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Arts & Speeches

THE GAMBLER'S LAST THROW

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BY M. R. MASANI, M.P.

ONE of the difficulties in creating a well-drafted Bill is the way in which the most complicated way of carrying out the simplest change is resorted to. There was a gentleman called Heath Robinson whose cartoons were very popular in England. The Heath Robinson cartoons consisted of designing a contraption which would do the simplest thing in the most complicated way with the largest number of operations. The Union Budget is very representative of a Heath Robinson cartoon.

One of our more intelligent journals, *Opinion*, after reading the Budget made the following comment:

"To touch your nose, you don't have to stand on your head, wave your legs in the air, push your arms out to their full extent, then slowly bend the right until the finger at its end comes in contact with your nose; that is, you don't unless you are an exhibitionist and inordinately vain."

The more the administration runs down and the worse gets the administration of our laws, we seem to compensate for this by putting more and more laws on the statute book as if that makes for any kind of good government. The need for flexibility is accepted. Flexibility can be made by amendments, as we see, from week to week. But to say, that, because something has to be flexible, the discretion of drafting tax legislation should be left to the Government of the day in an administrative way is wrong. It is against the principle of "no taxation without representation." It is against the principle that the House of the People alone is given the right under the Constitution to frame taxation measures.

What happens when powers are given to Government? Last year, the Minister came to us and acquired power under section 37 to limit expenditure on advertisements, travel and residential accommodation for corporate enterprises. The House, in its wisdom, last year gave him that power, much against the wishes of some of us. How was that power used?

We all know that, on March 9 this year, suddenly, out of the blue, the Income-Tax (Third Amendment) Rules were published in the Gazette imposing additional taxation on corporate enterprises by the back-door, by taking away the right to deductions which had existed till then. The rules were so outrageous and the protest from the public and the press was so vehement that even the Finance Minister, who is not known to be the most accommodating person in response to public criticism, had to withdraw the rules and agree to have the whole matter re-examined. That was a good thing. We all compliment and congratulate him on the right thing being done. But why should rules be introduced which have to be withdrawn within eight days of their publication? What thought was given to the drafting of these rules or the imposition of these rules? What would have happened if the Minister had not, for once, relented? Production, about which we all show such anxiety, would have gone down in this country. Several industries would have been hit adversely. Our export trade would have been hit by denuding the products which we export of the right to be advertised adequately in our country and to build up a base for export. If these rules are unfortunately reintroduced, even in a modified form, they will have repercussions on foreign capital coming into our country, on collaboration agreements that exist or may come to exist, because nowhere outside the Communist world are people and enterprises prepared to allow Government officials to sit in judgment on their right to decide how much to advertise, where to advertise and what to advertise. Advertisement is a part of the prerogatives of management and nobody else except management can possibly exercise the right to decide to what extent to advertise a particular project. Nowhere outside the Communist world can such tyranny be practised and if we are going to have it, then certainly foreign capital is not going to come to our country where even the right to advertise by spending a part of one's money is denied to one.

Here was an attempt, fortunately abandoned for the moment, to deprive joint stock companies of their judgement in matters entirely within their competence. What would have been the implications on the unemployment problem, which is acute enough in the country? How many thousands of skilled people would have been thrown out of the advertising business, out of newspaper business, out of journalism, out of photography, out of commercial art and copywriting? Was any thought given by the people in the Finance Ministry who frames these rules and made them law?

All this bring to mind a very cogent passage from the book entitled *The New Despotism* published some years ago by Lord Hewart, a high judicial authority

The Lure of Steel

ECONOMIC growth has taken place in the United States, Canada, Japan, Soviet Russia South Africa and Nigeria. Economists have no special insight enabling them to reduce these different historical experiences into straightforward casual relationships between simple economic magnitudes. The economic development has been accompanied, among other things, by a heightened spirit of enterprise, by capital formation, by improvements in production techniques and by improvements in the economic qualities and productive capacity of labour. But it seems impossible to isolate any one of these as the inevitable prime mover in the process of economic development and change. (Bauer and Yamey, The Economic of Underdeveloped Countries, Cambridge University Press, 1957).

Most research in recent years has pointed in the direction of attaching greater importance to human factors in bringing about economic growth, rather than a mechanical application of formulae about capital or natural resources. The human factors which matter in determining whether any particular people is likely to be able to attain economic growth or not are sometimes called the three E's—energy, enterprise and education. Governments can play a substantial part in providing education. Enterprise, with a few exceptions, is something which Governments cannot provide; it is something which must come from individuals, and the best that governments can do is to refrain from taxing or regulating it too severely. As for energy, or the willingness to work hard, this is something which lies deep down in the character of the people, and has little to do with governments, except that this, too can be destroyed by prolonged misgovernment.

The preoccupation with capital, and particularly certain types of capital at that, as the crucial factor in economic development betrays (if we look at it more closely) a profound materialism of outlook. It is not surprising that it is found among Communists, and those who have been influenced by Communism. The late Mr. Nehru made a speech (Quoted in Freedom First Bombay, October 1960) on this subject which was very revealing: "A number of textile mills is not industrialization. It is playing with it. Industrialization is a thing that produces the machines. It is a thing that produces steel."

A slightly hysterical note can be detected, as these costly economic fallacies are propounded. The present writer, at a conference in India in 1961, was asked whether he favoured the building of more steel mills in India. His reply, that this was a problem in comparative religion, was received with sardosic amusement. But this intense preoccupation with the single commodity steel indicates that steel plants are of sufficiently striking and sinister appearence to serve as temples for new materialistic religion. The worship of steel began in Soviet Russia. It is unusual for the leader of a country to change his name still less to change it to 'Steelman', as Stalin did. Now the idea is spreading. As the Washington wits say, any newly developing country has four really urgent needs—a steel mill, a national airline, a six-lane highway and an invitation for the President of the country to address the Washington Press Club.

So for as there is a solid economic idea behind all this muddled and emotional thinking, it is that the country needs to be able to make its own capital equipment. This however implies the further remarkable superstition that much greater profits and monopoly powers arise out of the manufacture of capital equipment than out of the manufacture of consumption goods; which is not the case. Someone should have explainned to Mr. Nehru and all the rest that some of the wealthiest countries, such as Switzerland, do not manufacture steel at all, finding it more economical to import it; and that even large and wealthy industrial countries find that specilisation in the production of compled modern equipment is desirable, and that is better for them to import a substantial proportion of their capital goods. Steel is a particularly bad product to take because technical improvements in engineering are so rapidly reducing the demand for it. Before long, the world is going to be littered with unwanted and obsolete steel mills, built at great sacrifices by poor countries suffering from emotional political leadership, with money which could have done far more good if it had been devoted to other industries.

(Extract from an article entitled "Growthmanship: Fact and Fallacy" by Colin Clark in The Intercollegiate Review January 1965.)

P. T. O.

in the United Kingdom—he was Lord Chief justice at some stage. He worte this book precisely against the efforts of the British Government of that time to take more and more powers of delegated taxation and legislation. This is what he said 30 years ago.

But they are as relevant today about this matter as it was in the case referred to. This relevance is very clear, as the House will see. This is what he said:

"Two main obstacles hamper the beneficent work of the expert. One is the Sovereignty of Parliament and the other is the Rule of Law. A kind of fetish-worship, prevalent among an ignorant public, prevents the destruction of these obstacles. The expert, therefore, must make use of the first in order to frustrate the second." In other words, what he is saying is to make use of Parliament Sovereignty to destroy the Rule of law.

"To this end let him, under Parliamentary forms, clothe himself with despotic power, and then. because the forms *are* Parliamentary, defy the Law Courts. This course will prove tolerably simple if he can: (a) get legislation passed in skeleton form; (b) fill up the gaps with his own rules, orders and regulations; (c) make it difficult or impossible for Parliament to check the said rules, orders and regulations; (d) secure for them the force of statute; (e) make his own decision final: (f) arrange that the fact of his decision shall be conclusive proof of its legality; (g) take power to modify the provisions of statutes; and (h) prevent and avoid sort of appeal to a Court of Law."

On April 22, I had sounded two warnings. I had suggested that the Union Budget, unless it was changed drastically, would do nothing to prevent the collapse of the capital market that already existed and would, in fact, aggravate it. and, secondly, that the Budget would do nothing to stop the drying up of the foreign aid and assistance which, I said, was coming in any event. Now, consider the developments of the past two months, whether those warnings were justified or not. Has the capital market recovered? Or is it in the same state of utter collapse which it was when the Budget was introduced on February 29? It is true that the Finance Ministry has tried to make injections into that dying patient. Those injections are purchases made by governmental agencies like the Life Insurance Corporation and the Unit Trust Corporation. But there is a great deal of difference between genuine saving and investment and these synthetic bolsterings of a dying market. How long can you keep the market alive by these doses and buying for the public, buying for the depositors, buying for those who pay life insurance premia? Is this not playing ducks and drakes with the interests of those who put their money in life insurance? Those who pay their premia expect maximum bonus on an endowment policy. They expect that investment will be undertaken in such a way that they will get the maximum return. Those moneys are not given to the L.I.C. so that Government may juggle on the stock exchange and try to bolster an exchange that has got

"I sounded two warnings . . ."

no life in it. This is gross misuse of the funds of policy-holders in our country where, unfortunately, life insurance has been made a monopoly.

Already on April 26, according to a survey made by the United News of India, as against a rate of growth of industrial production in 1963-64 of 9.4 per cent, the rate of growth for 1964-65 is estimated to be around 6.5 per cent. In other words, there was a fall by one-third in the rate of growth of industrial production under the last statistics available. How much more does this Government want industrial production to recede before it gives up its false policies?

Let us now turn to the foreign exchange crisis. Are we really better off than two months ago in regard to the shortage of foreign exchange? Let us consider what has happened since then. I gave my warning on March 22. Since then, the West German Government has cut down its foreign aid by 10 per cent. On April 15, the West German Minister of Economic Cooperation, Mr. Walter Scheel, a very fine Liberal and a good friend of this country, issued a policy statement. One new maxim of German aid was 'No Deutche Marks without German know-how.' Other aspects of this policy are- (a) wider scope to be given to private industry so long as it is allowed to function in the same way in developing countries as it does in West Germany; and (b) Government efforts in developing countries should be confined to the development of roads, bridges, dams and power stations. This Sir, is an intelligent and correct understanding of how foreign aid should be utilised. Does this Budget represent the policy according to which we are going to utilise such aid? Are we not flying directly in the face of the sound principles laid down by the West German Government on foreign aid?

A few days later, on April 21, the Aid India Consortium met in Washington. What did it do? It turned down flat our Government's request for an additional Rs. 110 crores. That request had been made at an earlier meeting of the Consortium on March 19. When the meeting discussed it on April 21, we were given the cold shoulder. Our request was turned down and all that was finally given to us was that given last year. The comment was that it was only to be expected in the deteriorating climate for aid to which I have referred.

I understand that our short term position is desperate and immeasurably worse than what it was eight weeks ago. I understand that we are so much on the verge of bankruptcy that we do not have foreign exchange which would last beyond six weeks to pay for normal imports in order to keep the country's industrial production going. This has been brought about by the policies of the Government for the last few years.

What will this Government do? Faced with this bankruptcy, which it itself has created, does it draw back from the false path, does it give a new direction and lead to the country to qualify for further foreign aid? No, it persists in its folly, it persists in saying:

"All right, if the rest of the world do not give aid, we will go to the Soviet Union." This is the last throw of the dice by the gambler. Today the Indian Government is turning to the Soviet Union to save it from the situation at which it has arrived vis-a-vis the rest of the world. What is the chance of our getting the Soviet Union to bail us out, if the other countries turn their back on us?

In this context, may I recall that on March 22, I had quoted certain remarks of Mr. Asoka Mehta, Vice Chairman of the Planning Commission, to a gathering of fellow travellers in Ludhiana called the Indo-Soviet Cultural Society, that our planning should be coordinated with the planning of the Soviet Union. Several members thought that I was misquoting Mr. Asoka Mehta. A lady, Mrs. Yashoda Reddy, even got up and said: "I am sure he did not say so. I am sorry to disillusion the lady that he did say that, he repeated it and he is acting on that startling proposition. He said that, and after I made that allegation, Mr. Asoka Mehta has not contradicted that statement which was attributed to him. On March 26, four days after I made that allegation, the *Statesman* had a message from Moscow, a PTI despatch, which said:

"The Soviet Union is showing keen interest in the Indian proposal of coordinating certain aspects of India's Fourth Plan with the next Soviet Five Year Plan."

Before leaving for his visit to Moscow, which will start in a day or two, Mr. Asoka Mehta gave an interview to the *Patriot*, which seems to have become his favourite paper. I am quoting from that exclusive interview. He said:

"He would hold discussions with Soviet authorities on his idea of co-ordination and dovetailing of our development plan and planning process."

There can be no doubt that this Government is now launching on a desperate adventure of trying to tie our Plans to the apron strings of the Soviet economy. How many members—even of the ruling party—are prepared for this kind of Communist collaboration in the planning of our economy, I do not know. I hope they will speak up for themselves as and when they get an opportunity. The sad thing is that even this will not pay, because the Soviet Union is not in a position to give us the aid that we require. I say that, because, in the last few months, the Soviet Union has asked for and obtained long-term credits from the West. Britain, Japan, Italy, Belgium and France have given the Soviet Union long term credits to the extent of 180 million dollars. If the Soviet Union is going to help us, it will be out of the Western credits, and how much of it can they pass on to us? If we are going to take aid from more advanced and prosperous countrie, why not take it direct from them? Why take it through the Soviet Union as either honest or dishonest brokers? The Soviet Union today has to beg for food and credits. Are these the people who can help this huge sub-continent out of the morass into which it is sinking? I am sure his mission will be a failure. But perhaps there will be one consolation—that Mr. Asoka Mehta may come back the wiser by learning some economic horse sense from the men in Moscow. The men in Moscow today are less dogmatic and less Marxist than some members of the Government and some members of the Planning Commission.

It is very interesting that only a few days ago Mr. Kosygin was discussing Soviet priorities. Among the things to which he gave priority was the motor car. In our country we think that it is wicked in a socialist society for a man to own a motor car! Therefore, we keep down the production of cars, we penalise its makers and extort fancy prices from the consumers.

Attacking Mr. Khrushchev, his predecessor-in-title, Mr. Kosygin said:

"You know with what obstinacy the idea was foisted on us that our country needed no large-scale production of passenger cars. Everyone was expected to ride in a bus."

He said this in a derisive manner. I hope Mr. Mehta will at least benefit and learn from the new capitalists of Soviet Russia a little of economic reality and a little horse sense.

Too much money is wasted on the Plans and too much money is wasted on non-plan items. There nothing very much that one repeat about that today.

According to the Economic Classification of the Budget and published in the press in the middle of April, the total expenditure at the Centre, at the Union level, for 1965-66 will be Rs. 3,423 crores. This figure is Rs. 222 crores higher than the revised estimate for 1964-65 and Rs. 426 crores higher than the actuals for 1963-64. You are thus spending more and more of the hard earnings of the people on your wasteful Plans and your wasteful bureaucracy.

Consider what happens in other countries which *call themselves* socialist. I dare say the Government will not deny the title of socialist to Mr. Harold Wilson and his Government. As it happens, Mr. Wilson's Government also introduced a budget a few weeks ago. Their socialist budget cut down public expenditure by 250 million pounds. What happened to the Finance Minister's promise to cut down Rs. 70 crores last year? Where is he hiding it now? Why has he forgotten about it?

And even so, people in Britain are complaining of over-taxation. In England today, the maximum tax liability of a joint-stock company is 40 per cent. Here, the Finance Minister has brought in a ceiling of 70 per cent which is bogus because it does not apply to all companies. But even after the 40 per cent ceiling of the socialist government, the *London Times* says that this over-taxation must be cut down further.

What happens in our neighbouring country of Ceylon, a developing country like ours? The new Prime Minister Mr. Dudley Senanayake said on March 28 that he had the utmost confidence and faith in the private sector and the contribution made by the private sector which had been stifled in the past and rendered unable to perform this greatly needed task. He said: "We hope to create the proper atmosphere for fostering the private sector." When is this unfortunate country going to hear an intelligent statement of policy like this from the leader of the Government? This whole country would feel enthused and respond with great enthusiasm if this change could somehow be brought about and we could move away from the discredited Marxist polices of Mrs Bandaranaike to the intelligent policies of Mr Dudley Senanayake.

In this kind of State capitalism, it is the poor that are crushed the most, who pays the duty on kerosene? Is it not the poorest of our peasants who have to bear that burden? *Why should* they pay an excise duty of 45 per cent on this basic need of the people? On every pound of sugar that our people consume, they have to pay an excise duty of 50 per cent. On every box of matches, the poor have to pay 62 per cent of excise duty. On every gallon of petrol, only one rupee goes to the oil company and all the rest goes to Government. Then there is the Annuity Deposit Scheme making a drain of Rs. 65 crores, a burden on our middle classes who have not got enough money for their daily needs. Finally there is the continuing inflation which flows out of a budget like this.

I feel that the common people of our country have come to a stage where they cannot stand this kind of burden any more. Let us not kid ourselves that our people are going to remain quiet and bear this kind of burden. We have reached a stage where Statism and State capitalism have become the enemy of social justice. We all stand for social justice. But today the biggest enemy of social justice is the State capitalist monopoly that this Government are trying to create. What is needed today, therefore, for the common people, is a reversal of this trend where the State swallows up what the people create and need for themselves.

What is required, therefore, is a Royal Commission or something corresponding to a Royal Commission on public expenditure. The House will remember that, at the end of the First World War, there was the Inchcape Committee. Lord Inchcape came out with a big axe which was called the Inchcape Axe, and slashed public expenditure that had grown during *World War I*. Today that expenditure has grown manifold and many times over. What we need is another Inchcape Axe, which would slice down public expenditure. As I said in my earlier speech, if only we could cut down public expenditure by 30 percent, we could cut down our rates of taxation by 50 per cent, both direct and indirect.

The fact is that we confuse ourselves by words. We mistake for words reality. We talk of socialism but we practise anti-socialism. The result is that instead of having a prosperous economy and social justice, we have poverty, we have distress, we have in flation, and rising prices; and we have a public that is not going to put up with this much longer.

COMMONWEALTH FOUNDATION

1. A Commonwealth Foundation will be established to administer a fund for increasing interchanges between Commonwealth organisations in professional fields throughout the Commonwealth. It will be the purpose of the Foundation to provide assistance where it is needed in order to foster such interchanges.

2. The Foundation will be an autonomous body, although it will develop and maintain a close liaison with the Commonwealth Secretariat.

3. Within the broad purpose indicated above, the Foundation will include among its aims the following objects:

(A) To encourage and support fuller representation at conferences of professional bodies within the Commonwealth.

(B) To assist professional bodies within the Commonwealth to hold more conferences between themselves.

(C) To facilitate the exchange visits among professional people, especially the younger element.

(D) To stimulate and increase the flow of professional information exchanged between the organisations concerned.

(E) On request to assist with the setting up of national institutions or associations in countries where these do not at present exist.

(F) To promote the growth of Commonwealth-wide associations or regional Commonwealth assocations in order to reduce the present centralisation in Britain.

(G) To consider exceptional requests for help from associations and individuals whose activities lie outside the strictly professional field but fall within the general ambit of the Foundation's operations outlined above.

4. The Foundation could usefully develop informal contacts with the Commonwealth Parliamentary Association. To avoid the risk of duplication with the activities of existing organisations concerned with cultural activities and the press, the Foundaton should not initially seek to assume any functions in these fields.

5. The policy of the Foundation will be directed by a chairman, who will be a distinguished private citizen of a Commonwealth country, appointed with the approval of all member Governments, and a board of trustees who should be expected to meet at least once a year. The board of trustees will consist of independent persons, each subscribing Government having the right to nominate one member of the board. These nominees, even if officials, will be appointed in a personal capacity. The Commonwealth Secretariat will be represented on the board of trustees by the Secretary-General or an officer appointed by him.

6. There will be a full-time, salaried director who will be appointed, initially for a pericd of not more than two years, by Commonwealth heads of Government collectively acting through their representatives in London. He will be responsible to the board of trustees.

7. The director will require a small personal staff. General office services will be provided by the Commonwealth Secretariat.

8. It is hoped that Commonwealth Governments will subscribe to the cost of the Foundation on an agreed scale. Payment of the first annual subscriptions will be made as soon as the director has indicated that a bank account for the Foundation has been opened. It is hoped that, in addition, private sources may be willing to contribute to the funds of the Foundation.

9. The account of the Foundation will be audited annually by the British Comptroller and Auditor-General, whose report will be submitted to the board of trustees. The financial year of the Foundation will be from July 1 to June 30.

10. The budget of the Foundation will be subject to the approval of the board of trustees.

11. The British Government will draw up the necessary documents to set up the trust and take any further steps needed to constitute the Foundation as a legal charity.

POLITICAL REBIRTH ON THE CAMPUS

American Students and Teachers Awaken to International Issues

BY JEREMY WOLFENDEN

THERE are roughly five million college students and teachers in the United States. This is seven times as many people as the automobile industry employs; 16 times as many as are involved in the entire space drive. Yet it is only in the last few months that the academic world has made a collective impact on American policy-making.

Individual professors have critised American policy in Vietnam, student rallies have been held to protest against the bombing of North Vietnam and to demand the evacuation of American troops from South Vietnam, and when American troops landed in the Dominican Republic a month ago students all over the nation protested almost automatically. The Johnson Administration, as always sensitive to criticism, was quick to recognise the importance of these attacks.

Senior State Department officials were sent out to defend policy in Vietnam at universities all over the country. Respected academic figures who supported the official American line were encouraged to make public statements in its defence.

The product of this was the "teach-in", a public debate on the merits of the Government's policy. These debates originated, almost unnoticed, at the University of Michigan on March 24. A month later they had spread right across the country. The climax came with the Washington teach-in of May 15, which was broadcast to more than 120 universities in 35 states.

Travelling around a variety of campuses after this debate I found that the audiences had been surprising, not only in their numbers, but also in their character. The organisers in many universities had expected, and indeed feared, a Left-wing rally. Instead they found a wide cross-section of students and young faculty members genuinely trying to make up their minds.

Many of them, indeed, were supporters of President Johnson's policy, and remained unconverted after the teach-in. But the interesting point was that they felt sufficiently interested and sufficiently involved to give up a sunny Saturday afternoon in the middle of May to study the arguments of both sides. Five years ago, I was told, this would have been impossible. That was the period of the "bland generation", of the boys with the button-down collars whose aim was to secure respectable degree and to qualify for executive training in a large corporation.

But since then a great change has taken place. This is not just a matter of student uniforms and fashions, as some commentators have assumed. These young people are not unduly bearded or unwashed, and it would be inadequate to describe them as "beatniks". After all, no one could be more politically apathetic than the original Beat Generation.

Nor are they usually adolescents in the throes of rebellion against the comfortable world of their parents. Many of them are married post-graduate students or young faculty members, reasonably contented with their lives. At the typical rally there are more young children playing underfoot than banners overhead. But they do feel that the ordinary citizen of the United States is too remote from the men who make the nation's policy and who may one day ask them to die for it.

The feeling of frustration is increased by the scale of the modern American university. Professors and heads of departments are distant figures, involved in administration or absent at conferences. Research rather than