Debate on draft Plan
August 24, 1960.

699

I

S.P. Motion

But is debate on Plan or Swatantra Party?
On P.M.'s and A.M's minds - Compliment appreciated

Regret crude distortions by P.M. - demagogy unworthy, insult
P.M. (5926) accuses us of creating fog to hamper people working hard. It is govt.'s policies that discourage work.

We do not say Plan ambitious; only improvident, inadequate, hampers vital productive forces by tying them up in red tape.

Need to correct smear

(1) Planning and <u>laissez faire</u>:

Nehru (Pages 1674 & 1681 of 9.8.60)

Quote Statement of Policy, pages 9 to 10, 17, [illegible] & 24.

Nehru (5941): Driving on left - Yes, but "Is it the same to you whether you have to keep to the left as a free man at the steering wheel of your own car or as a prisoner in a police wagon?"

P.M.'s criteria (5934) acceptable but real danger of concentration of power in State. Combination of police and industrial power total. No appeal. e.g. Govt. employees' strike.

(2) Heavy Industry obsession - "growthmanship"

P.M.(5919): "A number of textile mills in Ahmedabad or Bombay or Kanpur is not industrialisation. It is playing with it...Our idea of industrialisation is limited, cribbed, confined and cabined by thinking of these ordinary textile mills and plants and calling it industrialisation. Industrialisation is a thing that produces the machines. It is a thing that produces steel. It is a thing that produces power and two or three other things."

cock-eyed. - taking country to bankruptcy.

Quote Statement - page 17

Eugene Black: "People will not voluntarily save for tomorrow, if they cannot today see some improvement from the investment of yesterday. In a free society, there must be a balance between rising consumption and rising investment. And free governments cannot give investment an overriding priority over all other concerns...Government cannot afford to take great risks with the food supply in order to build steel mills."

P.M. claims to save foreign exchange in future
- 'Kal no dukal aaj' Brink of bankruptcy.

E.g. Fourth Steel plant

Reasons:

(a) Steel has poorest ratio of output and number of men employed to capital invested. E.g. A million ton steel plant costs Rs.180 crores, turns out finished steel worth only 45 crores p.a. and employs only 8000 men. c.f. 180 crores in engineering industries would produce 200 crores worth of products p.a. and employ 100,000 men. Ratio even higher for fertilisers.

(b) Japan in 1958/59 used 7.5 million tons of finished steel and had far higher output of goods made out of steel than India plans to have at the end of the Third Plan period, and therefore, fourth plant superflous and premature.

(c) No room for exports. Rest of world is more than self-sufficient.

Badshah had white elephants, Nehru has steel plants.

Plan anti-agricultural - lip sympathy.

Draws over two-thirds resources into public sector; over three-fourths of public sector investment non-agricultural. c.f. 70% of population.

Our alternative: Abolition of poverty, expansion of employment and reduction of disparities demand maximisation of national product. Policy should be production-oriented. This demands that capital is invested where it obtains highest return. These are in agriculture and lighter industries. Heavy industries must follow. Perverse cock-eyed. - taking country to bankruptcy.

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Our alternative: Abolition of poverty, expansion of employment and reduction of disparities demand maximisation of national product. Policy should be production-oriented. This demands that capital is invested where it obtains highest return. These are in agriculture and lighter industries. Heavy industries must follow. Perverse diversion of investment into public sector must stop, and bulk of resources left for people's enterprise.

Economic development in post-war world has varied in proportion to freedom of market economy.

As experience of first Plan confirms, monetary stablity makes for accelerated savings with growth in income.

If our plan followed, national income should be Rs.21,000 to Rs.24,000 crores at close of Second Plan as against Planning Commission's target of Rs.17,000 crores; and volume of savings during Third Plan may be upto Rs.8000 crores as against P.C. target of Rs.7200 crores.

(3) Cooperation

Quote Statement pages 14 and 15.

Danger

P.M. scouts threat of communism, but Indian Express editorial (August 24, 60) says: "It is really no obsession to see communism almost everywhere one looks today. Indeed it is time it was clearly identified, whatever its location, and known for what it is."

P.M. at Fed. Indian Chambers (March 59): "I am told that joint cooperative farming may lead to collectivisation and communism. Well, if it leads to that, let it. I am not frightened"

*Glad P.M. spoke with such passion - Shows danger still alive, contrary to common impression.*

II

Command Economy or Free Society?

Real issue : what kind of society, what kind of planning ?

What principle predominates ? J.P. (Indian Express August 22, 60)

"...all agree that the way democracy was functioning during the past 13 years has disillusioned the people. They have come to realise that they have no part in the scheme of things. The only part the people played was once in five years when they elected their representatives. Their task was limited. The people had been feeling that the only change in the country after the advent of freedom was that instead of white complexion occupying the seat of power at Delhi now brown complexion occupied it.....The party machinery went out and successfully imposed the party will on the people. Instead of people's will, the party will prevailed. The people were not allowed to think."

Compare economic democracy - daily ballot of market place

Outside new countries of Asia and Africa, no countries except communist countries have NPC or Five year Plan - paraphernalia of communist dictatorship - cannot be reconciled with democracy.

A.P.Jain: at Poona (Times of India 11.5.1960) "...the leadership of the P.M. as its Chairman gave the P.C. a'position of prestige which rivals the Cabinet'. Secondly, the system gave rise to dual responsibility at the top level with two highly-placed persons tackling the same subject, one as a Minister and the other as a member of the P.C. 'There are occasions of rivalry and friction and cases are not unknown when the P.C. has encroached on an area which by all standards is reserved for the executive....Further, the Planning Commission ~~deals~~ ~~only~~ with policy-making.....'This widening gulf between our policy making and departmental working has already given rise to various types of difficulties including unsatisfactory fixation and achievement of plan targets. The departments are losing confidence and it is time to restore equilibrium between the authority exercised by the P.C. and governmental departments."

Why this attempt at reconciling irreconcilables?
Because of basic confusion - that command economy + political democracy cannot co-exist [illegible]
Inability to distinguish between communism and socialism.
e.g. P.M. on Strikes and Socialism (9678 of 9.8.60)
- worries many of us, even A. Mehta, e.g. (A Study of Nehru - 70th birthday) :-

"Nehru has always thought of himself as not only a socialist but a 'leftist'...He never has been able to shake himself free of the assumption that the Communists are a part of the Left. The fundamentally anti-democratic character of the communists, Nehru has been reluctant to recognise. What is integral, he prefers to view as an aberration....That the principal threat to democracy in many countries of Asia comes today mainly from them(the communists) is not acknowledged by him. He believes that he can tame the communists by goodwill, an illusion he would never entertain about the fascists and communalists. Towards the communists he has an instinctive indulgence that has weakened the defences of democracy, particularly in his own party."

Refreshing Contrast to hear Kripalani - Saves his party from satellite status, like communists.

<u>Kripalani</u> Constitution House (Hindustan Times Dec. 23, 1959) : "How is it that socialist parties were breaking up while the Conservatives stood united?" "There was a time when people accepted the socialist slogan that State ownership of production means would solve their all problems. But their experience was something entirely different. <u>They now realized that a private employer did have a soul while the Govt. had only a machinery</u>. People also now realized that all that was managed by the State was not well-managed and private owners definitely managed a factory better than the Govt. did.... It was once feared that private ownership was a monopoly, but now they realized that <u>State ownership was an absolute monopoly</u>."

Age groups in British House of Commons:

| Age groups | Conservatives | Labour |
|---|---|---|
| 20-29 | 9 | 1 |
| 30-39 | 62 | 18 |
| 40-49 | 140 | 55 |
| 50-59 | 118 | 106 |
| 60-69 | 35 | 57 |
| 70 + | 3 | 20 |

<u>Noxious form of State Capitalism</u> growing under cover of socialist talk.

Dean Inge: "Politics is the art of taking money out of the pockets of the opposing side's supporters, putting it into the pockets of one's own supporters and living by this act." e.g. Congress attitude to corporate contributions.

All parties agree except Congress .. only vested interest in India - now clear which party dependent on Big Business.

P.M.'s party projection of vested interest.

Proof of pudding in the eating.

15

The Plan - Ranga has covered, confine to three reasons:

(1) wrong estimates:

Investment outlay Rs.11250 crores must be raised through domestic savings and foreign aid. But how?

Growth in national income anticipated at annual rate of 5%. - Under wet blanket of Statism, past experience shows not practicable.

During 9 years ended 1957/58, national income increased by 2.5% (compound) but during last three years 1.9% (compound) Because of diversion to low-return State projects.

Prof [illegible] [illegible] 2nd Plan

Likely national income rise 3.5% (compound) p.a. during Third Plan.

Current rate of savings placed at 'around' 8%.

"If water of inflation squeezed out," rate nearer 7%. 8% likely.

[illegible] 118 [illegible] 175

On this basis, domestic savings during Third Plan Rs.5900 crores (approx) as against Plan target of 7200 crores.

Taking 5900 crores out of 11250 crores, the amount of foreign aid comes to Rs.5350 crores, against Plan provision of 3200 crores.

Thus Rs.2150 crores short. A slight underestimate!

But add 200 crores allocated for buffer stock of foodgrains and 500 crores for repayment of past loans - thus shortfall Rs.2850 crores.

(Rs. 6050 crores

Foreign aid comes not to 31% of total outlay but 58% - over twice of what U.S. Democratic Convention contemplated. - inconceivable and discrediting.

? [illegible] Similarly targets of production from given investment:

2nd Plan

| | Target | Achievement (59) | Third Plan target |
|---|---|---|---|
| 1. Aluminium (in 000 tons) | 25.00 | 16.81 | 75.00 |
| 2. Automobiles (in thousands) | 57.0 | 34.3 | 100.00 |
| 3. Caustic Soda (in 000 tons) | 135 | 62 | 340 |

| | Target | Achievement (59) | III Plan target |
|---|---|---|---|
| 4. Cement (million tons) | 9.30 | 6.67 | 13.0 |

Targets of investment and production must have some relationship to performance in immediate past.

Nehru: "Planning is an exercise of intelligence". Is this an example? If it is, then a fraud on the people.

(2) Inflation - result of unscientific planning

Quantum played down, but consider cumulatively.

May 1957 Rupee equalled 23.3 n.p. of 1939 Rupee
Today further drop of 11.7% in value of rupee
(page 22 of Plan)

Therefore Rupee equals 20.6 n.p., i.e. 1/5th

Margin of tolerance low - compare U.S. etc.

P.M.(5937) "In a developing economy, there is bound to be inflation. In fact some inflation is good. It is itself a sign of development. We need not be frightened by that".

P.M. brave man - is not frightened by communism or misery of the poor, eating into a man's hard-earned savings and destitution of his family. Only of S.P.

c.f. a little pregnancy - keeps growing.

Deliberate inflation is theft and a little theft is not more moral than a big theft.

What is inflation? Inflation is too much money chasing too few goods and services. Where the value and velocity of money expands without corresponding expansion of goods and services, there is inflation, that is, the value of goods and services goes up in terms of money and the value of money in terms of purchasing power goes down.

When a govt. by whatever processes (and I agree with the P.M. that deficit financing is not the only one) creates inflation deliberately, as the present govt. is doing, it takes away so many naye paise from the rupee in the pockets of every citizen including all of us in Parliament. It does not do so openly by levying a tax but it does so secretly and dishonestly by cheapening money in our pockets. All inflation means the lessening of the value of money.

What are the results of inflation?

(1) It reduces the real income of all those who are on a fixed salary or pay, that is, of executives and govt. servants, of all clerks, postmen and railway men and of all wage-earners in factories. However much this class of employees press for higher wages, there is always a lag, as the

Central Govt. employees recently learned to their cost.

(2) It hurts those who save for their families and invest their savings in productives processes, because their money loses its value over the years, get less for it than they would have if they buy something on the spot. The same money ten years later in their or in their children's hands will buy much less. Thus inflation is a disincentive to savings and thrift and an incentive to spending and recklessness.

Whom does Inflation benefit? It does not benefit the sound industrialist; it does not benefit the professional man; it does not benefit the peasant or worker. It benefits those on the fringe of society who speculate and take advantage of controls and make short-term profits by buying things cheap, holding on for a while and selling them dear. The class of people who traffic in licences and permits issued by our socialist govt. and the profiteers - these are the beneficiaries of the policy of deliberate inflation.

Professor B.R.Shenoy, one of our soundest economists who warned against inflation inherent in the Second Plan, claims that "the traffic in import licences, fictitious intermediate sales of imported goods to absorb the gaps between landed costs and the imported prices, and controls over sugar, foodgrains, cement, steel and other commodities may cause "black" incomes of the order of Rs.200 crores per year" (H. Times 19.8.60)

Inflation is thus anti-social and anti-socialist and its advocacy comes with ill grace from a P.M. claiming to be a socialist.

"Holding price line" a deceptive slogan.

How does the P.M. propose to counter this disease in the body economic? By further controls, by creating new sources of corruption and short term gains.

State Govt. Monopoly

Wheat : Punjab Government buys it at Rs.14 per maund, sells at Rs.17/- per maund in Punjab. Rs.3/- for overheads.

M.P. -do-

Sugar : Punjab buys at Rs.38/-, sells at Rs.43

Parasitic profiteering - both peasant and consumer fleeced.

P.M. wishes to fight the rise in prices which the symptom and not the inflationary policies of the govt. which are the cause. It is like an attempt to cure a patient's fever by putting the thermometer in iced water. The path of increasing controls may lead to communism. It certainly will not lead to a stable currency and an honest rupee.

Inflation will knock the bottom of the Plan, for no one will lend to the State when prices are rising, profits are rising, money is losing its purchasing power and interest rates over the years do not match the loss in the purchasing power of money.

The Govt.'s predicament and the P.M.'s remedies are anticipated in a book entitled "Inflation and Society" by Graham Hutton published earlier this year.

"Not the least of inflation's paradoxes is that its inevitable period crises compel inflating govt.s to produce, despite themselves, the very situations from which they hoped to escape by inflating. In such 'crises of confidence' they are compelled, often in abrupt last minute panic, to raise taxation, clap on controls and launch 'dear-money' policies which can only suddenly safeguard the currency by making money and credit far more difficult to get, and far dearer if got, than would ever have been necessary if sound money had been maintained all along." (page 68).

Hutton also anticipates Govt. policy towards its employees and their right to strike in the P.M.'s last speech in connection with the strike: "Continuous inflation, ~~carried as a policy beyond that point,~~ will make hay alike of democratic society and growth itself. The State will then have to round on the trade unions and other pressure-groups, instituting a compulsory "national wage policy", freezing people in jobs and lines of business, and generally undoing the democratic system of free worker's association, free consumer's choice and free producer's enterprise."(page 82)

Therefore, Lord Keynes warned that "debauching the currency saps the foundations of society more subtly, swiftly and permanently than any other conspiracy."

Hutton: "...if you try to invest in new capital equipment within a given period <u>more</u> resources than your people are prepared voluntarily, or can be compelled by the State, to save from the current production, all prices will get out of gear and inflation will result".

There are two alternatives before us at this stage. Hutton states them well. "From that point or stage there are only two roads: one leading on to the overthrow of democracy and personal freedoms altogether, the other leading back to sound money and a reasonable balance between State and private economic action, upon which personal freedoms depend."(page 100)

First Alternative:

"The democratic State with a mixed economy is forced to control and regulate private persons and businesses progressively. It is forced, having unleashed inflation, to cover up its effects. It tries to remove the symptoms by new State controls,new regulations and new laws about the minutiae of personal and corporate life, rather than to remove the disease. And thus democracy undoes itself by creating an increasingly compulsive, restrictive bureaucracy, upon which everyone and everything increasingly come to depend for permits, nods, and socalled initiatives. In the end, democratic Parliaments see their own freedom vanish with the value of the currency, and a centralised bureacyracy reigns. A centralised State Socialism comes about malgre' governments, oppositions and citizenry - malgre' even the Socialists, for they would prefer to bring about their ideal economy by a safer road.

"The fallacy that you can control inflation in a democracy through bureaucratic controls over prices, production and trade persists among us today. But only symptoms are removed; the lady has her double-chin removed by surgery, only to discover it at the back of her neck. The State - today or in history merely removes one symptom and replaces it with another; favours a new class of person by inflation, while penalizing another; or, in attempting to regulate social and economic life while persisting with inflation, runs the machinery of democratic govt., the currency itself, and the entirety of social law and order headlong into catastrophe." (pages 127/128)

Government's Trilemma - (a) abandon freedom and secure savings forcibly as in communist dictatorships; (b) keep on inflating and remaining democratic and abandon economic progress; or (c) abandon inflation and get savings voluntarily in a free society. (our choice)

Hutton: "It must abandon individual and social freedoms if it is both to form new capital fast enough and to inflate. It must abandon inflation if it is both to conserve freedoms and to form capital fast enough. Or it must abandon hopes of rapid material progress (new capital formation) if it is both to inflate and conserve individual freedoms." (page 130)

3. <u>Foreign Exchange</u>

All for Aid. But how?

Present policy of Govt. to Govt. loans has led to depletion of our resources and verge of bankruptcy.

It has mortgaged our country's future.

It is wasteful.

Once money is borrowed, we have to pay interest and agree to repay capital. Foreign Govt. uninterested how efficiently or stupidly one utilises funds. Whether a profit or loss, the country repays. Onus of proper use therefore on us. Foreigner takes no risk except of our national bankruptcy.

Compare the entry of equity capital. Investor brings in his capital, namely, his machines, anchors them in Indian soil, puts Indian labour to work and trains them. If he makes a profit, he takes out his profit or dividend. If he makes a loss, he bears it. The plan remains in the country, the labour is trained, the foreign investor loses his capital. The risk and onus are his. Which then is more advantageous?

Yet, our Govt. borrows money hand over fist but refuses to create climate for foreign capital investment either on its own or in partnership with Indians.

IV

CONCLUSION

Plan eats 25% of income of present generation.

Make today's prosperity the foundation of tomorrow's growth.

Therefore, reject Third Plan

No unanimity - Satellite parties-no amendments

But we shall press ours, when time comes.

Central Govt. Employees Strike
Lok Sabha, August 9, 1960.

I

Avoid recrimination

hark back to fundamentals
find out what went wrong and chalk out correct path

Two fundamental principles

1. Freedom of Association and the right to deny labour
   - acid test of a free society

   Where strikes altogether banned as in Communist countries, workers "bond slaves"

   Directive principles prescribe living wage

   Maintenance of real wages against effects of Government policies natural expectation

2. Normal life of community must proceed

   "King's Government must go on"

   Corollary: Govt. employees free from political affiliation or influences

   Domination of associations by outsiders unhealthy.

These two principles conflicted last month

Tragedy: struggle between right and right.

II

Examine position on each side

First congratulate people

Strikers: Employees expected compensation against rising prices

Protection of real wages demanded; justified in principle thought exact quantum to be ascertained

Inflation caused by Govt.'s pattern of planning- deliberate

Anti-socialist

In the face of warnings by Prof. Shenoy and others

Deficit finance, excessive taxation, excise duties, obsession with capital intensive projects like steel plants, etc.

Does not lie in Govt.'s mouth to deny compensation

Over-staffing : Parkinson's law exceeded
Civil service debased
Better to have one well-paid than to have three ill-paid

Govt. employees expected Government to follow logic re: other employees, e.g. 100% neutralisation in textile industry. Why not for them?

Govt.'s double standard

Orissa Labour Officer's Report re: Rourkela (Times of India, August 3)
"Violation of Factories Act, work beyond hours, no overtime, weekly off day refused, no safety devices, women on night shifts"

Times of India(Aug. 3): "Is there to be one set of labour laws for the private sector and another for the public sector?.......It is time ministers stopped lecturing private industrialists on labour welfare and did something to enforce labour laws in public enterprises."

But, on eve of strike, linking of wages with prices, 50% neutralisation and arbitration re: balance offered

Strike then became unnecessary

Responsibility of strike leaders heavy

"Magnitude of peril" (Pant) ignored

In any event, after Ordinance promulgated, strike should have been abandoned

V.B.Karnik (detained under P.D.Act!):- "This (the three clause proposal) could have been under the circumstances a reasonable compromise which would have satisfied the workers. The strike could have been then avoided and workers spared the immense hardships that it was bound to entail. Compromise is the very essence of a trade union struggle. But Mr.Joshi and his colleagues converted it into a fight for principles. In a fight for principles there is no scope for a compromise.....In that respect they were the victims of their own propaganda. It was they that had put the employees in that frame of mind. But a wise and courageous leadership knows how to reason with workers and persuade them to accept a desirable course of action which may not be at the moment to their liking. It is easy to be a leader who would always follow his followers."

Government's position

(i) "High-powered Commission's" main recommendations accepted but Pay Commission not judicial

(ii) The Ordinance "an inescapable necessity" (Pant) But was it?

Industrial Disputes Act:

Sec. 10(i) Public Utility Services - Govt. can make a reference to adjudication

Sec. 17(a) gives Govt. power, when a party to dispute, to vary an award found to be inexpedient in country's interests.

Sec.10(iii) Where industrial dispute referred to Board or tribunal, appropriate Govt. may by order prohibit strike or lockout

Sec. 24 - says any strike prohibited by Govt. under Sec.10 (iii) becomes illegal.

Sec. 26 to 31 lays down penalties.

Why were not these powers invoked?

Presumably because Govt. was not prepared to submit to the Rule of Law and the verdict of an impartial judiciary

Hitherto Louis XIV attitude

Fallacious - State as employer not sovereign

Tragedy - Govt. which is largest employer, far from being model employer, most reactionary

Vindicates SP thesis that free trade unionism and State Capitalism cannot coexist for long

Nationalisation equals surrender of strike

Foretaste - hope workers' eyes will open

Hope P.M. misquoted; otherwise today Govt. employees, tomorrow all workers

Dangling of Chinese threat - ludicrous

<u>Swarajya</u>: (July 23) "The Govt.'s treatment of its employees has been as severe, inconsiderate and violent as its attitude to the invading Chinese has been gentle, considerate, peaceful and persistently friendly."

Glad to hear Home Minister's remark - accept arbitration where necessary, but three years too late

Refer to debate on August 5, 1957 - MRM's amendment rejected by Home Minister.

Big price to pay for that mistake

Resort to "lawless law" and P.D. Act
But, is this not inconsistent?

No, not all measures valid - e.g. Tanks in Poznan and Capital Punishment in USSR.

P.M.'s broadcast: "Govt. may have made mistakes but ~~not~~ strike not a legitimate weapon"

Same logic can be reversed: "Strike ill-advised but Govt.'s breach of civil liberties unjustified".

III

Home Minister has forecast legislation banning strike in Government services

Will need to be carefully examined

Suggest following principles:

(1) Discriminate between three different categories - different principles apply

(2) Restrict recognition ~~of~~ to unions and associations of employees, but no outsiders

(3) Joint Councils and Arbitration

Rather than ban strike by law, secure agreement for legislation for compulsory arbitration

If arbitration accepted, strike goes out

Nobody's victory

Occasion for heart-searching

Government employees touch public on widest level

Need for healing touch.

******

Central Govt. Employees Strike
Lok Sabha: August 8 and 9

I

Post Mortem but emphasis not on recrimination but constructive proposals

Three Parties:

1. People - congratulate

2. Strikers - ill-advised and unnecessary, since linking of wages with prices, 50 percent neutralisation and arbitration re: balance offered on eve of strike

   Responsibility of leaders:

   V.B.K.: "This(the three-clause proposal) could have been under the circumstances a reasonable compromise which would have satisfied the workers. The strike could have been then avoided and workers spared the immense hardships that it was bound to entail. Compromise is the very essence of a trade union struggle. But Mr. Joshi and his colleagues converted it into a fight for principles. In a fight for principles there is no scope for a compromise......... In that respect they were the victims of their own propaganda. It was they that had put the employees in that frame of mind. But a wise and courageous leadership knows how to reason with workers and persuade them to accept a desirable course of action which may notbe at the moment to their liking. It is easy to be a leader who would always follow his followers."

   S.P.'s position on outsiders - quote Statement

3. Government : main responsibility

   (i) Inflation - inherent in pattern of planning
   despite warnings Shenoy, etc.
   anti-socialist, quote S.P. Statement
   Does not lie in Govt.'s mouth to deny compensation and ask low-paid to be generous

(ii) Over-staffing - quote S.P. Statement

(iii) Absence of intelligent labour policy

Constitution gives right of association and right to deny labour; if exceptions to be made, alternative principle of judicial remedy, i.e. adjudication or arbitration, must be accepted.

On August 5, 1957, had moved amendment to Essential Services Maintenance Bill, providing arbitration where strike denied, but unfortunately rejected.

If principle accepted, recent crisis could have been averted.

Double Standard of morality

Orissa Labour Officer's Report re: Rourkela (Times of India, August 3)

Violation of Factories Act, work beyond hours, no overtime, weekly off day refused, no safety devices, women on night shifts.

Times of India (August 3): "Is there to be one set of labour laws for the private sector and another for the public sector? ......... It is time ministers stopped lecturing private industrialists on labour welfare and did something to enforce labour laws in public enterprises."

(iv) Excessive and indiscriminate use of extraordinary powers under Ordinance and P.D. Act

But is this not inconsistent?
No, not all measures valid- eg. Tanks in Poznan & [Capital punshment in USSR.]
P.M.'s broadcast: "Govt. may have made mistakes but not a legitimate weapon"
Same logic can be reversed: "Strike ill-advised but Govt.'s breach of civil liberties unjustified."

Ample powers under ordinary law, also under Industrial Disputes Act:

Section 10(i) Public Utility Services - Government can make a reference to adjudication

Section 10(iii) Where industrial dispute referred to Board or tribunal, appropriate Govt. may by order prohibit strike or lockout

Section 17(a) gives Govt. power, when a Party to dispute, to vary award found to be inexpedient in country's interests.

Section 24 says any strike prohibited by Government under Section 10(iii) becomes illegal

Sections 26 to 31 lays down penalties

Why were not these powers invoked?

Presumably because Govt. was not prepared to submit to the Rule of Law and the verdict of an impartial ~~judiciary~~ tribunal

No Louis XIV attitude

If based on sovereignty, it is fallacious - State as employer not sovereign and must learn to conform to normal standards set for employers

Tragedy that Government which is largest employer in country instead of being model employer, amongst the most reactionary

Vindicates SP thesis that free trade unionism and State Capitalism cannot coexist for long

Nationalisation equals surrender of strike
Fortaste - hope workers' eyes will open

(v) Dangling of Chinese threat - ludicrous

Swarajya (July 23) : "The Govt.'s treatment of its employees has been as severe, inconsiderate and violent as its attitude to the invading Chinese has been gentle, considerate, peaceful and persistently friendly."

II

Proposals:

(1) Discriminate between different categories

(2) Arbitration - Pay Commission not judicial

Support J.P.'s plea - preferably by agreement

If arbitration accepted, strike goes out

No need for ban

(3) No outsiders - Civil servants neutral

No affiliation

(4) Humane approach - Nobody's victory

occasion for heart-searching

Govt. employees touch the public at widest level

Think twice before permanently alienating.

**********

Berlin Conf. — Gen Assembly
Presidents Speech. — 16/6/60

~~Present privilege — [illegible]~~

Messages in ~~[illegible]~~ News —

Gaitskell,
A. Stevenson
Reinhold Niebuhr
Karl Jaspers
C. Rajagopalachari

A. Koestler — 1950 [illegible]

Walter Lukes —

S. Stone — Supports response
This Confer.

—

~~[illegible]~~

Confer arrangements — Messages & [illegible]
Secretariat — Ch. SG, [illegible]
~~A.S.~~ [illegible]

Federation of Mali Independence

Personal views

Telegram to Senghor in Dakar
Hon President
Pres. of Mali's Fed. Assembly

Symbolic of change in 1950.

Berlin – Island of Freedom
Threat of Nov 58
Decision early in 1959.

Act of faith ~~p~~ vindicated.

Tribute to those who have demonstrated Man's capacity to resist tyranny –
Germans on June 17
Hungary – 1956
Tibet – Continuing resistance
Elsewhere – S. Africa, etc

Birth of new States – Emerging Africa
Afro-Asia.

Iron Curtain – First stirrings of free spirit.

[illegible] Emergence of C. China as major threat – Projection in threat to democracy in [illegible]

Subject peoples of C. Empire – Solutions.
C. ~~[illegible]~~ Agra – [illegible] at Delhi
"[illegible] Confer".
Hope represented at ~~[illegible]~~ Asian confers.

A Seminar on "~~The~~ The Problems of Imperialism".

Unfinished Answers —

Regarding
from all quarters
Draft Berlin Manifesto

11 + 12

W. Brandt.

Where else can such a
consolidation be found?

Secretariat — ~~Confer arrangements~~
[illegible]
[illegible]
[illegible] EC
Exec Sec
Treasurer

Confer arrangements — A. Bieber
& girls