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Arts & Speeches

Third Plan: an Alternative

By M. R. Masani

THE discussion in Parliament on the mid-term appraisal of the third Five Year Plan has left behind a picture of almost unrelieved gloom. Members of the Congress Party vied with those in Opposition in drawing attention to one failure or another. It was agreed that the only targets that had been fulfilled or exceeded were those of the rise in prices and the rise in taxation.

Commonsense demands that, when a plan has failed, it should be abandoned and replaced by something better. But then, one is asked, what is the alternative? Here is an outline of a fresh approach which could provide the basis for such alternative planning.

My starting point would be the words of Mahatma Gandhi, who once said: "I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny?"

I imagine it will be agreed that, if we are to apply Gandhi's talisman, it would impel us to take such measures as would facilitate the production of things that the people need most desparately—food, clothing, shelter, other basic needs of life and a certain measure of education. If this is agreed, it becomes necessary to consider the implications of such a project.

Figures worked out in the Planning Commission indicate that a man needs Rs 30 a month for the needs of life—consumption of food accounting for Rs 21 a month, clothing Rs 3 and shelter and other needs Rs 6, totalling Rs 30 a month or Rs 360 a year.

Modest Objective

Modest as this objective is, can we achieve this, say, by 1975? To put in another way, can we convert today's per capita income of Rs 360 a year into the national minimum income by 1975? Statistical studies show that, if this modest objective is to be achieved, our per capita income in 1975 will have to go up to Rs 540 a year. If this per capita is to be achieved, it has in turn been computed that we shall need a rate of growth of around seven to eight per cent a year in place of the miserable two per cent yielded by the third Plan.

Now, a seven to eight per cent annual rate of growth is nothing unachievable. It has been achieved, and indeed exceeded, in many countries such as West Germany. Nationalist China, which I visited recently, has achieved a rate of growth of 7.7 per cent in the last two or three years. Japan recently achieved a rate as high as twenty per cent which is considered in Japan to be excessive. So, it can be done.

To illustrate what this involves in concrete terms, let us consider food grains and cloth, which must surely take priority. The per capita consumption of food grains in 1960-61 was 16.5 ozs. This, according to our planners, has to be raised to 23.1 oz. by 1975-76 to give what may be called a decent nutritional minimum. This in turn involves doubling of food production from 80 million tons in 1960-61 to 160 million tons.

Today, the per capita consumption of cloth is 15.8 yards. What will be required by 1975-76 is 22.1 yards. This again involves doubling of production of cloth from 9 million yards to 18 million yards.

The Way Out

How is this to be done and by whom? The answer is surely obvious and has been given by none else than by Professor Galbraith in *Affluent Society:* "In poor and ill-governed societies, private goods mean comfort and life itself. Food, clothing and shelter, all technically subject to private purchase and sale, have an urgency greater than any public service with the possible exception of the provision of law and order."

If maximizing production is to be the first objective, it is clear that the available resources of the country have to be utilized where the return is highest. Every unit of production must give the highest possible return. This can only be achieved where investment and production can shift in response to the needs of the consumer. Supply must keep pace with the peoples' needs and demands. This means consumer preference, which is economic democracy going alongside of political democracy. The people must be given incentives and rewards for producing to meet their needs.

Our alternative planning, therefore, would be based on two pillars. The first is a sound order of priorities. The Chinese Communists, rigid as they are, last year indicated the correct path in the light of their own bitter experience. Their new order of priorities is, first, agriculture, second, light consumer goods industries and, third, heavy and basic industries.

Employment

Such an order of priorities, quite apart from meeting people's needs, has also the sovereign virtue of providing gainful employment to the largest number of people in labour-intensive industries so that their hands are used productively, so that there is money in their pockets with which to buy things. Human considerations apart, this is important even from the point of view of the rate of growth. Production is certainly important and normally precedes consumption. But there is a sense in which, in some cases, consumption is even anterior or prior to production. A starving man cannot produce, and a certain measure of nutrition is necessary before you can get a productive human being at work.

The second pillar of our alternative planning would be a sound allocation of what is to be done by the Government and what is to be done by people's enterprises. Within the four corners of a mixed economy, there is room for both State and free enterprise to compete in the service of the people on an equal and autonomous basis. There are legitimate spheres for both indicated by the experience of those countries that have produced results in raising the standard of life of their peoples. This experience has indicated that the proper sphere of the Government is to build the infra-structure, the foundation for economic advance, and to create a climate in which people's enterprise can flourish.

These are not minor functions. The State should concentrate on the provision of irrigation and water supply, on the building of roads and other forms of communication, on generation of electric power and on the provision of technical and general education. The State has also the hope of providing incentives to production and a certain measure of regulation to counter anti-social practices. These essential functions have been largely neglected in India so far. The Government must turn back to perform its pro-

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per function leaving the field of productive enterprise, whether in agriculture or industry, to the people.

The changeover from the present pattern of planning to this new pattern need not involve any abandonment of the socialist objective. What it involves is a change of method from an obsolete and outmoded weapon to a more refined and serviceable instrument. Socialists in other countries have been making such a change. Only last October, the German Social Democratic Party was reported to have "turned its back on economic planning. A declaration of faith in private enterprise was proclaimed by the socialist leaders at an economic conference in Essen."

President Kennedy, an outstanding progressive, made a speech a few days before his death in which he indicated that he too was treading the same path: "We have liberalized depreciation guidelines to grant more individual flexibility, reduced our farm surpluses, reduced transportation taxes, established a private corporation to manage our satellite communicaion system, increased the role of American business in the development of less developed countries, and proposed to the Congress a sharp reduction in corporate as well as personal income-taxes and a major deregulation of transportation."

Shall Indian planning follow the path of Gandhi, Western social democracy and Kennedy or land in the ditch with the outmoded dogmas and doctrines of Karl Marx?