

# SOME CONTRADICTIONS IN THE PLAN

*By Prof. C. N. VAKIL*

ONE of the things about which husbands are painfully aware is the shopping habits of their wives. I do not think that Rotarians are exceptions to the general rule that whereas they earn, their wives do the spending. Obviously, there are no difficulties if there is a reasonable balance between the two transactions. I am not able to visualise the difficulties in those cases in which the spending is larger than the available resources of the husband. I think this ordinary, daily experience of most of us illustrates in some measure the nature of the planning effort of the Government of India.

The spending departments of the Government, including the Ministers and Officers, correspond in this analogy to the wives who spend sometimes without reference to the resources of their husbands. The resources in the case of the Government are provided by the tax-payer as is obvious. Just as in the case of individuals, who get into difficulties by domestic overspending, and recourse is often had to generous friends or to bank overdrafts, the same is true of the Government. The Government too has

some generous friends to help when they propose to spend more than their resources would warrant, in the form of Technical Assistance Programmes either of the United Nations or of the U.S.A., or of the Colombo Plan, etc. They have also bank overdrafts in the form of loans from the World Bank and similar institutions. Just as domestic peace may be disturbed in some cases when things go beyond control in the matter of spending, in the case of the Government also, we might have difficulties in the form of discontent among the tax-payers, complaints regarding the performance of given schemes, and dislocations or difficulties caused by want of balance as between the different projects and so on.

In his efforts to satisfy the spending propensities of the wife, the husband may get into desperate situations sometimes. The desperate situation in the case of the Government results in deficit financing. Just as all that is done in the domestic sphere is explained away by the need for family happiness, all that is done in the name of deficit financing is also explained away by the need for a more rapid progress in the economic

sphere with a view to raising the standard of life of the common man in this country.

In actual practice, however, some contradictions tend to appear. For example, the elementary fact that the farmer is the supplier of food and other materials required by the industrial worker in the towns, and at the same time is the consumer of the goods that industry may produce, is often forgotten. It is not sufficiently realised that unless the farmer is able to produce enough to meet his own requirements satisfactorily in the first instance, and has an adequate surplus for marketing he will not be in a position to fulfil his role properly. He must have a surplus which he could send to the town—surplus of food and raw materials—so that the worker in the town may have enough to eat and enough raw materials to work on, and the farmer too can have enough resources in this way to buy the manufactured products which industry may produce. It is only on the strength of such a desirable balance between agriculture and industry that we in this country can hope to achieve progress. Whereas industrial growth is essential for raising the standard of life, it is obvious that it cannot be achieved by neglecting agriculture. In fact, agriculture has to be not only economically sound but has also to be prosperous in order that industry may develop and progress. The emphasis on heavy industries without ade-

quate arrangements for the production of the requisite quantity of surplus of food and other raw materials that may be required by the towns in excess of that required for satisfying the needs of the rural populace, cannot easily be justified and may lead to contradictory economic situations or even to frustration.

Even among the industries themselves, the simultaneous emphasis on heavy industries on the one hand as also on cottage industries on the other contains an inherent contradiction which cannot be justified economically. Whereas the objective of the Plan is economic progress, which means abundance of consumers' goods, so that each of us may have more of the good things of life, we have a situation in which artificial restrictions are sought to be imposed on the production of consumers' goods, such as mill-cloth, in the hope that the vacuum may be filled by the cottage industry. If the amount of energy, time and resources which are diverted directly or indirectly for artificially maintaining such cottage industries, which by their very nature obviously cannot stand the competition of machine-made products, are diverted towards more productive uses, the ultimate gain will not be less than the supposed gains derived from the low level of employment afforded to certain number of people in the cottage industries.

The Plan is fully conscious of the dilemma created in most

under-developed countries by the situation in which the growth of population is such that economic progress may fail to overtake it, unless such progress is at a sufficiently rapid rate. The Plan proposes to find employment for about 8 million persons in non-agricultural pursuits, that is, in towns, and is also aware of the fact that this is approximately the size of the additional workforce that will be created owing to the increase in population during the interval. Whether this estimated employment will be found or not, the possibilities of the growth of population seem to be there in any case; and at the same time, the existing unemployment, full or partial, and the chronic disguised unemployment on a mass scale which also exists, are not at all touched by the Plan.

If the approach of the Plan is changed to suit our requirements of a balanced economic growth, it is not impossible that in a reasonably short period of time, we may be able to overcome this dilemma. In other words, the emphasis has of necessity to be placed on the urgent need to ensure that the productivity per farmer and per acre, is increased rapidly to such an extent that it adequately provides for the requirements of the farmers in the first instance and leaves enough surplus for them to export to towns. This will mean that we shall have a certain number of persons free from agricultural work and will be available for work in the towns.

in addition to the existing unemployed. With such potential human energy at our disposal, it should be possible to utilise it through numerous activities such as building of roads, irrigation schemes, construction of houses including clearance of slums, and so on, and at the same time it should be possible to develop small-scale industries run by mechanical power in smaller towns and highly developed technological industries in bigger towns or in areas suited for the purpose. In other words, we have to appreciate the fact that it is on the strength of the farmers' position and capacity to produce more that lies our capacity to build industries and not *vice versa*.

If, instead of thinking of such balanced arrangements, we go on pumping more money into various schemes such as those we have in the Plan, we shall have abundance of money, but scarcity of consumers' goods leading inevitably to higher prices. There is a vague idea in some quarters that the tendency to higher prices in such cases can be stopped either by appeals to the trader or by threats of dire consequences to him or by Government orders fixing prices at certain levels. The laws of demand and supply assert themselves successfully against all these measures -- a fact which Governments do not like, because it exposes the fact that the real cause of higher prices is the policy of the Government. Only physical controls by which either

demand or supply is fully controlled can help to suspend the operation of these laws. And we know from experience that we are not ready for that discipline which is required for the successful operation of physical controls. The higher prices in their turn will lead to internal difficulties and widespread discontent, will upset the calculations of the Plan in respect of most of its schemes, and the tax-payer who has ultimately to foot the bill in one form or the other will find that instead of a higher standard of life that he is promised, he is being squeezed to the bone, his position being worse than that of the husband who, under similar circumstances, has at least the consolation of having pleased his wife.

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