devaluation, *The Economic Times* general index of prices remained virtually steady, price variations being around 1%, though on July 1 the index spurted up to 158.0, a rise of 2.5% over the pre-devaluation level. If prices in general should rise, we must look for the causes in over-spending by the state. A general price rice cannot be fathered on devaluation.

For the full success of devaluation, the essential follow-up measures must include, first, rigorous fiscal and monetary discipline to ensure zero inflation; secondly, liberalisation of imports and removal of controls of all kinds; and, thirdly, drastic cuts in taxation and the denationalisation of public-sector undertakings.

4. A poor people is not necessarily an insolvent people. Insolvency is essentially the result of mismanagement. If the Indian economy has exhibited dominant signs of weakness since Independence, the blame lies on the misguided policies which we have pursued during the past one-and-a-half decades—policies, miscalled "planning", which have succeeded in producing little else than chaos. If the economy must be put on the right road to progress, the bewildering maze of controls, quotas and restrictions which clog the springs of production and obstruct the flow of output must be thrown into the waste-paper-basket in one sweep as Dr. Erhard did with them in West Germany in 1948. Even as this led to the German economic miracle, similar action in India should produce an Indian economic miracle.

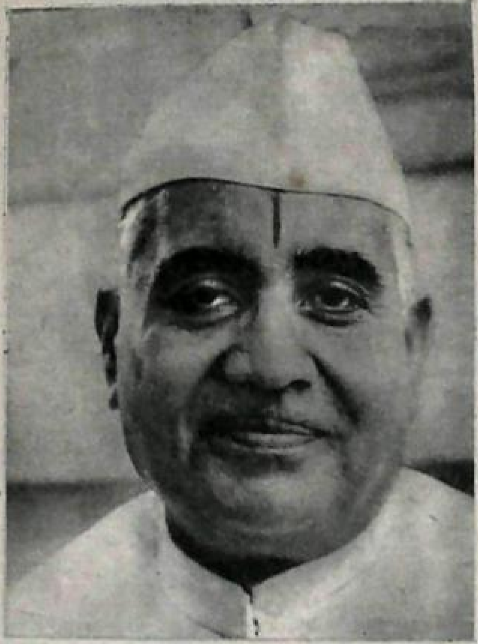
by G. D. SOMANI

1. Devaluation is a very controversial matter, on which economists and experts differ widely. However, it is clear that the Government's hands were forced by various factors, both avoidable and unavoidable. The direct effect of devaluation will be to scale up the foreign debt and interest charges of the Government as well as those of a number of private-sector companies; to make imports of raw materials, components and capital goods costlier; and to induce another wave of price inflation.

On the other hand, there are a number of advantages accruing from devaluation, such as: the incentive to exports, which become relatively cheaper abroad; the discouragement of imports and the corresponding impetus to import substitutions; the decrease in the burden of remittances in respect of profits earned by foreign capital invested in India; and the greater attraction for foreigners to invest in India.

2. & 3. Since devaluation is a *fait accompli*, it will be futile to consider alternatives at this stage.

4. Agriculture plays a primary role in the Indian economy and lends instability in view of the dependence of agricultural production on the weather. This can be remedied by building up through intensive methods of cultivation a considerable excess capacity for agricultural production, so that even with a few successive monsoon failures we can carry through and not be subjected to the humiliating necessity of food imports. The strength of the national economy lies in the country's diversified industry and infrastructure. We are now well set on our way to the stage of self-sustaining growth. All we need is to keep running at full speed and capacity and to create sufficient internal resources for embarking upon a big programme of further expansion, diversification and establishment of new industrial units to reach the much desired stage which marks the onset of economic maturity. Our fiscal and monetary problems must be geared to the objectives of accelerating the pace of economic growth on a dynamic scale.



The Indian economy is basically sound and stable. We have got vast resources still lying untapped, and with increased foreign aid and a substantial flow of foreign investment it should be possible to revolutionise the industrial base and bring the country nearer to the "take-off" stage. If, therefore, the Government now draws appropriate lessons from past mistakes and reorientates its fiscal and monetary policies for dynamic growth and development of the economy, simultaneously taking drastic measures to curtail wasteful and unproductive expenditure and also gearing up the administrative machinery to face the new problems arising from devaluation, then this drastic step can certainly pave the way to imparting stability and buoyancy to our economy.

by D. PRABHAKAR TALARI

1. Yes. The economic situation as it unfolded in the summer was this: prices had increased by 25% during the past three years, on top of a 50% increase during the preceding seven years, whereas the production of essential goods had lagged far behind. Years of drought had reduced foodgrain production by 13 million tonnes and made big dents in the production of such vital industrial raw materials as cotton, jute and oilseeds. The consequent fall in exports, together with the larger import bill for defence purposes and the stoppage of foreign aid, brought many industries to a standstill.

In these circumstances, a big imbalance developed between pressing needs and available resources at home, and the minimum needed imports and the exports in sight. The first steadily eroded the value of the rupee at home, the second had the identical effect abroad. To support the parity of the rupee in these circumstances needed immediate liquid resources, even while taking measures to reduce the two widening gaps. To correct this imbalance, the Government had no alternative to devaluing the rupee, so as to bring about parity between its external and internal values.

There was perhaps an alternative. The Government could have taken measures to stop the erosion of the domestic value of the rupee and increased exports by curtailing domestic needs if necessary, so as to sustain the external value of the rupee and find the wherewithal to pay for essential imports. However, an inflationary spiral cannot be tamed and retracted into a deflationary one overnight without causing large-scale dislocations in the economy and upsetting the political apple-cart. Besides, no crash export programme can change an adverse balance of trade overnight.

Taking economic realities into account, it is difficult to see what equally effective alternative the Government had. A judgement of devaluation cannot be made in terms of "approval" or "non-approval". It has to be only in terms of national capacity and national response to a given challenge, political and economic. The future economic history of India will give its verdict on whether devaluation of the rupee was necessary or not.

3. To make the most effective use of available resources, the Government should declare a period of consolidation and full utilisation of assets already in existence. No new schemes should be started, so long as there is unutilised capacity in the existing ones.

For example, nearly half the potential created by the irrigation projects in the three Five-Year Plans has yet to be utilised. The money spent on this utilisation will yield better results than fresh irrigation schemes. Let us also do a little rethinking on the various projects, whether in the industrial field or elsewhere, which have yet to be implemented.

If the Government cannot effect retrenchment of its staff, let it make fuller and better use of its employees. This will involve a greater dispersal of the staff—from the secretaries down—to the districts and villages, and also from the desk to the fields. This is a first essential that will lead to a consolidation of resources and to their better deployment.

Another essential step lies in removing controls on the establishment of industries and the flow of raw materials. If market forces are allowed to determine the allocation of resources, they will direct them to their most efficient use and thus remove the incipient inflationary tendencies of our planning.

4. The three Five-Year Plans have definitely created a base, though a high-cost one. The general improvement in education, public health, transport and communications provides an opportunity to put our resources to good and efficient use. The recent stagnation, despite the improvement, however, exposes the fundamental weaknesses of this planned economy. These can be enumerated as:

a. Our agriculture still continues to be a subsidised affair. This is due to: (i) the structural nature of farm economy; and (ii) the disparity in prices between agriculture and manufactures. As we have numerous small farmers, we must aim at making farming efficient at the small-farm level. Instead of this, we have tried many experiments, such as co-operative farms and so on. Efficiency at the small-farm level can lift up the agricultural economy, but this also requires a scheme of price supports for agricultural commodities.

b. On the industrial front, we have acquired basic skills and built up many basic industries, but a wide range of producer and consumer goods continues to be dependent on the import of raw materials, machine components and even skills. This is a fundamental weakness, forcing us to depend on foreign aid indefinitely. Mere import substitution will not help unless cost-consciousness goes along with it.

c. At a time when enterprise needs the maximum of encouragement, crippling taxes and discriminatory controls have sapped initiative. Far from correcting the alleged malpractices of private entrepreneurs, the present taxation policy has indirectly encouraged the corrupt and unscrupulous industrialist at the expense of the more ethical. Our taxation policy should be more pragmatic, so as to build up an Industrial India as fast as possible.

d. The public has also a large part to play in meeting the challenge posed by devaluation. What can the common man do to help the Government to stabilise the value of the rupee? The answer is clear: consumer resistance *and more savings.*

by P. L. TANDON

I feel very optimistic about the futu[illegible] of the Indian economy, despite the cold fact that its recent performance has fallen short of expectations. Nevertheless, the economy has an inherent and growing strength, because we have put into it a good deal of effort, which is slowly beginning to produce fruit and, most important, a sense of discipline of late.

For many years we managed to contain the rise in prices within the bounds of a creeping inflation, but the interesting fact is that, despite the sudden rise of about 10% in 1964 and 15% in 1965, we have had neither galloping nor runaway inflation. Two considerations, I believe, account for this:

First, our inflation has been sectoral and almost entirely agriculture-based. The bad monsoons and the neglect of agriculture for years resulted in a steep rise in the prices of foodstuffs and of the agricultural raw materials that go into industrial production, accounting for nearly four-fifths of the total price rise.

Second, we were able to introduce speedily some disciplines into the economy, by way

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Devaluation

(Continued From Page 35)

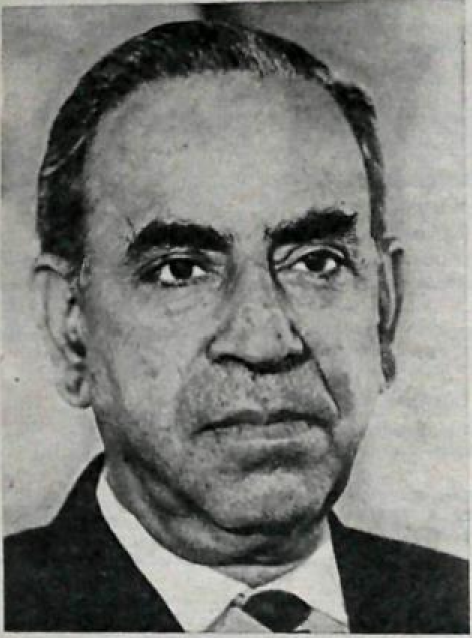
THE EDITOR'S QUESTIONS

1. Do you approve of India's decision to devalue the rupee?

2. If you do not, what are the alternatives you suggest?

3. If you do, what other steps do you think India should take in order to counter the inflationary pressures implicit in a policy of devaluation?

4. What is your assessment of the inherent strength and weaknesses of India's economy?

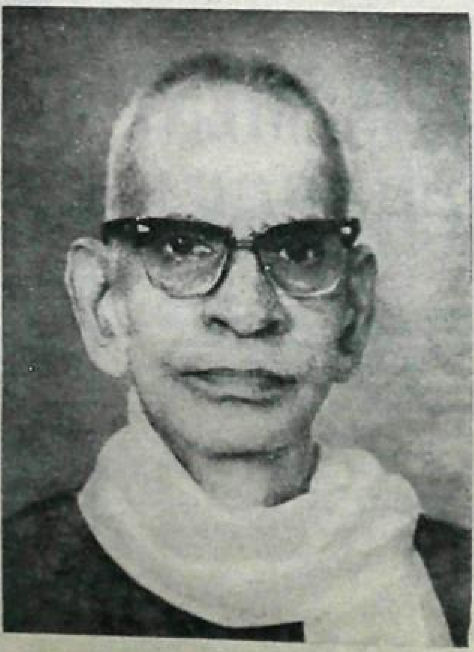


of: a dear-money policy, which makes the use of money more selective and careful; higher taxes, which in a sheltered economy make industry work harder to maintain dividends; increased import duties, which make import-substitution imperative; and so on.

Devaluation is the most important discipline of all, and we have timed it well. It might have been too late a year from now and not so meaningful a year ago. But devaluation is only one step, bold though it is. It must be accompanied by greater freedom for industry from controls and restrictions, liberal imports and discipline in expenditure by the Central Government and the States.

In the ultimate analysis, our success is going to depend on how well we do in agriculture, and there too one sees a greater sense of purpose. After all, lifting an economy of nearly 500 million people in a few generations out of the stagnation of centuries is no easy task. It requires of its leaders and executives much confidence and courage.

by M. VENKATARANGAIYA



1. Devaluation is a cruel necessity. There is no question of either approving or disapproving of it. It is the penalty we have to pay for living beyond our means and for the ambitious economic projects we have started. We had neither the capital required for these nor the public spirit and honesty necessary to manage them efficiently. All this reduced us to a position of extreme dependence on foreign aid. Our foreign creditors—and especially the United States—found that we had not been making good use of what they had lent to us and that if things continued like this they would not be in a position to get the interest on their loans to us and much less the principal. They therefore brought pressure on us to devalue the rupee and we had to yield to it, since our economy could not be maintained without further aid from them. Devaluation is thus a recognition that we are no longer free in economic matters and that foreign creditors have obtained control over our economy. We have to blame ourselves for this loss of economic independence.

2. There might have been several economic alternatives to devaluation but, as pointed out above, we have lost the freedom to choose This is the tragedy of the whole situation.

3. To counter the inflationary pressures implicit in a policy of devaluation many steps have to be taken. Among them are:

a. We should stop all further deficit financing and learn to live within our means.

b. We should not start projects which do not yield quick returns. We should complete the long-term projects which we have already started in as short a period as possible.

c. We should put a stop to all unproductive expenditure. The Government has to do this as well as the public. Expenditure on administration has grown to enormous proportions in recent years, but it has not resulted in better work. There is more idleness now. Retrenchment should be practised. The public also must learn to lead a more austere life. We have become an extravagant nation. We spend too much on luxuries. Our expenditure on display, marriages, festivals, etc., continues to be high.

d. There must be an end to corruption, which has been on the increase since we became independent. Fifty per cent. of what the Government spends goes into the pockets of officials, contractors, politicians and middlemen of other kinds; only the remaining 50% yields a return. This is one of the causes of inflation. We are a nation of self-seekers. Even those who manage co-operative societies, social service institutions and, indeed, religious and charitable endowments misappropriate funds. This is the rule, and the exceptions are few. The crisis we are facing is a moral crisis. This has much to do with inflationary pressures. Unless the crisis is overcome, the co-operative stores which the Government wants to start to keep down prices will not achieve their objective.

e. The public-sector industries have not been bringing any returns. The Government should therefore reduce their number and give more encouragement to the private sector.

4. At present our economy is weak. This is the result of too much Government interference. All private initiative has been killed. There must be a reversal of Governmental policy if the economy is to gain in strength.

by MAURICE ZINKIN

1. The exchange value of a currency is a price like any other. When it gets too high, the sensible thing is to cut it. National prestige should have nothing to do with it. The question, therefore, is whether the price of the rupee was too high. It looks as if it was. Import duties were very high, import licensing was very tight, export incentives were large. Devaluation restores some freedom to the economy and some elbow-room to the Government. Incidentally, it considerably reduces the cost to India of its profit remittances abroad, largely at the cost of the U.K., and the value of rupee funds held in India by foreign Governments, largely at the cost of the U.S. and the U.S.S.R.

2. Does not arise.

3. Devaluation as such should not produce large inflationary pressures. India's imports are a quite small percentage of its national income. Greater freedom in importing should lead both to economies from the fuller use of capacity and to lower scarcity profits for importers. Provided this greater freedom eventuates, devaluation by itself should not produce a bigger increase in prices than 5-7½%. It will only produce more if it is followed by other, separate decisions, *e.g.*, raising the floor price for foodgrains.

4. The great strength of the Indian economy is that the politicians are democratic, the civil service more competent than most, there is a new generation of competent technicians and business men coming up, and the Government is beginning to push family-planning. The weaknesses are the relation of population to resources, the rapid growth of population, and a certain number of inappropriate social attitudes, *e.g.*, the value placed on gold, and expenditure on weddings.

मानव प्रतिष्ठा का रक्षक—

उदारता या समाजवाद

श्री मीनू मसानी, एम० पी०

(महामन्त्री अखिल भारतीय स्वतन्त्र पार्टी)

श्री मीनू मसानी

(मानव की प्रतिष्ठा का मूलरूप स्वतंत्र चेतनाओं में निहित है। विकोसोन्मुखी प्रतिभा का जनमास के कल्याण के लिए तभी उपभोग हो सकता है जब उसमें प्रतिद्वन्दात्मक प्रतिस्पर्धा हो और प्रतिस्पर्धा उदारतावाद में ही सम्भव है। कुछ लोगों की धारणा है कि उदारतावाद का अभ्युदय समाजवाद से पूर्व हुआ इसलिये उसका अन्त भी पहले होगा। प्रसिद्ध अर्थशास्त्री श्री मीनू मसानी ने प्रस्तुत लेख में इस तथ्य को स्पष्ट करने का सफल प्रयास किया है। उनकी धारणा है कि उदारतावाद मानव प्राणी की आत्मिक चेतना है जबकि समाजवाद राजशाही के हाथ की नंगी तलवार है जो सदैव मानव प्रतिष्ठा का बध करती है और सत्ताके लोलुपी राक्षसी वृति वाले लोंगों के ख्वात्री जाम जनता के खून से भरती है। उदारतावाद ही मानव कल्याण का सर्वमान्य मंत्र है श्री मसानी ने इसी बात को सिद्ध करने की कोशिश की है।

—सम्पादक

मैं अपने से ही शुरू करूंगा। १९३४ में मैंने अपना कार्य भारत में शुरू किया। श्री जयप्रकाश नारायण व अन्य साथियों के साथ कांग्रेस सोशलिस्ट पार्टी का गठन किया ६ वर्ष के बाद श्री राजगोपालाचारी के साथ स्वतंत्र पार्टी का निर्माण किया जोकि स्वतंत्रता को प्राथमिकता देती है जिसके सिद्धान्त समाजवादी पार्टी से भिन्न है। इस प्रकार एक पूर्व समाजवादी ने स्वतंत्र पार्टी का गठन ही नहीं किया बल्कि पूर्व साथी समाजवादी नेता ने १९५९ में निर्माण के समय आशीर्वाद भी दिया कि भारत के लिए इसकी परमावश्यकता थी।

जब मैं कट्टर समाजवादी बनकर लन्दन गया तो वहां मेरी एक कन्जरवेटिव संसद सदस्य से मुलाकात हुई जोकि मेरे पिता के काफी गहरे दोस्त थे। उन्होंने एक दिन मुझे भोजन पर बुलाया। भोजन करते समय अनायास ही उन्होंने पूछा, "नवयुवक, आपकी राजनैतिक रुचि क्या है? मैंने उत्तर दिया कि श्रीमानजी मैं कट्टर समाजवादी हूं। उन्होंने मेरी पीठ थपथपाई और कहा, "बहुत अच्छा बेटा! आप जैसी उम्र वाले से यही उम्मीद की जा सकती है। यह एक उसूल है कि यदि आप २१ वर्ष की उम्र में समाजवादी नहीं है तो इसका मतलब आपके दिल नहीं है। यदि ४१ वर्ष की उम्र में भी आप समाजवादी है तो इसका तात्पर्य है कि आपका मानसिक दिवाला निकल गया है। यह बड़ा दिलचस्प प्रसंग है। ४१ वर्ष की उम्र में "समाजवाद पर पुनर्विचार" पुस्तक लिखी। जिसमें मैंने समाजवाद की निन्दा की है और स्वतंत्र विचारों में और गांधीजी की मान्यताओं में आस्था प्रकट की है। मुझे याद है कि वह अंग्रेज कितना तर्कपूर्ण एवं दूरदर्शी था, जिसकी मृत्यु हो चुकी थी।

संक्षेप में मैं और श्री जयप्रकाश नारायण के समाजवाद से अलग होने के दो पहलुओं पर प्रकाश डालूंगा। सर्व प्रथम कारण सोवियत संघ की असफलता जिसके लिए अक्तूबर क्रांति के साये में नरसंहार हुआ था।

रूस के अन्दर समाजवादी प्रयोग की असफलता ने मेरे विचारों में उथल-पुथल मचा दी और जयप्रकाश बाबू के साथ अन्य किसी उपयोगी विचारधारा की खोज करने लगा। अन्त में उदारवाद सिद्धान्तों में आशा की किरण नजर आई, हालांकि हम विरोध करते थे।

समाजवाद से विलग होने का दूसरा प्रमुख पक्ष गांधीजी के कार्य थे। जब हम लोगों का उनसे सम्पर्क हुआ उस समय हम समाजवादी थे इसीलिए उनसे सालों संघर्ष भी चलता रहा।

साध्य और साधन

गांधीजी ने मूल रूप से हमें दो शिक्षायें दीं। साधन और साध्य में बड़ा निकट सम्बन्ध है। आप बुरे तरीके अपना कर अच्छे समाज की स्थापना नहीं कर सकते और किसी अच्छे काम को पूरा करने के लिए अपनाए गये बुरे तरीके अच्छे नहीं कहे जा सकते। जब हम बुरे तरीके अख्तियार करते हैं तो हमारे उद्देश्य भी दूषित हो जाते हैं। दूसरे शब्दों में रूस का उदाहरण हमारे सामने है जो यह प्रमाणित करता है कि जुल्म करके और झूठ बोलकर भ्रातृ समाज की रचना नहीं की जा सकती, रूस के शासकों स्टालिन, मोलोतोव, विशिन्स्की, ख्रुश्चोव को देखने से पता चलेगा कि रूस में भ्रातृ भाव नहीं है। वे भ्रातृ भावपूर्ण स्वतंत्र तथा समतापूर्ण समाज के प्रवर्तक दिखाई नहीं देते।

स्वतंत्र और शासन

गांधीजी ने दूसरी शिक्षा यह दी है कि बीसवीं सदी में शासन और स्वतन्त्रता में गहरी मित्रता नहीं रही और मानवीय स्वतंत्रता को सबसे बड़ा खतरा शासन से ही है। यही बात गांधीजी ने अनेकों बार अलग-अलग तरीकों से कही कि शासन की हिंसा से क्रूर और कोई हिंसा नहीं होती। अन्य हर प्रकार की हिंसा को क्षमा किया जा सकता है, समझा जा सकता है और नियंत्रण में लाया जा सकता है परन्तु जब स्वयं शासन ही जनता पर अत्याचार करने लगे और हिंसा का उपयोग करने लगे तो वह हिंसा का सबसे घटिया स्वरूप होता है।

गांधीजी ने किसी भी पद्धति की एक ही परख बताई। उन्होंने कहा कि 'मैं आपको एक टेलिस्मैन देता हूं। जब भी आपको शंका हो तो आप यह परीक्षा करें, किसी दुर्बलतम और निर्धनतम व्यक्ति को स्मरण करके यह विचार करें कि आप जो कार्य करने जा रहे हैं इससे उसको क्या फायदा होगा? क्या उसे इससे कुछ मिलेगा? क्या इससे वह अपने जीवन और भाग्य को वश में कर सकेगा? तात्पर्य यह कि गांधीजी की गरीबों से हमदर्दी थी और प्रत्येक 'वाद' और पद्धति को वह इसी कसौटी पर परखते थे। निम्नतम कोटि के व्यक्ति को इससे क्या लाभ होगा? मेरी राय में सभी उदारचित व्यक्ति इस कसौटी को स्वीकार करते हैं।

उड़ीसा में १९३४ में "हरिजन यात्रा" के समय में गांधीजी के साथ दस दिन रहा। इससे ठीक पहले मैंने अपने साथियों के सहयोग से कांग्रेस समाजवादी दल की स्थापना की थी और मैंने गांधीजी को समाजवादी बनाने का बड़ा यत्न किया। दस दिन के बाद न तो मैं उनके विचार बदल सका और न ही वह मुझे परिवर्तित कर सके। मुझे उनके व्यक्तित्व में बड़ी दिलचस्पी महसूस हुई। परन्तु ऐसा लगा कि वे समय के अनुकूल नहीं हैं।

यूगोस्लाविया का चित्रण

इक्कीस वर्ष बाद १९५५ में मैं यूगोस्लाविया गया जोकि एक साम्यवादी देश है और मैंने वहां के साम्यवादियों को राष्ट्रीयकरण और शासकीय पूंजीवाद की, जोकि रूस में प्रचलित थे, निन्दा करते सुना। मैंने उनसे विकेन्द्रीकरण तथा श्रमिकों द्वारा नियंत्रण की प्रशंसा सुनी तो मैंने उन्हें बताया कि "आज से बीस वर्ष पहले गांधीजी ने मुझसे यही कहा था तो मैंने उन्हें प्रतिक्रियावादी माना था।" गांधीजी की यह धारणा शतप्रतिशत सही थी कि सबसे अच्छी शासन व्यवस्था वही है जो जन-जीवन में कम से कम दखल दे।

समाजवाद की परिभाषा में हमें सुधार करना होगा। हमें यह सोचना होगा कि समाजवादी तरीकों से क्या समाजवाद के लक्ष्य प्राप्त हो सकते हैं। मान लो हम सब दरिद्रता को दूर करना चाहते हैं, विषमताओं का अन्त करना चाहते हैं और जनता को स्वतन्त्र और प्रसन्न देखना चाहते हैं। उदारतावाद के मूल तत्व यही हैं।

स्वतंत्र और समान समाज

अब हमें देखना यह है कि समाजवाद किसे कहते हैं। इसका स्पष्ट वर्णन लेनिन ने "स्वतन्त्र और समतापूर्ण समाज" किया था। उद्देश्य तो ठीक है। मैं अब भी मानता हूं कि अन्तिम उद्देश्य यही होना चाहिए। आक्सफोर्ड शब्दकोष के अनुसार समाजवाद के तौर तरीकों का वर्णन इस प्रकार किया है, व्यक्तिगत "स्वतन्त्रता की अपेक्षा समूह के हित को अधिक महत्व दिया जायेगा जिसका अर्थ यह निकलता है कि समस्त भूमि और पूंजी पर शासन का अधिकार होगा।" ब्रिटिश मजदूर पार्टी का उद्देश्य "उत्पादन, वितरण तथा विनिमय के साधनों का राष्ट्रीयकरण" है जिसका परिणाम यही है कि उद्योग, व्यापार, बैंकों तथा भूमि की मालिक सरकार है।

अब हमें यह देखना है कि जहां पर समाजवादी तरीकों पर अमल किया गया वहां समाजवादी लक्ष्यों को किस हद तक बढ़ावा मिला। अर्थात उद्योग, व्यापार तथा भूमि की मालिक अगर सरकार हो तो इससे स्वतन्त्र और समतापूर्ण समाज की स्थापना में किस हद तक सहायता मिलती है?

सिर्फ साम्यवादी देशों में ही समाजवाद का पूरी तरह परीक्षण किया गया है। कुछ देश ऐसे भी हैं, जिनकी चर्चा बाद में की जायेगी, जहां पर कुछ समय के लिए समाजवादी शासन हुआ, परन्तु प्रतियोगितापूर्ण स्वतन्त्र व्यापार भी वहां साथ-साथ रहा जिसे "पूंजीवाद" कहते हैं। सोवियत संघ, चीन और पूर्वी योरुप के गुलाम देशों में ही समाजवाद की पूरी आजमाइश की गई है। सबसे पहले हम रूस को लेते हैं क्योंकि वहां यह प्रयोग ४८ वर्ष से किया जा रहा है

ग्रौर यह साम्यवादी जनता का नेता ग्रौर साम्यवाद की जन्म भूमि है। समाजवाद या साम्यवाद के तरीके ४८ वर्ष तक ग्रमल में लाने का नतीजा क्या है ? वहां की स्थिति का कुछ ब्योरा यह है।

रूस में समाजवाद

सोवियत संघ में गत ४८ वर्ष में रहन-सहन में जो सुधार हुग्रा वह संसार में निम्नतम है। कोलिन क्लार्क तथा ग्रन्य ग्रर्थ-शास्त्रियों ने ग्रांकड़े बताए हैं जिससे पता चलता है कि सोवियत संघ की ग्रपेक्षा संसार के ग्रन्य देशों की जनता का रहन-सहन ग्रधिक तेजी के साथ बढ़ा है। क्रांति इस उद्देश्य से की गई थी कि लोगों के रहन-सहन में सुधार हो लेकिन वास्तव में उसका नतीजा बिल्कुल उलट निकला ग्रौर यहां पूजीवादा देशों के समान भी प्रगति नहीं हो सकी।

इसको तो साधारण वस्तुग्रों जैसे कि मकान, वस्त्र, भोजन ग्रौर उन चीजों को देखकर मापा जा सकता है जो लोग इस्तेमाल करते हैं। रूस में मकान बहुत ही भद्दे होते हैं। ग्राजकल भी सारे परिवार को कई बार एक कमरे में रहना पड़ता है। वस्त्र बड़े घटिया पहने जाते हैं। सोवियत राजनयिक तथा तकनीकी कर्मचारी भारत से वापिस जाते समय ग्राधे दर्जन सूट ग्रौर जूते ग्रपने साथ ले जाते हैं जिन पर वहां जाकर काफी मुनाफा मिल जाता है। वस्त्र ग्रौर जूतों का काला बाजार होता है।

सामान बहुत घटिया किस्म का होता है। श्री ख्रुश्चेव में यह गुण था कि वह स्पष्टवादी थे इसलिए ग्रक्सर वह मजाक में कहा करते थे कि रूस की उपभोग वस्तुएं बहुत घटिया किस्म की होती है। लगभग तीन चार वर्ष की बात है जब श्री ख्रुश्चेव सत्तारूढ़ थे एक भोज में एक महिला ग्रपना मीनूकार्ड ग्रौर बाल पैन लेकर श्री ख्रुश्चेव के हस्ताक्षर प्राप्त करने के लिए पहुंची। श्री ख्रुश्चेव ने दो-तीन बार उस बाल पैन से लिखने की कोशिश की, परन्तु व्यर्थ। ग्राखिर उन्होंने उस महिला की ग्रोर एक वक्र दृष्टि से देखा मानो उसीने वह बाल पैन बनाया हो ग्रपनी जेब से उन्होंने बाल पैन निकाला ग्रौर हस्ताक्षर कर दिए। साथ ही यह कहा कि यह *निगोड़ा ग्रमरीकी* पैन है इसलिए ठीक काम करता है।"

सोवियत समाजवाद की सबसे बड़ी ग्रसफलता कृषि के क्षेत्र में हुई जिसका हम भारतबासियों से योरुप के लोगों की तुलना में ग्रधिक सम्बन्ध है। ग्रगर खाद्य तथा कृषि संगठन द्वारा प्रकाशित सामग्री को पढ़ा जाये तो पता चलता है कि ग्रनाज तथा ग्रन्य कृषक वस्तुग्रों की प्रति एकड़ पैदावार रूस तथा चीन में संसार के देशों में निम्नतम है। विशेषकर गेहूं ग्रौर चावल तो रूस में प्रति एकड़ बहुत ही कम पैदा होता है।

इस्पात

सोवियत संघ की एक बड़ी भारी सफलता यह है कि उसने इस्पात का उत्पादन बहुत ग्रधिक किया है। ग्रार्थिक क्षेत्र में उसकी यह सबसे बड़ी सफलता है। इस्पात ग्रौर मशीनें उन्होंने खूब तैयार की है क्योंकि इस *क्षेत्र में उन्होंने सैनिक स्तर पर कार्य किया।* वह संसार पर छा जाना चाहते थे इसलिए उन्होंने इस्पात तैयार किया जिससे टैंक ग्रौर जेट विमान बनते हैं। ग्राकाश कार्यक्रम में भी उनका मुकाबला कोई नहीं कर पाया है।

चांद पर ग्रादमी

ग्रब रूस के लोग इसमें दुख महसूस करने लगे है कि ग्राकाश कार्यक्रमों तथा सैन्यकरण पर जितना धन व्यय होता है वह वास्तव में उन्हें ग्रौर उनके बच्चों को मिलना चाहिये जिनसे उनकी जरूरतें पूरी हो, उनके इस विवाद की ग्रभिव्यक्ति हास्य कथाग्रों में होती है क्योकि सरकार की ग्रालोचना करने का एक मात्र साधन यही है।

जब श्री गागारिन ग्रपनी ग्राकाश यात्रा से लौटे तो सारे जगत में बड़े उत्साह का वातावरण था उस समय रूसी लोगों ने एक कहनी सुनाई। एक विदेशी संवाददाता श्री गागरिन की सफल यात्रा के पश्चात उनसे भेंट करने उनके घर पर गए। किवाड़ खट-खटाया तो उनकी नन्ही सुपुत्री बाहर ग्राई संवाददाता ने पूछा "क्या मैं तुम्हारे पिता से मिल सकता हूं।" लड़की ने उत्तर दिया कि "वह तो ग्राकाश यात्रा पर चले गये ? कब तक लौटेंगे ? लड़की ने कहा चार घंटे में। "ग्रच्छा तब तक में तुम्हारी माता से बातचीत करता हूं" "वह भी घर पर नहीं। वह डबल रोटी लेन गई हैं ग्रौर ग्राठ घंटे में लौटेंगी क्योंकि वह लाइन में लगी हुई है।

समानता कहां ?

समाजवाद का दूसरा दावा समानता है। ग्रगर हम उन्नति नहीं करते तो कोई हर्ज नहीं, लेकिन हम सब समान तो हैं। इस विषय में भी हमें जो ग्राशायें थी वे पूरी नहीं हुई विशेषकर यह कि समाजवाद समानता तो लायेगा।

पूंजीवादी देशों की तुलना में सोवियत संघ में विषमतायें ग्रधिक प्रखर हैं। श्रमिक ग्रौर प्रबन्धक शासक तथा शासित में वहां जितना ग्रन्तर है उतना संसार के ग्रन्य देशों में नहीं है। उदाहरण के तौर पर ग्रमरीका में ग्रत्यन्त होशियार तथा कम होशियार श्रमिक के पारिश्रमिक में $2\frac{1}{2}$: 1 का ग्रनुपात है, प्रवीण श्रमिक को ग्रधिक से ग्रधिक ग्रप्रवीण श्रमिक की मजदूरी का ढाई गुणा मिलता है लेकिन भारत में यह ग्रनुपात २५:१ है। सभी चाहते हैं कि यह ग्रंतर कम हो। सोवियत संघ में भी गत दो दशकों से ऐसे व्यक्ति चले ग्रा रहे है जिनके पास सरकारी बांडों के रूप में लाखों रूबल है। इन लोगों को रूसी लखपति कहा जाता है।

बड़ी दिलचस्प बात यह है कि उन पर टैक्स नहीं लगाया जाता। भारत में उच्चतम

आयकर तथा सम्पत्ति कर १०० प्रतिशत से भी अधिक टैक्स है। आपकी पूंजी और आय दोनों पर टैक्स लगता है। सम्पत्ति कर और आयकर का जोड़ आपकी आय से अधिक हो सकता है। संसद में मैंने यह सुझाव दिया था कि स्वीडन की भांति इसे ८० प्रतिशत तक सीमित रखा जाये परन्तु हमारी वर्तमान समाजवादी सरकार ने इसे अस्वीकृत कर दिया। सोवियत संघ में अमीर और गरीब के लिए आयकर की समान दर १३ प्रतिशत है। आप चाहे लखपति हों या मजदूर आपको अपनी आय का १३ प्रतिशत टैक्स के रूप में देना होगा। कोई भी पूंजीवादी देश इसको पसन्द नहीं करेगा लेकिन रूस में इसे ही साम्यवाद माना जाता है।

बड़ी विचित्र बात यह है कि रूस में उत्तराधिकार कर नहीं लगाया गया है। पहले यह लगाया गया था परन्तु बाद में हटा दिया गया। अर्थात् यदि कोई व्यक्ति अपने बच्चों के लिए लाखों रूबल छोड़ जाता है तो वे सारे के सारे उसकी औलाद को मिल जाते हैं। इससे पता चलता है कि रूस में समता नहीं अपितु घोर असमानतायें तथा विषमतायें है। इसीलिए यूगोस्लाविया के साम्यवादी भूतपूर्व उपराष्ट्रपति ने एक पुस्तक लिखी जिसका नाम था 'दि न्यू क्लास' (नया वर्ग) जिसमें उन्होंने बताया कि समाजवाद का नारा लगाकर किस प्रकार रूस के शासक, कमिश्नर, राजकीय उपक्रमों के प्रबन्धकों तथा बड़े बड़े जरनैल जो इस नये वर्ग में शामिल हैं किसानों का शोषण करते रहे हैं। हालांकि वे हर वक्त साम्यवाद तथा समाजवाद की ही चर्चा करते हैं।

इसका तात्पर्य यह है कि यह जरूरी नहीं कि समाजवाद से समृद्धि हो। क्या इससे स्वतन्त्रता मिलती है? कदापि नहीं। समाजवादी देशों में सबसे बड़ी बुराई यही होती है कि वहां पर स्वतन्त्रता नहीं रहती। लेनिन एक महान पुरुष थे लेकिन वह सही मार्ग से भटके हुए आदर्शवादी थे। उनका विचार था कि अल्पकालिक तानाशाही के बाद साम्यवादी दल जनता को स्वाधीनता प्रदान कर देगा। हममें से कुछ लोग इसी की प्रतीक्षा में थे कि कब यह प्रवर्तन आरम्भ हो। परन्तु सोवियत संघ अथवा अन्य किसी साम्यवादी देश में इसके आसार दिखाई नहीं दिये। एकाधिकारपूर्ण सत्ता को शासन बड़ी मजबूती से अपने हाथ में थामे हुए है। लियान ट्राटस्की, जो एक महान साम्यवादी थे, ने सोवियत संघ के बारे में कहा था कि पुरानी कहावत जो परिश्रम नहीं करता, उसे भोजन नहीं मिलेगा 'बदलकर' जो आज्ञा नहीं मानता उसे भोजन नहीं मिलेगा हो गई है।

स्वायत्तशासी सामाजिक शक्तियों का महत्त्व

इटली के एक दार्शनिक बेनेडटो क्रोस ने बहुत समय पहले अनुमान लगा लिया था, उन्होंने कहा था कि जिस देश में "स्वायत्तशासी सामाजिक शक्तियां" नहीं होगी वहां स्वाधीनता नहीं रह सकती। स्वायत्तशासी सामाजिक शक्तियों से उनका अभिप्राय उन लोगों से था जिनके अपने कारखाने हों, जो अपनी दुकानों के मालिक हों, जो अपनी भूमि के स्वयं मालिक हों, जो स्वतन्त्रता से वकालत, डाक्टरी, इंजीनियरी आदि का व्यवसाय चला सकें, दूसरे शब्दों में जब हर कोई सरकार का ही नौकर होगा तो स्वतन्त्रता कहां होगी और लोकतन्त्र कहां रहेगा क्योंकि सरकार की आलोचना कोई नहीं कर सकेगा। किसान एक सरकारी कर्मचारी के सामने सीनातान कर तभी खड़ा हो सकता है जब वह अपनी जमीन का मालिक हो लेकिन जब स्वतन्त्र दुकानदार, व्यापारी और व्यवसायी नहीं होंगे तो वह देश गुलाम हो जायेगा।

भारत के अर्द्ध समाजवादी समाज में क्या होता रहा है। गत पन्द्रह वर्ष से हम समाजवादी तरीकों का अभ्यास करते आ रहे हैं। लेकिन आज हमारी हालत कितनी खराब हो चुकी है? यह देखने के लिए रूस जाने की जरूरत नहीं कि समाजवाद के प्रथम परिणाम क्या हैं? हम पहले से अधिक समृद्धिशाली नहीं हैं। १९४७ में हमारी जो हालत थी उससे अब अच्छी नहीं है। आज भी रहन सहन वही है जो अंग्रेजों के यहां से जाने पर था। कुछ वर्गों की हालत सुधरी है तो कुछ की और भी खराब हो गई है।

सरकार भी इस बात को मानती है कि गांव में खेतीहर मजदूर और भूमिहीन मजदूर की असल आय गत पन्द्रह वर्ष में कम हो गई है। अंग्रेजों के समय में वह जितना धन घर ले जाता था उतना अब नहीं ले जाता। मंहगाई भत्ते के कारण औद्योगिक श्रमिक की आय में कोई कमी बेशी नहीं हुई है। मध्यम वर्ग के बारे में जानकारी रखने वाले लोगों को मालूम है कि गत पन्द्रह साल में इनका रहन-सहन बहुत गिर गया है। सच तो यह है कि भारत में मध्यम वर्ग बिल्कुल खत्म हो रहा है। **समाजवाद का सबसे बड़ा शिकार निम्न मध्यम वर्ग अर्थात कम आय वाला शिक्षित व्यक्ति, क्लर्क स्कूल मास्टर और दुकानदार है।**

मिलीजुली अर्थ-व्यवस्था में नया वर्ग

आखिर फायदा किसे हुआ? अगर मध्यम वर्ग, औद्योगिक श्रमिक, भूमिहीन श्रमिक सबको नुकसान हुआ है तो आखिर फायदा किसे हुआ? उत्तर यह है कि कुछ गिने-चुने लोगों को फायदा पहुँचा है क्योंकि हमारे यहां मिली-जुली अर्थव्यवस्था है और मिला-जुला नया वर्ग। वे सब कर्मचारी नहीं हैं कुछ एक व्यापारी भी हैं। वे तथाकथित समाजवादी नियंत्रित अर्थव्यवस्था के जरिये जिसमें उन्हें संरक्षण प्रदान किया जाता है, मुनाफे के भागीदार बनते हैं। यदि मेरे हाथ में सत्ता है तो मैं किसी व्यक्ति को कोई ऐसी वस्तु बनाने का लाइसेंस दे देता हूं जो किसी अन्य व्यक्ति को बनाने की इजाजत नहीं है। इसके बदले में वह १० या

२० प्रतिशत मुनाफा मुझे दे देता है। इस प्रकार के राजनीतिक पक्षपात से बेईमान राजनीतिज्ञ, कर्मचारी तथा व्यापारी शोषकों का नया वर्ग बना लेते हैं। जो पुरानी व्यवस्था का स्थान ले लेता है।

समाजवाद के समर्थक स्वयं इस बात को स्वीकार करते हैं कि एक पचवर्षीय योजना पूरी होने के बाद विषमतायें और भी उग्र रूप धारण कर लेती हैं जिनके कारण मैं ऊपर बता चुका हूं।

मजदूरों की दयनीय दशा

सामाजवाद का नाम सुनकर श्रमिक आज से पन्द्रह वर्ष पूर्व जितने खुश होते थे उतने आज नहीं होते। उन दिनों हर मजदूर संघ का नेता चाहता था कि उसके उद्योग का राष्ट्रीयकरण हो जाये क्योंकि उसकी धारणा यह होती थी कि पूंजीवाद प्रतिक्रियावादी और समाजवाद प्रगतिशील होगा। ४ जुलाई १९६४ को रिजर्व बैंक यूनियन, जो कि एक बहुत बड़ा कर्मचारी संघ है, ने पहली बार राष्ट्रीयकरण का विरोध करते हुए एक प्रस्ताव पास किया। 'यह संघ बैंकों के राष्ट्रीयकरण का विरोध करता है क्योंकि अनुभव से पता चलता है कि राष्ट्रीयकरण से कर्मचारी का कल्याण और लाभ नहीं होगा।'

स्थिति की सबसे अच्छी व्याख्या श्री नेहरू की थी। बड़ी मजे की बात है कि श्री नेहरू ने अपना निर्णय भारत में नहीं वरन एक अन्य देश में दिया। १९५९ में श्री नेहरू नेपाल की राजधानी काठमाडू में थे। उन्होंने एक सार्वजनिक सभा में भाषण देते समय जो कुछ कहा उसका सारांश यह था कि "यदि कोई गरीब देश समाजवाद को अपनाता है तो वह देश सदा गरीब ही रहेगा।"

उदारता का रास्ता

इसका विकल्प उदारतावाद का मार्ग है। अगर समाजवाद से वे लाभ नहीं होते जो हमने सोचे थे अर्थात इससे अधिक स्वतन्त्र और समतापूर्ण समाज की रचना नहीं होती तो क्या इसका विकल्प उदारतावाद हो सकता है?

उदारतावाद की परिभाषा क्या है? ब्रिटेन के प्रसिद्ध उदार विचारक श्री हाबहाउस ने 'लिबरलिज्म' नामक अपनी पुस्तक में लिखा है कि "उदारतावाद इस धारणा को कहते हैं जिसमें समाज की नींव व्यक्तित्व की आत्म-निर्देशक शक्ति पर रखी जा सकती है। इसी नींव पर एक सच्चे समुदाय का निर्माण किया जा सकता है। इस व्यवस्था में स्वाधीनता एक व्यक्ति का अधिकार ही नहीं वरन् समाज का एक अभिन्न अंग बन जाती है। हाल ही में इंगलैंड में प्रकाशित एक लेख में प्रो० परकिमन ने लिखा कि स्वतन्त्रता और राजनीतिक उत्तरदायित्व के सम्बन्ध में ही उदारता दिखाने को उदार नीति कहा जा सकता है।

उदारतावाद की ये दो अच्छी परिभाषायें हैं। इनका सम्बन्ध समाज कल्याण अथवा सामाजिक न्याय के साथ कैसे जोड़ा जाये जिनसे हमारा विशेष ताल्लुक है। अर्थ-व्यवस्था पर उन्हें लागू करने का अर्थ अबाध अर्थव्यवस्था होगा। संसार में अबाध अर्थ-व्यवस्था के अनेकों स्वरूप हैं परन्तु उन सब में एक लक्षण मौजूद हैं वह यह कि सरकार का दखल बड़ा सीमित होता है। सामाजिक नियंत्रण और विनियमन तो आवश्यक है परन्तु वे सीमित होने चाहिये।

उपभोक्ता प्रमुख

अबाध अर्थ व्यवस्था का एक लक्षण यह है कि उपभोक्ता को प्रमुख माना जाए। हम सभी उपभोक्ता हैं क्योंकि सब कुछ न कुछ अवश्य खरीदते हैं। देश में उन वस्तुओं का उपत्पादन होना चाहिए जिनकी उपभोक्ता को जरूरत है, जिनका मूल्य देने को तैयार है। देश में क्या वस्तुएं बनें यह सरकार योजना आयोग या किसी अन्य व्यक्ति विशेष को नहीं बल्कि स्वयं जनता को तय करना चाहिए जिसे वह बाजार में मांग प्रस्तुत करके व्यक्त करते हैं। आप अपनी जरूरत को किसी समय बदल सकते हैं। आज आप एक किस्म का साबुन खरीदते हैं तो कल किसी दूसरी किस्म का खरीद सकते हैं।

एक साधारण व्यक्ति, जिसकी जेब में चाहे एक हजार रुपये हों उसके चयन का उत्पादन पर क्या प्रभाव पड़ना है? इसका मुख्य उद्देश्य लाभ होता है जिसका अर्थशास्त्र के महत्वपूर्ण सिद्धान्त मांग और पूर्ति से गहरा सम्बन्ध है। उद्योगपति या व्यापारी शौक के लिए कोई वस्तु नहीं बनाते। उनका उद्देश्य तो लाभ कमाना है। जब मांग पूर्ति से बढ़ जाती है तो लाभ मिलता है क्योंकि उस अवस्था में मूल्य बढ़ जाते हैं। लेकिन जब पूर्ति मांग से बढ जाता है तब मूल्य गिर जाते हैं।

बड़े से बड़े पूंजीपति को सोचना पड़ता है कि छोटे से छोटा आदमी बाजार में किस वस्तु की मांग करेगा। इसी से उपभोक्ता प्रमुख बन जाता है। और इसी को आबाद अर्थ व्यवस्था कहते हैं। समाजवाद के प्रतिकूल यह उदार अर्थव्यवस्था है। समाजवाद में तो यह होता है कि मास्को या दिल्ली में बैठे 5 या 10 या 15 व्यक्ति यह तय करते हैं कि लोगों को क्या खरीदना होगा। यह बात मास्को में शत-प्रतिशत और दिल्ली में 40 प्रतिशत सही है। एकतरफा ढंग से चुना गया राष्ट्रीय योजना आयोग अपने आपको भगवान मान लेता है। वह तय करता है कि आप क्या और किस मूल्य पर खरीदेंगे। दूसरी ओर उदार अर्थव्यवस्था में लोग अपनी जरूरत के अनुसार तय करते हैं। कि क्या उन्हें बनाना चाहिए। साम्यवादी देशों को छोड़कर संसार के अन्य सभी देशों में किसी न किसी रूप में यही व्यवस्था है।

उदार सिद्धान्त की मान्यता

लिबरल इन्टरनेशनल का घोषणा पत्र जो कई वर्ष पूर्व पास किया गया था अब भी मान्य है क्योंकि उदारतापूर्ण सिद्धान्त हर

पांचवें या दसवें वर्ष बदलते नहीं है। घोषणा पत्र के सिद्धान्तों के कुछ अर्थव्यवस्था से भी सम्बन्ध रखते हैं :—

निजी सम्पत्ति और निजी कारोबार आरम्भ करने का अधिकार, उपभोक्ताओं द्वारा आजादी से वस्तुओं की खरीद, भूमि की उत्पादिता तथा मानवीय परिश्रम का फल पूरी तरह से भोगने के अवसर आर्थिक स्वतंत्रता के नष्ट हो जाने के फलस्वरूप राजनीतिक स्वतंत्रता समाप्त हो जाती है। हम इस प्रकार के दवाव का विरोध करते हैं। चाहे वह सरकारी मिलकीयत अथवा नियंत्रण के जरिये डाला जाए या एका-धिकार, कार्टेल तथा न्यासों के जरिये। सरकार के जरिये में केवल वही उपक्रम होने चाहिये आम नहीं चलाया जा सकता और जिसमें प्रतिस्पर्धा नहीं होती। समुदाय के हित को महत्व दिया जाना चाहिए। और किसी वर्ग विशेष के हित के लिए शक्ति का दुरुपयोग नहीं होना चाहिए।

वास्तव में जो कुछ कहना चाहता हूं उसका सारांश यही है।

इस प्रकार की अबाध अर्थव्यवस्था के उदारण अमरीका में जहां के लोगों के रहन-सहन का स्तर सबसे ऊंचा है और समता है, स्कैंडेनेविया के देशों फ्रांस, पश्चिम जर्मनी, जहां उदार विचार वाले डा० एरहर्ड ने चमत्कार कर दिखलाया, जापान में जो कि एशिया का एकमात्र देश है जिसका स्तर योरुप के बराबर है. आस्ट्रेलिया और न्यूजीलैंड में मिलते हैं।

स्वतंत्र श्रमिक वर्ग

नतीजा यह है कि समाजवादी देशों की अपेक्षा इन देशों की क्रय शक्ति बहुत अधिक है। इस बारे में आंकड़े दिये गये हैं कि एक ही वस्तु को खरीदने के लिए रूस में कितना समय काम करना पड़ता है और अमरीका में कितना समय। इन आंकड़ों को देखकर नतीजा निकाला जा सकता है कि कहां पर वह स्वतंत्र हैं। पिछले वर्ष तक तो यह आंकड़े सही थे और अब भी विशेष परिवर्तन नहीं हुआ होगा कि अमरीका में एक रोटी का मूल्य कमाने के लिए श्रमिक को छः मिनट काम करना पड़ता है जबकि इसी रोटी का मूल्य कमाने के लिये रूस में एक श्रमिक को 36 मिनट परिश्रम करना पड़ता है। एक पौंड मक्खन के लिए अमरीकी श्रमिक को 19 मिनट काम करना पड़ता है और रूसी श्रमिक को साढ़े तीन घंटे जो कि 1:10 का अनुपात है, एक पौंड चीनी के लिए एक अमरीकी श्रमिक तीन मिनट काम करता है और रूसी श्रमिक 45 मिनट 1:18, एक कमीज के लिए अमरीका में $1\frac{1}{4}$ घंटे और रूस में 13 घंटे परिश्रम करना पड़ता है जो कि 1:10 का अनुपात है। इसी प्रकार जूते के लिए 1:10 सूट के लिए 1:11, महिलाओं के जूते के लिए 1:10 और वोदका के लिए 1:5 का अनुपात है।

रूस के मजदूर से तो भारत के मजदूर की हालत अच्छी है क्योंकि एक जूते की जोड़ी या थोड़े वस्त्र के लिए उसे उतने समय काम नहीं करना पड़ता जितना समय रूस के मजदूर को करना पड़ता है। हालांकि भारत को पूंजीवादी कहा जाता है, और रूस समाजवादी है।

इन तथ्यों से स्पष्ट होता है कि समाजवादी उपायों की बजाय उदारतापूर्ण उपायों से समाजवाद की स्थापना जल्दी होती है। आर्थिक स्वतंत्रता अथवा आर्थिक लोकतंत्र ही उदारतापूर्ण उपाय है जिनके जरिए सामाजिक न्याय, समानता, समृद्धि तथा स्वतंत्रता तेजी के साथ प्राप्त होती है बजाय राजकीय पूंजीवाद अथवा शासनवाद के।

उदार लोकतंत्र की ओर

यह बहुत ही अच्छा लक्षण है कि संसार के अधिकतर देश इस बात को महसूस करने लगे हैं। संसार का झुकाव अब साम्यवाद और समाजवाद के प्रतिकूल और उदारतापूर्ण लोकतंत्र की ओर हो रहा है। इसमें कोई आश्चर्य की बात नहीं क्योंकि आखिर मानवीत बुद्धि की ही जीत होती है।

स्वयं साम्यवादी भी समाजवाद से परे होते जा रहे हैं। हालैंड, हंगरी तथा सोवियत में भी वे तानाशाही के अन्तर्गत जितनी जल्दी हो सकता शासनवाद तथा समूहवाद से दूर है हट रहे हैं। प्रोफेसर लिबरमैन की पुस्तकें पढ़ने से यह पता चलता है कि वह भूतकाल के प्रभाव से मुक्त होने का प्रयत्न कर रहे हैं क्योंकि इसी प्रभाव ने रूस के लोगों के रहन-सहन में कोई सुधार नहीं होने दिया। यह बहुत आवश्यक है कि हम नाम को न देखें बल्कि उसके असल तथ्यों को व्यावहारिक दृष्टि से देखें। एक अमरीकी प्रोफेसर ने बहुत ही ठीक कहा है कि हमारे युग में सभी 'वाद' पुराने विषय बन गये हैं।

फिलिपीन में एक महान उदार विचारक कार्लस रोमलो हैं जिन्होंने काफी समय तक संगठन में अपने देश का प्रतिनिधित्व किया। दो तीन वर्ष हुए उन्हें मनीला में फिलिपीन विश्व विद्यालय का प्रधान पद के लिए प्रस्तावित कर दिया गया। 'वाममार्गी' अथवा साम्यवादी छात्रों का एक दल उनके पास गया और उनसे उन्होंने अनुरोध किया कि वह अपनी नीति की घोषणा करें। उनसे पूछा गया "प्रधान महोदय, आप वाम पंथी हैं या दक्षिण पंथी ?" तो कार्लस रोमुलो ने उत्तर दिया कि "मैं प्रगति पथ पर बढ़ रहा हूं।"

नेक और एक बनें - सत्साहित्य का अध्ययन करें - राजनीति समझें 'स्वतन्त्र ज्योति' सदा आपका सही पथ-प्रदर्शन करती रहेगी।