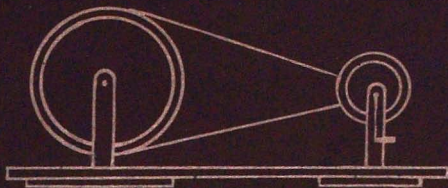


PLANNING AND SARVODAYA

KEMPALANI (J. B.)

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# PLANNING and SARVODAYA

J. B. KRIPALANI

SARVA - SEVA - SANGH - PRAKASHAN



# Planning and Sarvodaya



BY

J. B. KRIPALANI

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FOREWORD

MADRAS

This pamphlet is an elaboration of my speech delivered in the Lok Sabha in September, 1956 on the Second Five Year Plan. The reader will notice that I have not offered any detailed criticism of the Plan or the analysis of the facts and figures on which its optimistic expectations are based. I have confined my observations to the approach of the Plan which, I believe, will not solve the basic and pressing economic problems of our country. These are, the agonising poverty and the colossal unemployment of the mass of our population living in the villages. If these problems are not satisfactorily solved, all our dreams of a new social order based on democracy, non-exploitation and equality will fail to materialise. I believe that our masses cannot possibly, to any appreciable extent, be shifted to urban areas and engaged in mechanised and centralised big industry. They can not all be absorbed in agriculture, even if land is redistributed and a ceiling put on holdings. Any improvement in agriculture, absolutely necessary as it is, will only take away some of the existing under-employment. What the villages need is something that will supplement their meagre income from agriculture. For this, they need some subsidiary industry to occupy their spare time, supply them with articles of daily use or augment their meagre income. Such occupation can only be provided by home and village industry. It will also provide work for the landless labourers who are on the increase.

But as soon as one talks of home and village industry one invites not any reasoned arguments

against it but passionate denunciation. One is immediately dubbed as a reactionary or at best a revivalist, who wants to turn back the hand of the clock of progress. He stands for primitive conditions of misery, want and unmitigated drudgery. He wants a disappearance of all modern facilities of transport, communication, etc. He stands for the bullock cart. He is the enemy of all cultural and scientific advance. In Parliament the Prime Minister replying to the debate on the second Five Year Plan thought he was completely demolishing the case for decentralised industry, when he said that some bright individual had suggested to him the abolition of all the railways and the universal introduction of the bullock cart as an effective remedy for unemployment. This story naturally evoked laughter in the Lok Sabha. It was, therefore, a conclusive answer to all the visionaries and faddists, who in the present days of progress and enlightenment have such queer and quixotic ideas. However, this does not dispose of the social philosophy enunciated by Gandhiji which forms the basis of decentralised industry for a country like India. I submit that not all the advocates of this industry speak in terms of the bullock cart. Their arguments can not be dismissed by ridicule or the shrug of the shoulder. It is strange that this attitude should persist after all that Gandhiji said and wrote about decentralised industry and even among some of those, who before Independence derived their light on politics and economics from him. Gandhiji never disdained to travel by rail or motor. He never refused to take advantage of modern facilities of communication for the propagation of his ideas. He never rejected a good book because it was printed in a big machine. One may or may not be convinced

by arguments in favour of home and cottage industries, but surely it is not scientific to dismiss these arguments by stating them in the extreme form, though it may appear to be logical. Life does not move in consonance with the rules of formal logic. It is dynamic and is always transcending these rules.

Again, the advocates of decentralised industry are often treated to elementary discourses about the meaning of science. The irony is that such discourses are given for the benefit of those whose knowledge about what science means and stands for is not a whit less than of those who sermonise. The latter unfortunately equate science with such of its results as help to increase material goods and power, more often used for exploitation or still worse for the diabolical purpose of widespread destruction, desolation and misery. This is not the best or the principal use made of science.

Basically, science is a method, a rational method, of searching for truth in all departments of knowledge and life. In Hindu religious philosophy there is such a phrase as Yoga Vidya, the science of Yoga. All tested and verified knowledge, whether it deals with material nature or the more complex inner nature of man is science. It has a triple aspect. It is first and foremost a method of investigation by observation, experiment and experience and verification. Science also means the basic laws of material and human nature discovered through this method of investigation. The last use of science is to obtain power in the external and internal fields by the application of the laws discovered through scientific investigation. However, today science has come to mean the practical results achieved in the material field and the power

thus acquired. This power may be used for good or evil, but as long as it is used it is believed that science has fulfilled its purpose. One may accept the scientific method of investigation as also the general laws based upon it, without caring for the resultant material advantage, if they happen to be inimical to higher life and to human happiness. For instance humanity may by common consent forego the use of atomic energy because it considers its use for material ends even when peaceful as dangerous in the present state of evolution of man and society when they have brought under some reasonable control their lust for power, their pride, violence, anger, hate and fear. Such a rejection does not mean that the scientific method of investigation has been abandoned or that the general scientific laws repudiated. The method and the knowledge must not be confused with practical results, which may or may not all be for the good of humanity. If some of the practical results of science are not utilised, it is for the purpose of preserving certain higher values which have also a great scientific significance, having been arrived at after due observation and experience extending to centuries. In spiritual life too the earnest investigator by probing into the internal working of human nature comes to acquire certain unusual powers, *siddhis*, but the Sadhak, the earnest searcher after truth is warned against the indiscriminate use of these powers, because instead of advancing him spiritually it would retard his progress. Similarly the indiscriminate and unregulated use of physical science may harm humanity unless regulated by social and moral restraints. This does not however mean that those who advocate such restraints despise material progress. They only believe that material advance must subserve higher

ends. What is inimical to these ends must of necessity be rejected. "What does it benefit a man if he gains the whole world and loses his soul!"

In this pamphlet I have not discussed the social and moral values of decentralised industry. Those who want to make a study of these are referred to Gandhiji's extensive writings and some of the writings of philosophers, thinkers and reformers of the West. I have discussed the question of decentralised industry from the strictly practical viewpoint of our country and its present pressing needs. This practical solution may not be suited to other countries differently situated.

I am not an economist. Though I studied the subject once, I have failed to keep my knowledge up-to-date. However, I feel it does not require any specialised knowledge of economics to indicate the direction that our material advance should take, in consonance with our circumstances, history and the genius of our people. It is, therefore, nothing unusual that Gandhiji should have formulated for us the direction which our social reconstruction should take and the objects it should subserve. He was not an economist. When he formulated his idea few economists supported him. Today, however, there are not few economists who consider that the propositions that Gandhiji laid down in the light of his social philosophy and the circumstances of our country do not violate any of the fundamental laws of economic science. It is these ideas that have guided me in this discussion on the present Plan kept before the country by the authorities.

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28 SEP 1957

## PLANNING AND SARVODAYA

### **A Scientific Conception**

The Second Five Year Plan is a unique document. Planning is a scientific conception. In a scientifically drawn Plan that has a settled objective, there should be no wide differences of opinion among the experts. It is based upon facts and figures, about which there can be, if at all, only slight differences of opinion. But here in India, we find wide differences among the experts about the most important parts of the Plan. At one time there were differences among the members of the Planning Commission itself. But it appears that these differences have since been squared, perhaps more in the interest of unity than out of conviction. The Plan is based upon statistics with the Government of India. These, as is well known, are incomplete; and where they are not so, they are unreliable. Even our Ministers, when challenged on the basis of Government statistics, do not hesitate to declare that the official statistics are unreliable.

On various other vital matters there are vital differences of opinion among the experts. Take finance. It is uncertain as to what will be available through increased taxes and internal borrowing. Then there are differences of opinion about the effect of deficit financing, which is expected to cover a substantial portion of the expenditure planned. An amount of inflation is already there. The foreign exchange position is admitted to be very difficult. Foreign aid is uncertain, especially after what recently

happened in the case of Egypt. There are grave doubts about increased agricultural production and stability of prices. Even the agricultural departments of the Central and State Governments are not convinced that the advance contemplated would be possible with the funds assigned for the purpose. In the matter of transport it is well known that our present requirements cannot be met with and that there are not only natural but also man-made bottlenecks created through inefficiency and want of integrity. It is difficult to conceive that if the Plan succeeds in reaching its various targets the requisite transport will be available with the expansion contemplated. Further, there are grave doubts about the availability of the requisite technical skill. There are still graver doubts about the administrative capacity of our bureaucracy to deal with the new industrial and business demands that the Plan will make upon it. If public complaints are not to be altogether disbelieved the services are unable to discharge their present administrative functions with due efficiency and integrity. As for popular enthusiasm, on which so much stress is laid and of which there is so much talk, our recent experience is that it is no doubt capable of being roused but on sectarian issues rather than for economic planning. If it is the question of banning cow-slaughter, every Hindu will be enthusiastic about it. He will even be prepared to contribute liberally to propagate the cause. Again, if a cry is raised that religion is in danger, because of the publication in India of a book of foreign origin, circulating freely here and in other parts of the globe for many years, enthusiasm can be whipped up to the point of raising treasonable slogans, roiting and insulting of national leaders. The reorganisation of

States produced plenty of enthusiasm, more than was good for the unity of the country. But enthusiasm about the Plan is seen nowhere except among some of its authors. Apart from this, the ordinary layman understands little of this bulky document. The promised planning from below, designed to enthuse the people, is nowhere in evidence. The Whole Plan is an imposition from above.

## Objectives

Let us, however, examine the objectives of the Plan as stated by the Planners. These are (1) a sizeable increase in the national income to raise the standard of living, (2) rapid industrialization with particular emphasis upon the development of basic and heavy industries, (3) large-scale opportunities for employment, and (4) reduction of inequalities of income and wealth and more even distribution of economic power.

I am afraid there is little of systematic arrangement here. Take item 1—Sizeable increase in the national income to raise the standard of living. There is some confusion about this. An increase in the national income may and in the past has often left the lowest-income group unaffected, if not adversely affected. A rise in the national income may raise the standard of living of such classes who need it the least. It may leave the poor as poor if not poorer. Specially will this be the case if the overall employment remains unaffected. Then items (1),(3)and(4) are the objectives and number(2),namely rapid industrialization with particular emphasis upon the development of basic and heavy industries, is the means to those objectives. So far as the means, namely, industrializa-

tion, is concerned, there can be no quarrel with it. The country needs to be industrialized if it is to live and progress. No culture or civilization can be built merely upon agriculture. Industry is necessary even for advanced agriculture. Everything we need for a cultured and civilized life—schools, temples, public buildings, parks, books and libraries, literature and fine arts—everything that makes for a higher life needs industry. Even agriculture except the most primitive, needs the help of industry. The wealth and prosperity of India before British domination were the result not so much of our agriculture as of our industry. The greatest harm done to the country by the foreign government, as we were rightly wont to say before Swaraj, was the destruction of our industry. That is the main cause of our present-day poverty and the decline of our culture. There can, therefore, be no two opinions about the country's need for industrialization, if it is to prosper and progress.

### **Industrialization—Connotation**

But is the word "industrialization" capable of one connotation only? Since the Industrial Revolution, in the 18th century, in the West, the word has come to acquire only one meaning and that is industrialization through big, centralised and mechanized industry. After the political, intellectual and spiritual domination by the West, our process of thinking has become Westernised. We seem to think that there was no industry before in the world, that civilization began only with the latter part of the 18th century, pioneered by Europeans, and unless we industrialize the same way we cannot be civilized. High culture and civilization flourished in India,

China, Greece and elsewhere, on the basis of industry organised on a different pattern from the one evolved in the West in modern times. Today there are two dominant variants of this latter type of industrialization. The one is the capitalist type, through private enterprise where the instruments of production are in the hands of private individuals. The other is State capitalism, the so-called Communist type, wherein the instruments of production are in State hands. There are certain things common to both of these dominant types. These are (1) Centralism, (2) Progressive mechanisation and (3) an over-emphasis on material ends.

### **Consequences of Industrialization**

No student of modern history can deny the fact that both these types of industrialization have resulted in the exploitation, poverty and misery of the masses, nor for one or two generations but for several generations. We are familiar with what happened in the wake of capitalist industry. We know its evils. It led to the poverty and exploitation of the masses in the home countries and misery and slavery in colonial lands. We also know how the rivalries of capitalist countries in search of colonies to get raw materials and dump their finished products led to imperialism. The rivalries of imperialist nations of the West ultimately led to the last two global wars. The tale of human woe and suffering is not yet complete. It is held that the evil effects of capitalism in Europe were not reproduced in America. This is not a fact. There is no doubt that owing to the special circumstances of the new Continent there was not as much misery as in Europe. This was due to the fact that the new settlers from Europe had a whole

Continent to reclaim and colonise and it had inexhaustible natural resources and its population was negligible. Even then capitalist economy resulted in ignorance, poverty and slum conditions, though not on a scale as in Europe, nor for such a length of time.

About State capitalism, as it has developed in Russia and other Communist countries, with its emphasis on heavy industry, we also know something. The people there have to undergo great hardships and sufferings. Millions have been liquidated in the process of rapid industrialization. Yet the problems of poverty\* and inequality have not been solved in those countries. State capitalism in Russia and elsewhere has also destroyed the democratic liberties of the people and the freedom of the individual.

We in India lack a historical perspective. We think that history has no lessons for us. We think that we can industrialize in the Western way—through centralised mechanised big industry in private hands or through State capitalism in the shortest possible time and yet there will be a rise of the standard of living of the masses in the immediate future, unemployment substantially reduced and the burden of taxation on the poor lightened. We think that we shall not pay the price that other nations had to pay to achieve rapid industrialization. We want to eat

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\* Some people believe that Russia has solved the problem of poverty. This is far from the fact up to yet. Poverty is a comparative term. It is true that nominal wages of labour have increased but considering the extent of inflation and the prices of consumer goods of every day necessity, real wages have, if at all increased very slightly. Wages have not yet come to the standard of Western Europe. In what are called 'satellite' countries, conditions are much worse than they were under capitalism.

the cake and have it too. But the promises held out by our ruling authorities and the expectations of our Communist friends, of plenty for the masses in the immediate future, through centralised industry with particular emphasis on the development of heavy and basic industry, are belied by historical experience. Our strange optimism, in direct opposition to the historical evidence, is due to some confusion in our thinking. Whatever our theoretical thinking, we seem to equate national income and average income with the standard of living of the masses. The sole justification for planning is and should be to raise the standard of living of the masses and not merely to raise the national income or the average income. The latter may rise without any real rise in the former. In the West, in the formative period of industrialization, while the national income was rising rapidly, on capitalist basis without planning, the condition of the masses was worsening. This happened in spite of the fact that colonial people were exploited all the time and some of this exploitation went to improve the lot of industrial labour in the home countries. In communist countries, especially the so-called 'satellite' countries like Poland, Czechoslovakia, etc. while production has been increasing and the national income rising, the real income of the masses has not increased. Rather these countries because of the emphasis they have been obliged to put on the development of heavy and basic industries are suffering from scarcity of consumer's goods. The deterioration of the condition of the masses in capitalist countries was arrested only when industry had fully developed with the help of colonial exploitation. Even so the improvement was not automatic. It was the result of a long and continued struggle waged by the trade

union movement, which involved for the workers much suffering and sacrifice. The process was of course helped by expanding democracy. But somehow our planners believe that India will escape the historical consequences of rapid industrialization with its emphasis on big and heavy industry.

### **Why standard of living of Poor did not improve**

Let us see why in the formative period of industrialization the standard of living of the poor did not improve, in spite of increased production and rise in national wealth and income? There must be some reason for it. I submit that the foremost reason is that the mechanisation of industry requires heavy investment per unit of production. Our Minister for Planning, Shri Nanda, admitted this in Parliament. He said that sometimes the investment per worker is of the order of one lakh of rupees. Sometimes it is even more. Wherefrom is the wherewithal for such large investment to come? It can come only from savings. Wherefrom does the bulk of savings come? It comes directly or indirectly from the masses. Even capitalist savings are ultimately the result of exploitation of the masses. Each worker may contribute a little but their aggregate contribution is greater than that of a few capitalists. If the labourers get fair wages and other social benefits they are entitled to and if the agriculturists get fair price for their produce, there will be little left for capital formation to serve the needs of rapid industrialization. This is borne out by history. The real sacrifices, to build up capitalist industry and increase production in the future, were made by the toiling millions in the field and factory in many lands and not by the so-called captains of industry. Keynes says

about this, "the immense accumulations of fixed capital, to the great benefit of mankind, built up during half a century before the war (World War I) could never have come about in a society where wealth was divided equitably. The railways of the world which that age built, as a monument to posterity, were, not less than the pyramids of Egypt, the work of labour which was not free to consume in immediate enjoyment the full equivalent of its efforts."

Shri Nanda in Parliament accepted the fact that most of the money for the Plan will have to come from the masses. The Communists in their actual practice, within Russia and the countries they control, recognise this fact and do not mind the immediate suffering of the masses to establish the classless society of their conception, built on heavy industry, which would ensure for them a dominant military power in the world. Can our masses, who live at a sub-human level of subsistence, be asked to refrain from consuming increased production in the near future to improve their standard of living, and save it for future production? If they do so they cannot obviously at the same time improve their standard of living in the immediate future. Whether after some decades they can do so is hard to calculate today. However, for a starving man a bird in the hand is better than two in the bush. That the Government want our masses to save for future production is clear from the fact that all classes of people are asked and expected to tighten their belts for the success of the plans. If the masses have to postpone the present satisfaction of their urgent and pressing needs at the altar of rapid industrialization to make machines that will make machines for increased production of consumers' goods in the future they must be told so.

They must not be deluded with promises of a rising standard of living and the lightening of their burdens in the near future. Or, is all this delusion necessary for political purposes and to whip up public enthusiasm ?

### **Ban on Trade-Union activity**

Capital formation in the West, as we have pointed out, was made possible through the exploitation of the masses. This exploitation in colonial lands was effected through political power which strangled existing industries there, and created conditions that forced the agriculturist to sell his produce cheap and live in perpetual poverty and indebtedness. In the home lands the condition of the labourer was wretched beyond description. It is this that lent point to Marxist impassioned denunciation of the capitalist system and provided the background of his social philosophy. In those days all trade-union activity was suppressed. There were anti-combination laws in England and elsewhere. I hold that if the authorities want rapid industrialization with special emphasis on heavy industry they will have to put checks on free trade-union activity. This has happened in every country that has recently gone in for rapid industrialization. In Germany, under the Nazis, there was no free trade-union activity. In the Communist countries, there is no free trade-union activity. With free trade-union activity the labourers are sure to demand a rise in their wages and better conditions of living and social security, with every increase in production. If the demands of labour which would be legitimate are acceded to, it will not be possible to effect any large savings for investment necessary for rapid industrialization of the kind contemplated.

There will be little left to mop up. The Communists and Labour leaders in India are already demanding an increase in the wages of industrial labour by 25%. With increased production their demands are bound to be more insistent. If these demands are not satisfied there will be no industrial peace, which is pre-requisite of successful planning.

Our experience also tells us that after independence the ruling party frowns on all trade-union activity, except such as does not interfere with its aim to rapidly industrialize the country. The biggest trade union organisation, the INTUC, is under the control of the Government, through the party in power. The Government have undertaken legislation from time to time, to see that trade union activity is strictly regulated, on the plea of establishing industrial peace necessary for planning. The promises made to labour in the first Five Year Plan have remained unfulfilled. For instance, no effort has been made to give statutory recognition to collective bargaining over as large a field as possible. Also nothing has been done to tighten the Factory Acts, etc. However, whatever the Government may do or refrain from doing to hamper free trade union activity, they will not succeed as long as democratic freedom is not altogether suppressed. So far all the appeals made by the Government to labour to tighten its belt and moderate its demands and not to slow down production, have fallen on deaf ears. This is clear from what recently happened in the Railways and what is happening in the coal industry, in the ordnance factories and at the harbours. Even highly paid essential service-men seem to pay little heed to the exhortations of the Government

not to raise their demands but to work enthusiastically for the fulfilment of the plan.

Further, there is talk of profit-sharing. The Bhoodan movement has encouraged it. One powerful industrial house has promised to put it in practice. If the demands for it became persistent there may be little left for capital formation necessary for rapid industrialization. Any enhanced emoluments and other social benefits, though deservedly received by labour, will only go to improve the standard of living of the workers. The Government is speaking with a double voice. On the one hand it asks people to tighten their belts, and on the other it promises an immediate rise in the standard of living of the masses. It seems, the first is to get the needed capital and the second, the promise of immediate rise in the standard of living of the masses, is to advertise the plan and evoke public enthusiasm. Unfortunately both these things cannot be done simultaneously. My fear is that the tightening of the belt will be effected through indirect taxes and other burdens on the people, for creating State monopolies and advancing huge amounts to private industry on easy terms at the tax payer's expense. But the rise in the standard of living of the masses will have to wait a few more plans, unless America or some other country comes forward to supply most of the money needed for our successive plans. Pakistan gets foreign aid for war production. We can get it for rapid industrialisation on terms which the lending country may choose to impose. Even so foreign aid, however liberal, cannot solve the main economic problems that confront the nation specially that of unemployment.

## Cheap Food and Raw Material

Another condition necessary for rapid industrialisation in the West was the availability of cheap food and raw materials. In England in spite of the influence that the landed interests commanded in the House of Lords and even in the House of Commons, in the beginning of the 19th century, the corn Laws were repealed, to provide cheap food for labourers in the interests of capitalist industry. Afterwards in all capitalist countries cheap food and raw material were made available through colonial exploitation. It was no abstract theory but the urgent need for abundant cheap agricultural produce that made Russia to nationalise agriculture, create huge farms and mechanise them. The agriculturist in Russia and other Communist countries today is exploited both in the interest of heavy industry and the factory worker.

Cheap food and raw material are absolutely necessary for rapid industrialisation. This is also the demand of the Indian industrialist. If agricultural prices are not standardised at a low level and if they continue to rise as at present, the cost of industrialisation will increase. This will necessarily slow down the rate of industrial advance. It is, therefore, no wonder that after finalising the Plan, the Planners discovered that if there is no increase in agricultural production and no reduction in prices, the whole Plan will be upset. Therefore, at the last moment the target of 15% increase in agriculture was raised to 40%. It was also said that when this happens the prices will be reduced by 20 %. All this was done without consulting the agricultural ministries in the Centre and the States. Steps necessary to increase production have to be taken by these ministries and

they and their experts remain unconvinced about the rate of increase in production or the reduction in prices. However, a country which is going to increase production by 40% in the near future does not begin its operation by importing food worth more than 100 crores, as India has done during the last few months. Our Government has also made a contract with Burma for the next few years for the import of rice. After the first Five Year Plan we were told that the country has become self-supporting in food. During the last two years our food production instead of having increased has definitely declined. (Was the reported self-sufficiency due to a couple of good monsoons and the authorities took credit for it?). Under these circumstances it is strange that the authorities tell us that soon India will be able to export agricultural produce and thereby earn much needed foreign exchange. If by agricultural produce is meant only the money crops most of them will be needed at home for our plan. Any additional acreage allowed for these will mean so much taken away from food cultivation and this in a country which has yet to be self-sufficient in food. In spite of all the promises and forecasts the prices of agricultural raw materials and food are rising. The recent rise has been somewhere near 25%. The prices paid before the present rise were not remunerative to the small agriculturists. He will have no incentive to increase production even if the prices remain at the level he is accustomed to get in recent years. It is quite possible to increase production if proper measures are adopted. But production will only increase if the price incentive is there. Even then I am afraid it is over-optimistic to expect the increase will be so great as will enable the country to export agri-

culture produce to foreign lands and earn foreign exchange to any appreciable degree. Any likely increase in food production will be consumed at home by people who at present are not getting enough to eat. And the number of such people is legion.

Another factor which will hamper enhanced agricultural production is the almost universal demand for a low ceiling to be put on agricultural holdings. This demand is backed by all the political parties in the country. The Bhoodan Movement has given the demand its powerful support. Several State Governments are contemplating legislation to give effect to it. The plan itself vaguely suggests it. Any ceiling on land holdings will disturb existing arrangements. During the period the reform is being carried out increased production will not be possible. Yugoslavia put a ceiling on agricultural holdings. The immediate result was that production diminished. The same was the case in China. Production increased only when the co-operative movement gained momentum. Even the Bhoodan workers have come to realise that individual gifts of a few acres of land, however impressive the aggregate, will not revitalise our agriculture. Only the gift of whole villages, to be worked on co-operative basis making possible the application of advanced methods of cultivation and co-operation in sowing, harvesting, marketing, etc., will solve the agricultural problem in India. Even then if the Indian village is to survive it must have industry suited to its requirements, with capital the village can afford and the technique it already has or can easily acquire. So for the co-operative movement in India has not prospered. It will take time before it can be made effective. I believe certain amount of compulsion will have to be applied

before the agriculturist in rural India will consent to co-operative farming. In China we are told that 85% of agriculture is under co-operatives. In almost 60% of land individual property rights have been extinguished. All this was possible under a dictatorship. Co-operative farming was introduced not merely to increase production but also to keep prices from fluctuating widely and at levels that would be favourable to rapid industrialisation.

### Direct taxes on Capital—their effect

There is another factor about the Western type industrialisation which our planners seem to have forgotten. It is that capital formation to finance big industry was made possible in the West at a time when the demands of Governments in taxation on earnings and wealth were almost nil. There were no income-tax, super-tax, profit tax, inheritance tax, death duties, etc. during the period of growth. In totalitarian countries as the State monopolises the whole of the economic life of the country, it can decide what share of production will be ploughed back in industry and what will be spent on present consumption. Generally what is spent to raise the living standard of the masses is but small. In Russia after the successful completion of the First Five Plans, the present sixth one promises an increase of 60% in the national income. Only 30% of this, we are told, will be used to increase wages of labourers and office workers. Even if this actually takes place the major portion is likely to go not to increase the real wages of the labourers but of those who are modestly called 'office workers' but who in fact compose the bureaucracy that controls the whole machinery of the totalitarian State. The agriculturist will

get the least. In India the capitalist interests have been whining against government taxation policy. Their complaint is that it leaves little to be ploughed back into industry. By and large the plea of the capitalist has so far been accepted. But even if the direct taxes on wealth and profits increase the poor will not be altogether unaffected. Somehow the rich successfully throw the burden of taxation, as much as circumstances and their ingenuity would allow, on the poor.

### **Administrative and technical ability**

Further industrialisation under present conditions requires the services of a large army of technicians. When it is undertaken by Government and the private sector is controlled by it, it also requires an administrative set-up conversant with business methods, techniques and requirements. Our schemes in the new Plan are ambitious. For this we require larger and more efficient technical and administrative personnel than we have at present. Will it be possible to have the necessary technical personnel with requisite experience for the tasks to be immediately undertaken? So far as our administrative set is concerned, its senior personnel was trained under a foreign police state. Even today, after eight years, its mentality and its methods of work have not materially changed. The Prime Minister and his colleagues are always reminding their officers that they should realise that they are working for a democratic and welfare state and that their old views and ways about their relation with the public must change and that they must realise their new duties and responsibilities. The experience of the first Plan is that in many cases the large amounts sanctioned and

available could not be spent. This was often due to technological, administrative and organisational short-comings.

The difficulties I have indicated above in the way of improvement in the condition of the masses through centralised industry appear to me insurmountable. There may be increased production and a rise in the national and the average income, but the economic condition of the masses living in the villages will not improve to any appreciable degree unless the village itself is industrialised. Today when the national income has risen the real income of the masses have not risen. Rather they have to pay, proportionately to their increased monetary income, more for their everyday requirements of food, cloth, building material, etc. There are other difficulties created by centralised mechanised industry which stand in the way of the improvement in the living conditions of the masses. These will be indicated as our argument proceeds.

### **Decentralised Pattern of Industry**

We have said that no high civilisation and culture can ever be built merely on agriculture without industry. Even agriculture, if it is not to be very primitive, requires the aid of industry. This being so, can we devise a pattern of industry which would avoid the misery, suffering and the waste incidental to capitalist production? Can we on the other hand avoid the loss of political and individual liberty, with doubtful economic advantages, incidental to State capitalism? Can there be a pattern of industrialisation which can afford the starving masses immediate increased employment and relief which they urgently need and which, while making an equitable distribution of material goods possible,

will preserve for them their democratic liberties and social values ? Further, can India evolve a pattern of industrialisation more suited to the genius of her people and more in accord with the immediate pressing requirements of the country ?

I believe that Gandhiji outlined for us the basis of such a pattern of industrialisation. He recognised the fact that the problems of poverty and unemployment could not be solved by agriculture alone, however organised. There was need of wide-spread industrialisation. But he advocated a new pattern of industrialisation through home and village industry by which he believed the problems of poverty and unemployment could be effectively tackled. Asked, "you would not industrialise India ?", Gandhiji replied, "I would indeed, in my sense of the term. The village communities should be revived. Indian villages produced and supplied to the Indian towns and cities all their wants. India became impoverished when our *cities became foreign markets* and began to drain the villages by dumping cheap shoddy goods from foreign lands." Gandhiji could not countenance a type of industrialisation which would fail to raise the standard of living of the masses immediately. He thought that the economic problems of the country must be so tackled that the (masses) had not to wait indefinitely for a rise in the standard of living. He said, "It has been contended that the growing poverty of the masses, due to the progress of industrialisation is inevitable, and should, therefore, be suffered. I do not consider the evil to be inevitable, let alone to be suffered." The new method of industrialisation advocated by Gandhiji would avoid the evils both of capitalism and State capitalism. Decentralised industry while

ensuring political democracy would also help in raising the standard of living of the masses, not in any distant future but immediately. Further it would help to reduce the existing inequalities of wealth and income. As a matter of fact, Gandhiji rightly believed that this pattern of economy is essentially socialist and equalitarian.

Gandhiji initiated his campaign in favour of de-centralised industry by advocating the encouragement of hand spinning and hand weaving. The symbol of this type of industrialisation was the Charkha, which was prominently put on our national flag before independence. Those who wanted to work for the freedom and reconstruction of the country had to wear Khadi. This also became the symbol of their identification with the masses, whose interest Gandhiji considered as supreme. He says, "Khadi is the chief village industry. Kill Khadi and you must kill the villages and with it non-violence." Again he says, "If pestilence, poverty and bloodshed are to be avoided there is no other remedy but Khadi and other village industries." "The revival of handspinning and hand weaving will make the largest contribution to the economic and moral regeneration of India." "To supply India with cloth manufactured either outside or inside India through gigantic mills is an economic blunder of the first magnitude as it would be to supply cheap food through huge bakeries in the chief centres in India and to destroy the family stove. Millions of villagers are living in enforced idleness for at least four months in a year. The restoration of the spinning wheel there often solves the economic problem with a stroke."

It should be plain from this that Gandhiji was not against the industrialisation of the country but against

the Western type of industrialisation, through big centralised mechanised industry whether in private or State hands. He stood for decentralisation of industry as well as of political power. Because he saw that a social order based on non-violence, which alone meant real democracy, was impossible without such decentralisation both in the economic and the political fields. He said, "I suggest that if India is to evolve along non-violent lines it will have to decentralise many things. Centralisation cannot be sustained and defended without adequate force."

### **Gandhiji not slave to theory**

Gandhiji, however, was not a slave to a theory, not even his own. He freely recognised the practical needs of modern life. He was not like the Bolsheviks who believed that they could make a clean sweep of existing order of things and substitute for it an entirely new one of their own conception at a single stroke, and then live happily ever after. He could only correct some of the errors and extravagances of the present civilisation and give it a healthier moral direction. Centralised big industry therefore could not be altogether eliminated. A good deal of it will be necessary for the needs of the modern man. But he did not want big industry to permeate the whole life of the people as in the West, changing their moral values, identifying culture and civilisation with multiplication of material goods and their enjoyment. He held that an indefinite multiplication of material wants and their satisfaction, instead of adding to the worth of the individual, enslaves him. This does not mean that he advocated asceticism. All that was required for cultured and moral living was to be produced without enslaving fellow human beings and distributed equi-

tably. Thus he wanted to avoid the evils of both capitalism and state capitalism. The advocacy of this type of decentralised industry was based upon economic, political, social and moral considerations, with special reference to existing Indian conditions. Gandhiji believed that all aspects of human life are inter-related. Political and economic maladjustments affect social and moral conduct. What is morally wrong cannot be right in the economic and political life of the individual of the community.

### **Democracy and Concentration of Power**

Why is capitalist economy condemned? Because it leads to exploitation, injustice and cruelty. This it does by placing the ownership of the instruments of production in the hands of a few individuals, whose sole motive is private profit and not social good. Ownership of the instruments of production in the State, as we have said before, leads to concentration of power in the hands of the one or the few. This as experience has shown, both in the Communist and Fascist countries, does not prevent the economic exploitation of the many, ostensibly in the interests of the State but in reality in the interests of the few, who wield power and who may not always work for social ends but to strengthen their own power and privileges. This would be destructive of the liberties of the individual and inimical to democracy. Therefore, as far as possible and consistent with modern requirements, Gandhiji wanted to put the instrument of production in the hands of workers themselves. Such an arrangement of economic life would not put economic and, therefore, also political power in the hands of the few, whether they be capitalists, politicians, bureaucrats or dictators. Concentration of power is the natural consequence of economic

centralisation. Today it is a truism to say that economic arrangements powerfully affect political and moral life. Centralised economics necessitate centralised political power whether such power be disguised under democratic forms or is frankly totalitarian and dictatorial.

Democracy in the West began as a protest against the inordinate power of the State, concentrated in the king. It was, therefore, an axiom of democratic thought that, that Government was the best which governed the least. Lord Acton's dictum that "power has the tendency to corrupt and absolute power corrupts absolutely", is more true today than when it was uttered. It is as true of centralised democracy as of dictatorship. As a matter of fact, Lord Acton when he uttered this dictum was thinking of democracies and not of dictatorships as they developed in the present century. His warning was against the concentration of political power. The idea was that the checks and balances provided by democracy on State power must be jealously guarded with the utmost vigilance. Vigilance, it was rightly held, was the price of liberty. However if economic power is added to political power there is absolute and total power. About concentration of power in the State, Gandhiji says, "Political power is not an end but one of the means to enable people to better their condition." Further, he says, "I look upon the increase of power in the State with the greatest fear, because, although apparently doing good in the name of the welfare state by minimising exploitation it does the greatest harm to mankind by destroying individuality which is at the root of all progress.... The individual has a soul but the State is a soul-less machine." A state if it is to function democratically must be pluralistic. It cannot be a monolythic organisation. It was

also early enough recognised that great disparity of wealth as under capitalist economy is inimical to democracy.

Any concentration of power in the State would not only adversely affect the fundamental rights of the individual but would also be inimical to cultural and moral values. These values prosper only where there is freedom and a recognition of the inherent worth and dignity of the individual. Because capitalism failed to recognise this, there is no reason to substitute in its place the State with totalitarian powers. After all, the State is not an abstraction. It is a concrete entity and as such is managed by individuals who exercise its powers. Democracy puts the necessary controls on the power of those with whom lies the management of the State.

Further, centralisation of power impairs the vitality of the self-governing units. To the extent that the local units lose their initiative and autonomy democracy is defeated. If there is no industrial life in the villages and they subsist only on impoverished agriculture, which leaves them without work for at least three months in the year, they cannot intelligently participate in local self-government. Abject poverty and self-government go ill together. It is the main cause of the failure of self-government in the villages. Again, why are our community projects not succeeding as well as they ought to in spite of the money and effort spent on them? Because there is no industry worth the name in the villages. The authorities are confining themselves to the task of education, sanitation and building *panchayat ghars*. These have little meaning or significance for our impoverished villages. One cannot

impart education and ideas of a sanitation to people who are starving. This is also the experience in the West. One may improve a little the village agriculture. But this will not produce enlightenment and culture and the sense of freedom and joy in the village.

### **Democratic Socialism and Centralised economics**

The question of power concentrated in the States creates a painful dilemma for democratic socialism in the west wedded to centralised industry. Centralisation in economic life must of necessity bring about greater concentration of power in the State to the detriment of democracy. This dilemma does not arise in the case of Communists, when they nationalise industry. They believe in centralisation both in political and economic spheres. They have found for this a respectable term "democratic centralism." Whatever they may say to delude the world with words, more of centralism means less of democracy. Centralisation and democracy are really contradiction in terms. Socialist, as distinguished from Communists, believe in the devolution of political power. They believe that local self-government must be strengthened and made real and effective. However, decentralisation of political power will not be possible without a certain amount of decentralisation in economic life. But devolution of political power does not mean dispensing with the central authority of the State. The strength of the Centre must be built on the strength of its local units and not at their expense. There must be both in politics and economics a balance between decentralisation and centralisation. So far as decentralisation of industry is concerned, in the West where it is already centralised, it may be difficult

to break big industry and introduce the home and village pattern. But some measure of decentralisation can be achieved by leaving the management of industry predominately in the hands of workers or their co-operatives. It is said that in Yugoslavia such an experiment is being tried with a measure of success. But how far such success can be stable and lasting in the context of a basically one-party rule is to be seen. For India when Industry has not yet been completely centralised the same result can be achieved through decentralisation of a large section of it. This will also solve the problem of unemployment. It is only thus that the dilemma of decentralised political power and centralised economic power can be solved here in India.

## Population

Industrialisation in the West took place in countries with, "what was then considered" plenty of natural resources and small populations. When England and Germany industrialised themselves they had not only great resources in coal and iron but also comparatively small populations. The same was the case with the U.S.A. and it had a whole subcontinent to occupy and reclaim. It had enormous untapped natural resources. As for its population it was negligible. Even today it is about 50 per Sq. mile. The U.S.S.R. has a population of about 18 per Sq. mile. India has a population of 350 per Sq. mile. The U.A.S. is three times as big as India and Russia seven times as big. The population of both countries is about half of that of India. Western countries even today need man power. Normally they do not suffer from unemployment. We in India need work for the enormous man power we already have even

without its annual increase. If here industrialisation is to be effected through big industry the problem of unemployment and semiemployment cannot, I believe, be solved for a long time to come. In the meantime the standard of living of the masses in the villages cannot materially improve. The First Five Year Plan, on official admission, did not diminish the volume of unemployment. It rather increased and that, as is admitted by the authorities, by five millions. Today unemployment is so acute that the government dare not retrench, when there is not enough work in their offices and factories for those who are already there. This has deleterious effect upon the discipline and efficiency of offices and factories. It is better to work with a staff slightly less than required, with over-time payment, rather than with an excess of staff. The latter is demoralising even for otherwise efficient workers.

Unemployment is the greatest and the most painful problem in India. It is most heart-rending to see strong, healthy men and women ready to work and not finding work and slowly disintegrating physically, morally and mentally along with their dependants. Unemployment leads to frustration, bitterness, jealousy and hatred. These are potent causes for violent revolutions. It is, therefore, that in all civilised countries the authorities take steps to see that the unemployed get jobs. They open new works, even if not immediately required, to provide work and wages. If work cannot be provided, modern Governments give unemployment doles. In India, though the State lays claims to be a welfare State, it has not made itself responsible either for providing work or for giving doles. Even though it is a directive principle of our

Constitution that work and wages should be provided for all able-bodied persons willing to work, nothing has been attempted so far.

In spite of their small populations in Western countries and their control over world markets, periodically there is a glut of goods, which cannot be sold at a profit. Useful commodities that are needed by millions of people are destroyed. If today they are not destroyed but are sent to economically backward countries as gifts or loans, such gifts and loans are not always motivated by philanthropic considerations. Periodical unemployment is recurring phenomenon in industrial countries of the West, in spite of their small populations.

### **Characteristics of big Industry**

There are four main characteristics of big centralised and mechanised industry which must be taken note of. The first is that of large investment per unit of production. The second is that of ever-diminishing human labour. The third is that purchasing power cannot keep pace with the increasing production unless the markets go on expanding indefinitely. The fourth is the rapid utilisation of natural resources, so rapid that future generations may be impoverished.

### **Ever diminishing Labour**

We have already talked of heavy investment. Much need not be said about the second. The very definition of a machine is that it is a labour-saving device. We know how mechanisation leads after sometime to rationalisation and ultimately to what is now called automation when men are required merely to press buttons, for the work of the various processes of production. The efficiency of a machine

is decided by the number of men it can displace. Unless industry keeps rapidly and indefinitely expanding, the labour force will progressively diminish with every advance in science and technology, and the rate of investment per unit of production will go on rising. In our own country even though the textile industry has been expanding, instead of any expansion in the labour force, there has been contraction. Between 1948-52 our textile industry expanded, new factories grew up, investment was increased by about 54%. Yet the total labour force has actually diminished. This is due to rationalisation. If our cotton industry were organised and mechanised in American terms the workers needed may be about tenth of their present number.

When the present Five Year Plan has been completed or even before its completion, there may be such an advance of science, technology, business management and methods, that the next Plan may need no added labour force at all. As a matter of fact even today if the West supplied us with up-to-date machines which they use themselves and cannot spare for export, the labour force needed for our Plans will be much less than estimated. We generally get from the West worn-out or out-of-date machines. It is said that in the West we are reputed to be the world's greatest purchasers of scrap. Though our Prime Minister refuses to purchase Indian industrial scrap his officers do not hesitate to purchase scrap from abroad. West Germany is today happy that war destroyed its old machines. With the new and up-to-date machines it can produce more with a much smaller labour force and reduce the cost of production and successfully compete in world markets. As

for capital investment it has got it in plentiful from America.

It is, therefore, no wonder that in India labour organisations have set their face against rationalisation. Such opposition may appear irrational, directed against the progressive use of up-to-date knowledge of science and technology but for the fact that man does not live by science and technology alone. He needs many things which he cannot get without remunerative employment, whether it be under a capitalist or socialist regime. This necessary employment is threatened by every advance in science and technology applied to industry, producing progressively more efficient labour-saving devices. The new workers required to press buttons may be more intelligent (though how far they will remain so by merely pushing buttons is a question!) but they are not going to share their wages with those whom the new machines and techniques will throw out of work.

I am afraid that, with every successfully executed Plan, based upon mechanised and centralised industry, with our existing and growing population, the employment question will remain acute for generations to come, unless the growth of population is effectively checked. Has the Plan any plan to check the growth of population? Even if it had in a country like India it may take long to make it effective. However, the best way to control the birth rate is not through adoption of artificial means but by raising the standard of living of the masses. In Western countries this has worked more effectively than artificial methods of birth control, which because of the

ignorance of the masses, are taken advantage of mostly by the upper classes, who need them the least. In India, where even the most elementary medical aid is not available in the villages, it is hard to conceive that the State can provide birth control clinics, with the speed and the urgency demanded by the population problem. The backwardness of the people and their conservatism preclude any extended use of artificial methods of birth control, even when they are extensively provided by the Government. Besides, an extensive introduction of artificial methods of birth control without a corresponding advance in the general hygienic and sanitary condition of the people may itself prove dangerous.

If we have successfully to tackle the unemployment problem, without putting upon our masses an unbearable burden for a few decades to come, we have no choice but to have a pattern of industrialisation, which will be as far as possible labour-intensive. This can be through decentralised industry as suggested by Gandhiji and accepted by the Congress before independence. This also accords best with our past history and the genius of our people. I have an idea that we can tackle the problems of decentralised industry better than those arising out of the organisation of big centralised industry, which require an army of highly-skilled technicians and administrative set-up familiar with Western-type business methods. Further, if through inadequacy of funds, rising prices, technical skill, administrative ability and integrity, or due to disturbance of international peace or any other cause, there is a break-down, the result will be much more disastrous in the case of big industry than in that of home and village industry.

## Swaraj for the starving masses

Gandhiji knew that the problem in India was not of this or that *ism*, of capitalism, Socialism or Communism. The greatest problem was of the groaning poverty and ignorance of the masses, living in the villages in sub-human conditions. For Gandhiji swaraj had no meaning except in terms of the masses. He said, "I am working for winning swaraj for those toiling and unemployed millions who do not get even a square meal a day and have to scratch along with a piece of stale *roti* and a pinch of salt". This heart-rending poverty of our masses is due to the want of gainful employment.

What do the masses in India need, or for that matter what do the masses all over the world need? They need—may I suggest to those who should know better than myself—remunerative employment, social security and a rising standard of living. But there can be no social security or a rising standard of living, unless the question of employment is first solved. As long as there is unemployment, as long as there are able-bodied persons who are willing to work and who are wasting their lives, there can be no social security; there can be no rise in the standard of living of the masses. Unemployment, therefore, is the greatest curse India is suffering from, which individuals are suffering from, which the nation is suffering from. Unemployment in the country is so colossal that after eight years of independence the Government has not ventured to collect its statistics.

The present Plan promises employment to about nine millions of people. But we are told that the

new entrants into the ranks of those seeking employment during the period will be as many. However, this is not correct. Unemployment after the completion of the Plan will increase by about a couple of millions. This is a picture which is far from reassuring.

### **Output Exceeds Demand**

We need not elaborate on the third characteristics of mechanised production which is that the output of material goods greatly outruns purchasing power unless there are expanding markets. Purchasing power as we have said before comes through gainful employment. The possibilities of employment diminish with every advance in science and technology applied to big centralised industry. In capitalist countries this periodically results in trade depressions caused by the glut of goods. In a Socialist society, the case will not be much different. The socialist State cannot supply goods except in lieu of services. This would mean that employment must increase with every increase in production. But we have seen this does not happen in the case of highly mechanised and centralised industry. The gulf between production and consumption in the West today has lost its acuteness whether under capitalism or under State capitalism because of war production, and because as yet the highly industrialised countries supply capital goods and sometimes even consumers' goods to economically backward countries. The economy of many highly industrialised countries will be hard hit if efforts at general disarmament succeed and the backward countries industrialise themselves. The latter when industrialised will not command world markets. With their enormous population if they use labour-

saving machinery they will not be able to solve the unemployment problem.

### **Rapid Exhaustion of Natural Resources**

The fourth problem created by industrialisation is the rapid exhaustion of natural resources. Even in a country like the U.S.A., the natural resources that are needed for its ever-expanding industry are rapidly diminishing. It has progressively to rely upon imports of raw material of every variety. The faster these resources are used up, the smaller they become both absolutely and relatively. The U.S.A. today is the largest importer of copper, lead and zinc. It relies upon foreign resources even for petroleum and iron. The Paley Commission estimated that American industry would have to invest 100 million dollars annually in foreign copper development alone. The supplies of raw materials America needs, it does not get through ordinary trade channels. It gets them through investment in other countries. Private investment has gone on increasing and will continue to do so with years.

This may mean economic progress for the U.S.A. But it also means exploitation of weaker nations. Such exploitation of weaker nations by powerful nations is bound to create disturbing problems in the international field and increase tensions. We know about the trouble created in West Asia because of the scramble for oil between powerful nations of the West, some of whom have great oil-resources of their own. If we are thinking in terms of a peaceful world in the future, each nation must husband its natural resources and use them economically. In India today our natural resources are being exploited not only for building our heavy industries

but also to gain foreign exchange. We are thus frittering away some of these resources, which the future generations will sorely need. It is said that atomic energy will solve the problem of scarce resources in the world. Will it solve the problem for industrially backward countries also ?

### **Decentralised Industry in the Plan**

It would not, however, be right to say that the planners have altogether ignored the possibilities of home and village industry. Sometime back they appointed a Small Scale Industries Board. It was to furnish a programme for village and small-scale industries, so that the bulk of the consumer goods in common demand may be provided by village and small scale Industries. This Board was also to suggest measures so that the employment provided by these industries may progressively increase. The Karve Committee made recommendations on these lines. It said that all additional demands for consumer goods, arising during the Plan period, should be met as much as possible through the expansion of household and hand production; and that, until unemployment was liquidated or brought under control, it was necessary to prevent competition between factories and hand industry. These objectives were at one time endorsed by the Planning Commission. Yet, what do the Government do ? On the one hand they talk of Ambar Charkha and on the other, they allow mechanisation of handlooms. Even the Kanungo Committee was constrained to admit that one powerloom will displace twenty handlooms. Sometime back the Government called a conference of Block Development Officers in Madras and strongly recommended encouragement of hand-

pounded rice. But the trouble is that they themselves continue to issue licences for the starting of new rice mills. The same is the case with oil industry. The village *ghani* is to be encouraged, yet licensing of new oil mills goes on.

In the matter of cloth, the country was told that the estimated increased demand of 1,700 million yards during the second Five Year Plan would be produced through the traditional and Ambar Charkhas and the handloom. But this is no more the policy of the Government. It has been decided now that 350 million yards would be produced by mills, 700 million yards through handloom, 200 million yards by new power looms in the handloom sector, 300 million yards in Khadi by Ambar Charkha yarn with a reserve of 150 million yards to be allocated to that sector which is capable of producing it. Certainly the mills will be pre-eminently capable of producing these 150 million yards. From this it is plain that the present policy of the Government is to rely more and more upon mill cloth, on the plea that there is dearth of cloth. No enquiries were made whether the dearth was real or artificially created, whether it was temporary or permanent. All this creates confusion in the public mind. There is no clear conception of the role that home and village industry is to play in our economy. It is needed because we want to establish in India a new social order based on a new pattern of industrialisation or because we need it only for the period of transition, while the heavy and basic industries are being developed? "Rapid industrialisation is the core of development", say the Planners. Is home and village industry then kept up for the time being to decrease in a measure unemployment and provide consumer goods to

minimise the adverse effects of deficit financing? Has it no place of its own as designed by Gandhiji? All this being uncertain, it is no wonder that policies about this sector of industry keep changing to the utter confusion of Sarvodaya workers. Some of those in authority have little faith in the philosophy and economics of decentralised industry. Nor are they quite clear about the direction that our economy should take. The former Minister for Commerce and Industry, now the Finance Minister speaking in the Lok Sabha in April last said: "It is however true that we have not yet evolved an economic philosophy of our own and such as exists is necessarily ambivalent. We have, perhaps, no clear idea of the entire picture of the economic future that we desire this country to have. We are apt to think in compartments without any attempt at synthesizing the conflicts that thinking in compartments necessarily engenders". This from an important Minister in the Cabinet.

However, others in power seem to be quite clear about the goal, but there is no integrated effort. The Boards and Commissions appointed for Cottage and Village industry have overlapping functions. Though there is the All India Khadi and Village Industry Board yet there are also the Handloom Board, Handicraft Board, the Silk Board and the Central Oilseeds Boards. Sometimes these Boards neutralise the efforts of each other. The personnel employed in some of them have very often little faith in the work they are doing or in the general scheme of decentralised industry. The authorities would repudiate Gandhian economics in practice but not denounce it in theory. Such a policy is bound to create confusion. If the ultimate objective is that all

production must be carried on through mechanised big industry, it would be waste of time and funds and energy to subsidise home and village industry. It is bound to create vested interests which the Government will find it difficult to deal with in the future.

### Poverty the supreme question

The question in India is not, as is usually posed, one of just raising the national or *per capita* income. What is necessary and urgent is to raise the income of the lowest income groups, namely, the masses living in the villages ; that is to give them the things they urgently need or to help them to produce those things themselves. They have plenty of leisure to produce most of what they need, if the proper atmosphere is created and the necessary facilities are provided. Even Shri Deshmukh, former Finance Minister, in his last budget speech was constrained to say: "Increase in the national or the *per capita* income will avail little. What is needed is to raise the level of income of the low income groups."

That this has not happened under the First Five Year Plan is plain from the fact that though the national income is estimated to have increased from Rs. 9,111 crores to Rs. 10,800 crores in the last five years—an increase of about 18 per cent—and the *per capita* NATIONAL income by 11 per cent, there is little increase in the income of the lowest income groups in the villages. We see in the villages the same poverty as we saw before independence. The average income during the first Plan period is estimated to have increased, by three to four annas per head per year ! (If a person in a village spins on the Ambar Charkha for a day he would get

annas twelve). But the first Five Year Plan, we are told today, was not a Plan but was only laying down the foundations. The same will be said afterwards about this Plan too. We shall then be told that real planning will come in a subsequent Plans !

### Limits of Heavy Industry

I take it that the people in the Government are not ultra-Gandhians ; Dr. B. C. Roy, the Chief Minister of the West Bengal cannot be accused of being so. Let us see what he feels in this matter. He says : "We must plan for needs of the villagers, for their village enterprises, their need for raw material, improved tools and cheaper power. We can then estimate the supplies that will be needed of coal, iron steel, machines for making tools. etc." This means that heavy and key industries must be developed mainly with a view to help decentralisation which alone in India can cope with the existing colossal unemployment. We must not estimate in terms of factories, mills and machines, nor even in terms of the national or average income but in terms of the supply to the villager of the things of his primary need. These he can produce himself or in the village without much capital or new technical skills he needs these things immediately. Our emphasis must, therefore, be on production for immediate use if the standards of living are to improve in a measurable time. After all, capital goods are ultimately meant to supply consumer goods. If with our manpower consumer goods can be produced directly with tools and small machines where is the harm ? How does this violate laws of economics or science ?

Heavy industry must be developed according to our needs and capacity. This will bring our

planning to the level of the money we can ourselves raise and invest without raising indirect taxes, which fall heavily on the poor, and without relying upon foreign aid which as we see cannot be got without some explicit or implicit strings attached to it. This will also save us from having recourse to such deficit financing as would lead to inflation, of which there are clear signs already, except to those who would not see. The prices of food and other basic commodities have already increased. The price index that was considered reasonable after the war, at 200, and which increased to 300 after the devaluation of the rupee, now stands at 408.

### Potentialities of Small Industry

As for the potentialities of the small scale industries to provide employment, it is estimated by experts in Khadi that if the total increase in cloth contemplated in the present Plan period, namely 1,700 millions yards, is manufactured through the Ambar Charkha and the handloom, part-time and whole-time work will be provided for 5 million spinners and whole-time work for 8½ lakhs of weavers and a lakh of carpenters. A 100 crore investment will provide the nation with this employment.

The question is not one of this or that—Capitalism or State Capitalism. There may be other ways of industrialising a country, avoiding the pitfalls of both the traditional types, capitalism and State capitalism. There may be a mixed economy coordinating centralised and decentralised patterns of industry. Such a coordination we believe will meet the needs of our ruined economy with its paucity of capital, high technical skill and administrative ability, etc. and superabundance of unemployed

labour and the technical skill of artisans. It is not a theoretical question as to which type of economy is better and which is worse. It is a practical question of utilising to the fullest all the resources of the country that are lying unused today, especially its man power. If such a mixed economy is our goal, there can be no over-emphasis upon centralised industry whether in private or state hands, the balance must be kept true and there must be complete and harmonious coordination. This unfortunately we miss in the Plan.

I have not discussed the great political, social and moral advantages of decentralised industry. But one thing I would mention here and that is of great importance to the country's unity and internal peace. There are complaints in various States and regions that there is unequal industrialisation and their interests are made to suffer. So far as the development of the decentralised sector of industry is concerned, there will be little difference in the rate of industrialisation as between various States and regions in the country. This will not be so in the case of big mechanised and centralised industry. In centralised industry, the unit for economic purposes today is the whole country and not a particular state or region. (With centralised industry it should be the whole world, but for narrow nationalism.) Industry in national state can be started only where there are natural and other facilities. It cannot be started anywhere and everywhere. If these complaints one hears today, about unequal rate of advance, persist, the authorities will have to start for political reasons in a democracy, big industries in areas least suited for the purpose. This will be nationally wasteful. If it is not done there will be

great inter-State bitterness. It will exacerbate feelings much more than did the controversies connected with the Reorganisation of States. Even today the trained personnel relieved from the Damodar Valley Project, cannot be shifted to the Steel Plant in Orissa. There are complaints that the Oriyas are not getting jobs at Rourkela to which they are entitled as citizens of that State. In decentralised industry there will not be much of unequal industrialisation in different States and regions, as every home and every village will be a production centre, at least for the primary needs of life. This will mitigate a good deal of inter-provincial jealousy and heart burning.

### **Decentralisation and mass production**

There are certain stock arguments against decentralised industry, which must be examined. The first is that material goods cannot be produced as quickly as required through decentralised industry. There can be no mass-production. It is forgotten that when the masses produce goods in every home and village, the volume of production will greatly increase. It will in fact be mass-production, though in a slightly different sense. I may quote here Gandhiji's reply, when he was asked, "Then you do not envisage mass-production as an ideal feature of India?" Gandhiji said, "Oh, yes, mass-production, certainly, but not based on force. After all the message of spinning wheel is that. It is mass-production, but mass production in people's own homes. If you multiply individual production to millions of times, would it not give you mass-production on a tremendous scale? But I quite understand that your 'mass-production' is a technical

term for production by the fewest possible number through the aid of highly complicated machinery. 'I have said to myself that that is wrong.'

However to increase production, home and village industry can be made more efficient by the supply of improved tools and small machines and of cheap mechanical power. Facilities for bulk purchase of raw material, marketing and for co-operative functioning may also be made available. In electricity we have the mechanical power which can be transmitted to great distances and supplied in small units. If these measures are taken, India will be able to produce all the goods that she needs. Even if atomic power is used, it will have to be transformed into electricity. These measures will also eliminate the drudgery of the village artisans working in the traditional way. Production can thus be increased without creating adverse social and moral conditions associated with the factory system and over-urbanisation. The proletarians whether working under capitalists or the State, do not make as good citizens for democracy as independent artisans.

**Consumers' interests.** <sup>70158</sup>

Another argument against home and village industry is that consumers' interests will <sup>772</sup> suffer by increase in the cost of production due to protection given and the subsidy paid to small industry. This argument is based upon the idea of purchasing in the cheapest market irrespective of political, social and moral considerations. It is based upon the idea of individual and household economy. Economic science deals with the wealth of nations. It has to take into consideration apart from cheapness of goods, political, social and above all moral conse-

quences of economic arrangements. However, in India the question of the consumer's interest is raised only when the problems of decentralised industry are discussed. When big industry needs protection no such question is ever raised. For example, the textile industry enjoyed protection for many years and yet no question was ever raised about the consumers' interest. It is estimated that from 1926 to 1944 the mill textile industry received 56 crores of rupees per year as subsidy. Added to this was the tremendous advantage it enjoyed through the Swadeshi movement. Even today it gets favourable treatment in the matter of supply of coal and electric power, railway freight, etc. During the last two wars it enjoyed a virtual monopoly of the home market. It also commanded a substantial foreign market. In comparison to this, the support that decentralised textile industry will need, will be very small. It is also possible that if cheap mechanical power is supplied to each village home and proper tools and machines and credit and marketing facilities are provided and the co-operative movement strengthened and expanded in course of time decentralised industry may be able to stand competition with centralised industry. But in all this the authorities will have to help. They will do so when they have made up their minds about the type of industrialisation they propose to introduce in India.

When the Congress before Independence preached the cult of Swadeshi even at a sacrifice with special emphasis in favour of the products of home and village industry, it was not thinking in terms of the cost to individual consumer, but in terms of total political, social and moral gain to the nation. Economics divorced from sociology has no meaning

today. However when under Gandhiji's lead the Congress advocated the cause of home and village industry, it was not merely for non-economic reasons. It did so because this type of industry provided employment to the unemployed and gave some subsidiary employment and income to the cultivators, who are without work for at least three months in the year. It was further believed that in home and village industry, the producers will themselves be the greatest consumers. The non-producing consumers will be compensated for the higher prices if the nation did not waste its resources in importing goods it could conveniently produce at home and if thereby the agriculturists became prosperous. In pre-Independence days we denounced the foreign government for not extending protection to indigenous industry and for not patronising Swadeshi articles in preference to foreign goods in its purchases.

Again, the questions of consumers' interest is not raised today in the matter of government monopolies. Take for instance bus and lorry transport. There is great need of its expansion both in urban and rural areas. Yet the State Governments run it as a government monopoly. If the State governments were to allow private enterprise in this field, it is the general opinion that the user will have to pay less than he does today and the present position in transport will ease. But our governments refuse to issue licenses to private individuals or firms. Why? Because Government non-competitive and monopolistic enterprise is supposed to serve social ends. But this is not the view of individual consumers, who want cheap and readily available transport. Further, in their taxation policies and

their extravagant expenditure the government have never shown much concern for consumers' interest.

## Science and Technology

Again, we are told that it will be impossible for the nation to forego the advantage of science and technology. It will be even foolish to do so. We are reminded, as if we had never heard before, that science means the study of nature and its ways and mastery over it. This enables humanity to increase the production of useful articles and thus add to human comfort and happiness. It is forgotten that science did not rise in big factories, but in small laboratories. Science and technology, in so far as they are valuable, can be used for home and cottage industry as well as for centralised mills and factories. Gandhiji never objected to science or its application to industry or the use of mechanical power like electricity for the benefit of village artisans to increase their production and diminish the strain on them. What he objected to was the modern craze for machines, irrespective of their social and moral consequences. Gandhiji says, "What I object to is the craze for machinery, not machinery as such." Again he says, "Dead machinery should not be pitted against the living machines represented by the villagers scattered in seven hundred thousand villages of India. Mechanisation is good when hands are few for the work intended to be accomplished. It is an evil where there are more hands than required for the work as is the case in India." It is also highly erroneous to say that Gandhiji was against the advance of science. If the essence of science is its method of investigation through observation, experiment and experience applied to natural phenomenon and to

human problems, few possessed this spirit in greater degree than Gandhiji. He was always experimenting in the moral, political and social fields. His whole life was a search after truth, through the scientific method. He has called his biography, "My experiments with Truth". He says, "I am not opposed to the progress of science as such, on the contrary the scientific spirit of the West commands my admiration".

However, it is necessary to remember that if science and technology have provided some advanced countries with material goods, they (science and technology) have also been powerful instruments of exploitation of individuals, classes and nations. They have also given us the atom and hydrogen bombs. This over-emphasis on technology and science sounds rather strange in the mouths of those who never tire of reminding the world of the dangers of nuclear weapons. It is nothing strange if we Indians are dubbed as hypocrites when in the same breath we talk of banning the use of nuclear weapons and again lay emphasis on the over-expanding use of the most advanced technology, which has produced these weapons. We fondly believe that atomic energy can be used exclusively for peaceful purposes. In the defective world whatever power is capable of being used for good is equally or even more capable of being used for evil. In the heat, excitement and the hate created by armed conflict, all restrictions imposed upon any weapons of destruction will as in the past be brushed aside. On the battlefield of Kurukshetra, even the Supreme Yogi, Shri Krishna, in the passion, excitement and confusion of the battle, forgot his role as a charioteer, pledged not to take up arms in favour of any of the contending parties, took

hold of his weapons to hurl them against his opponents. Before atomic power can be used for constructive purposes, war, by common consent must be outlawed. Let us not think that science and technology in the absence of social and moral restraints are the summum bonum of life. There are greater things in heaven and on earth than mechanical power and the multiplication of material goods, beyond what is necessary for the good life. There can be no moral or spiritual progress without some restraint in the use of material goods, services and comforts. Even real and higher culture needs such restraints. If for moral and social purposes there is some restraint put upon the expanding use of technology to provide material goods and services, humanity need not be a loser in terms of the good life. Also, progressively it is being realised that the goods that make for cultured life can be enjoyed in common, such as libraries, and museums, art galleries, parks, clinics, hospitals, rest houses, cinemas, theatres, etc. Why should these be multiplied for private use and ostentation? Moreover, science and technology applied to industry have not always been used to enhance human happiness. On the other hand, whether under capitalism or State capitalism called Communism, they have been used to exploit, oppress, suppress and enslave the masses. Besides this, is it a fact that those who have used science for practical purposes for enriching themselves or for gaining power for themselves and their nation, have really a scientific outlook on life? Are they concerned with the search and advance of knowledge and truth as ends worth pursuing? It will be doing grave injustice to the vast majority of the industrial barons and the bosses in the governments to credit them with love of

science, much less with the scientific spirit and the scientific approach to the problems they have to tackle. Their aims are narrow, more selfish and material. If science and technology are really to be used to enhance virtue and human happiness they, like other instruments of power, will have to be put under proper restraints. This, we believe, can be done by harnessing them to social ends which Gandhiji believed would be best served through decentralisation of good sector of industry. Nobody wants to ban science or technology, least of all did Gandhiji. They can be freely used in whatever big industry is considered absolutely necessary for modern requirements. Such regulated use of science and technology is to serve social ends.

### **Mechanisation in backward countries**

Historically, as we have pointed out, it can scarcely be denied that industrialisation through centralised and mechanised industry has led to great misery and suffering for generations of people, whether it was the result of the working of unconscious historical forces as in the West, or of conscious planning as recently undertaken by Communist countries. In the West the process of industrialisation was unconscious in the sense that it did not follow a preconceived plan. Even so warning voices were not wanting that it would lead to misery and degradation of the masses. These voices, however, were not listened to. They were considered as idealistic, reactionary or revivalist. Belated efforts were made to remedy the system of its glaring defects. A remedy was found in State capitalism and dictatorship, a remedy as bad, if not worse than the disease.

This being so, the question arises why are the new nations that have thrown off imperial yoke so enamoured of rapid industrialisation with all its emphasis on basic and heavy industry, even though for long time it leads to the economy of scarcity and a great rise in the prices of consumer goods, due to their short supply and inflation? There is a two fold reason for this. The one is the wealth and power of the industrial nations of the West. It is believed that what they have achieved through industrialisation the backward nations can and should achieve. The difference is political, economic and social circumstances as between the two sets of nations and the 19th and 20th centuries, is forgotten. Also because Russia from being a backward country has industrialised itself in record time and became powerful, it is believed that every backward country can do the same. It is not realised that whatever is possible under a dictatorship may not be possible under a democracy unless under its form democracy becomes dictatorship. Moreover, it is believed that the sacrifices that the Russian people were obliged to make for decades and which they are making even today will be voluntarily suffered by people for the luxury of enjoying the satisfaction of rapid industrialisation. The Eastern nations in Europe under Russian control, have been forcibly industrialised, with an emphasis on heavy industry. The result is there is almost a famine of consumer's goods and due to inflation the prices paid for articles of common use as cloth, foot wear and household goods is prohibitive. All this is scientifically planned. However, it has led to popular discontent and even violent insurrection. The irony of our situation is that we had experts to advice us in drawing our plan

making from some of these countries, notably from Poland. In Eastern Europe the result is planned confusion.

### **Industrialisation for Defence Purposes**

The other reason for rapid industrialisation is due to the nature of the revolution which brought many countries freedom from colonial domination or internal tyranny. Most of these revolutions were based upon hate and violence. When such revolutions succeed they suffer from a deep seated fear—fear both of internal sabotage and external attack. This fear may be real or imaginary. It makes no difference in the measures adopted to get rid of it. It is both personal and for the cause. It is personal because the violent revolutionaries have given no quarter to the upholders of the old order whether active or passive—passive through habit or economic necessity, or being unconscious of its evils. Violent revolutions work on the assumption that “those who are not with us are against us.” The revolutionaries in power, therefore, feel that if their opponents succeed in overthrowing the regime that has put them in power, there will be no mercy shown to them, however high and noble their aims. Their fear for the cause for which they have worked and suffered is only natural. Therefore, the first thing that every successful revolution does is to make itself powerful and dreaded. Hence its reliance on terrorist methods of suppression, through the ordinary and secret police, and the army. All instruments of absolute power have to be strengthened, specially the army to put down internal commotion and external interference. Today the military power cannot be augmented except by the latest types of armaments. In the present age these

cannot be had unless the country is highly industrialised. This industrialisation cannot be effected in a haphazard manner as was the case under capitalism. Moreover, it has to be accomplished in record time if the revolutionary government is to survive. Hence the need for planned economy with special emphasis on heavy and key industries. The consumers' industries are for the time being neglected. There is no other way of getting the high investment needed. Agriculture must also be so organised that cheap food and raw material is made available. The agriculturist interests are, therefore, sacrificed on the altar of heavy industry.

Ostensibly this military power is for defence. But defence in the present scientific age is never confined to one's borders. The result is that revolutionary governments do not feel secure without a programme of expansion. Neighbouring countries, if they be militarily weak, are occupied, satellite state and spheres of influence are created and so-called defensive alliances and military pacts made. If in the process of expansion such countries have to give loans to backward countries to advance their military and political interests, it is done even when their own economy needs all the money they can spare. This is how violent revolutions work. All this is understandable, however wrong and injurious to international peace, on the psychology of fear which is natural to people who use and rely on violence.

Is our desire for rapid industrialisation with special emphasis on heavy and basic industry due to the needs of defence? Are we also suffering from fear complex? I am afraid it is so. In our Parliament there is scarcely any criticism of the defence budget. Rather

the House is willing to pass it without discussion, or if some members are critical, they are so, because, they find the official estimates are too modest. As the world stands today, there is nothing wrong in making one's nation militarily strong for defence purposes. In the present international situation no nation can afford to remain militarily weak. Increasing military strength, therefore, under ordinary circumstances may be a laudable and patriotic effort, provided it can be successfully achieved. The danger, however, is that we in India shall not succeed in the effort. We shall be only needlessly wasting our slender national resources.

Today even big industrialised nations cannot hope to defend themselves single-handed. We cannot possibly compete with these nations. From the military point of view we shall continue to be a third-rate power, unless we industrialise the country like Russia, not caring how much misery and suffering is caused in the pursuit of this aim. Even then we can succeed only through a ruthless dictatorship and not through democracy. After all, nations militarily weak do not depend for their independence on their armed forces for their free existence. If they did, there would be no national freedom for them. They depend more upon the unity of purpose and effort of their citizens, their love for their country and their readiness to suffer and sacrifice for their hearths and homes. The story of Dunkirk is fresh in our memory; so also the defence of Stalingrad. This unity of purpose, fervent patriotism and capacity to suffer and sacrifice can, I hold, be achieved better through schemes that will eliminate the grinding poverty, misery and ignorance of our masses, giving them a fair chance to live healthy and contented lives. Nations depend

also on the play of international forces and diplomacy for their safety and security. Various European nations were occupied by the big belligerents during the least two global wars. Soon after peace the foreign armies retired and the countries became free. If today some nations in Europe are under foreign occupation it will be for a short time. This is because it is well known that the people of these countries are united and patriotic and will count no cost as too dear to regain their independence. This is not the case with some of the Asian and African countries. They have not yet developed the necessary spirit of unity, patriotism and self-sacrifice in the cause of their national freedom. Very often our Prime Minister has emphasised these aspects of the question of the defence of the country in his public speeches and whenever the question came for discussion in the Parliament. But generally his good advice exhausts itself in words. For action, he has practical short-cuts.

However, a country that acquired its freedom from the grip of a great imperial power through its unity of purpose, patriotism, suffering and sacrifice, without the use of arms by its non-violent strength, need not rely upon arms for retaining its national independence. We succeeded because the first thing that Gandhiji taught us was to shed fear—fear of the foreigner, his police and magistracy, fear of jail, the lathi and even the bullet. Why should we now be again in the grip of fear, unless we have lost the moral qualities and the fervour that sustained us in our darkest hour of the struggle for independence? Sri Vinobaji and Rajaji recently advised the Government that to demonstrate their *bona fides* that they believed in peaceful methods for the settlement of international disputes, they (the government) should disband half

of its armed forces. I know that a nation in the grip of fear cannot take such a bold and fearless step. But if this good advice is followed, not only will we prove our *bona fides* to a doubting world but also save a good deal of our slender national resources for reconstruction. It would, therefore, in my humble opinion, be wrong, wasteful and reactionary, to industrialise for defence purposes, if any where there is such a desire.

There is one thing more, which should be noted here. It is that as things are today, there seems to be no future for private big industry in India. The schemes that our Government have are so vast and ambitious, that they cannot be financed by private enterprise. Further, private enterprise here is so short-sighted and selfish that it is unlikely to play the game to meet the requirements of a welfare State. It is said that annually many crores of rupees are lost due to incometax evasion. Under such circumstances and considering the fact that even in industrially advanced countries capitalist economy is being modified in various ways in favour of some socialistic pattern, there is no future for private industry that refuses to coordinate private interest with social ends. The result will be that more and more reliance will be placed on nationalised industry. After the completion of the present Plan, we are told, 40 per cent of our industry will be in State hands and after the next Plan 40 per cent more will be added to it. This means that 80 per cent of Indian industry will soon be in State hands. Naturally, the rest too will be controlled by it.

Should the above prospect inspire in us hope or fear? Even the Marxist Tito, after experimenting with State capitalism was constrained to say, when

enunciating his new economic policy of turning over the management of industry to workers' councils, that "State ownership is the lowest form of social ownership and not the highest as the leaders of the U.S.S.R. consider it to be." State ownership of industry if it is bad for a totalitarian State, is positively dangerous for a democracy.

Some people seem to think only in terms of this or, Capitalism or State Capitalism. They see no other way. This is generally the attitude of Western Socialists. When they reject Capitalism they put their faith in nationalisation of industry which in practice means State Capitalism. Therefore, they find it hard to reconcile Socialism with democracy. The Titoists in Yugoslavia, however, claim to have found a third way for themselves in what they call decentralisation of State and economic power. They say: "Our Party placed as the main task before itself, before all society, the struggle against bureaucracy. The chief weapon and political instrument in this struggle was the effort to broaden the mass basis of the executive function of power in general and of executive power in the sphere of economic administration, in particular. In line with this orientation, a system of workers' councils, communes and various agencies of self-government developed. The system of administrative agencies was abolished and State administrative apparatus was drastically reduced and the role of people's assemblies and people's committees was strengthened. Thus the purpose of the whole re-organisation has been to ensure, through the transfer of whole series of executive functions from a single state executive apparatus to numerous agencies of self-government of the working people with

direct control and direct influence of workers over production and over implementation of decisions and tasks in all spheres of social life, above all, in the realm of internal economy.”

This is the Titoist conception of decentralisation in the economic and social spheres developed according to Yugoslav historical, political and economic experience and evolution. This decentralisation does not affect the central political power which is single party rule. But if it develops in the spirit in which it is conceived it cannot but powerfully shake the central political authority and make it more democratic as soon as there is an easing of the international situation. We in India have not made even the slightest attempt towards decentralisation of the executive power in the centralised industries that are worked by the government. On the contrary there is complete bureaucratisation. Bureaucrats in administration, without any experience in business techniques and methods with their mental outlook unchanged, are drafted into commanding positions in State enterprises. If India is to combine socialism with democracy it must have a scheme of decentralisation of economic power according to her own requirements and genius. This can be achieved by decentralising as large a sector of the economy as possible in the Gandhian way through home and village industry, worked with improved tools and small machines with cheap electric power made available to the village worker. Wherever modern requirements make it necessary to establish centralised industry we can take advantage of the experience of Yugoslavia or of the more inspiring experience of the “Communities of Work”, a number of which

has sprung up in the post-war years in France, Belgium and Switzerland, and put the effective management in the hands of workers. It is thus that we can escape the dichotomy of capitalism and State capitalism, bring about social equality and retain our hard-won democratic liberties and tackle successfully the most painful and nationally degrading problems, poverty and unemployment. But if we follow slavishly the traditional way of nationalising and bureaucratising industry we shall only be producing State capitalism which would pave the way to a totalitarian State and dictatorship.

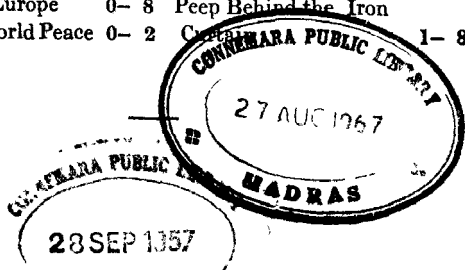
Russia had dictatorship first and planning afterwards. We will have planning first and dictatorship following in its wake. Signs of dictatorship are already there. We have one dominant party, which must any how keep power in its exclusive hands. We have also the supreme leader. The cult of personality is natural to India. We worship animals, trees, idols, stocks and stones, everything animate and inanimate. If in such a country people worship an intelligent and shrewd politician who has acquired a world position, there is nothing to wonder at. There is already more than enough hero worship in our country. If we place both economic and political power in the hands of such a hero the result will be dictatorship. Thank God our Prime Minister is by nature a kindly person. His leanings are towards democratic liberalism. But if unfortunately a more powerful, more determined and ruthless person were to appear on the political scene, the result would be disastrous, in terms of freedom of the people and their democratic rights. Already our cultural, artistic and intellectual life is in the hands of the Government.

The whole of our education is in its hands. It publishes text books which the young must read. It is always yearning for and appropriating to itself more and more of everything every day. If this tendency is not checked, it will cost the nation its hard-won freedom. We must therefore beware be-times.



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