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EDITORIAL

India's Freedom And Security Are Our First Concern; World Peace, The Common Concern Of All.

INDIA threw away the shackles of British rule in order to be able to live her own way of life. The common people struggled and fought for their freedom and fortunately India's freedom came in a comparatively peaceful way with the mutual goodwill on both the sides. The extremist Nehru was the first to advocate the idea of India remaining as a member of the Commonwealth. This gesture from India made at that time meant that India and Britain, the mother-country of the Commonwealth, were thenceforth determined to walk together, hand in hand, the democratic path to Plenty and Prosperity through Freedom.

If India had held steadfast by the ideal of travelling the democratic path with the help and goodwill of democratic and free countries like Britain, she would have undoubtedly registered a more enduring and enviable progress in military, economic and industrial fields than she has done hitherto. In the first flush of enthusiasm, she frittered away her energies and valuable economic resources in exhibiting vain pomp and glory in the arena of international politics and vying with the much maturer and more prosperous countries of the world for world influence and leadership. The Western world just looked at it as the exuberance of a country just come of age and expected it to be replaced by political sobriety and sagacity with the passage of time.

But unfortunately India was made to travel the way of industrialisation at a forced pace more or less in the Soviet style, with an undue accent on expanding the public sector and building heavy industry. As a result, the meagre help that India could get from Russia came to be much more advertised and received with more gusto in India than the massive financial help received from the Western democracies. The same thing is happening today. The Western countries have been complaining that their spontaneous military aid to India in the present crisis is not thankfully acknowledged in this country to the extent to which even the bare offer of four or six MIGs, made by Russia is appreciated even before it is fulfilled. Politically speaking our foreign policy has not been strictly that of a non-aligned nation. India indirectly connived at the rape of Tibet by China and the military occupation of Hungary by Russian troops while at the same time she had no compunction to condemn in the strongest

terms possible Britain's attack on Egypt. In Korea and other places India pleaded for concessions to the Reds. On Berlin and two Germanys, we still pose to be pragmatists and realists and support the Russian point of view.

All this is done in the name of India's industrial progress on socialistic lines and world-peace. Mr. Menon, the chief architect of our non-aligned policy tilted in favour of communist countries, foolishly enough blurted out on the outbreak of Sino-Indian war that the border dispute should be settled peacefully, mind you, not only for the peace of the world but also for the success of world socialism. It should not be forgotten that world socialism in the opinion of Mr. Menon includes world communism also. Why some of our Indian leaders should speak in one and the same breath of world-peace and world-socialism and equate one with the other passes one's comprehension. If what they say is true, then Liberal-Democratism of the world could not coexist with world-socialism. This attitude explains why some of our leaders are unwilling to ask for military help that the West is ever willing to extend to India at this crucial hour. The only strings that might come to be attached if at all to this aid will be nothing more than pious wishes on the part of the Western democracies that India's way of life should be increasingly adjusted to her democratic and liberal professions. To them, India could experiment with socialism and yet remain a democratic country and function within the framework of a pluralistic society, even as some of the democratic countries are doing. They are amazed at the spectacle of an avowedly democratic country like India leaning more and more heavily on the side of communist countries for planning methods and political support.

So, India and her respected leader Nehru must make a choice now between reorientating India's political and economic policies so as to bring them in line with her democratic faith and continuing our old but out-dated policies tilted in favour of the communist world. The former would mean steady prosperity, peace and freedom and the latter would mean slow but sure regimentation of the country leading ultimately to war and chaos, though with some advantage of a little industrial progress in the initial stages. Especially at the present juncture when we are at war with China, the former choice would mean a great accession to our military strength while the latter would mean gradually painting

India 'Red' without our being conscious of it. What is required now is a truly 'Non-alignment' policy unreservedly committed to the defence of freedom and democracy and consistently opposed to all forms of colonialism, old and new, white and red, of the West or of the East, without fear or favour.

It should not go difficult for India's leadership to make the choice in favour of full-fledged democracy and freedom and bring about suitable changes in her home and foreign policies at this time when the country is in a fighting mood and is determined to hurl back the Chinese invaders by all means and at all costs. Our first concern must be to save India's Security and Freedom. World Peace will be the common concern of all including Red countries and not of India alone. In the Cuba affair, Russia and America have shown how best to avoid War in the interest of Peace, by each nation standing firm for its own national freedom and security. After all World Peace results from the totality of Freedom existing in the various countries and nations of this Globe.

WELL DONE, KAIRON!

It must be admitted that with all his faults and failings, Mr. Kairon, the Chief Minister of Punjab, has the courage of conviction and sincerity of purpose that enable him to rise to the occasion even in gross violation of some Congress fads and pet illusions. The firm manner in which he handled the Akali agitation for a separate Punjabi Sikh State and effectively called the bluff of Master Tara Singh's 'Fast Unto Death' undertaken for that purpose, earned for him well deserved encomiums from all sections of the public, Congress and non-Congress alike. He has taken also a bold and rational stand on the question of Prohibition. How earnest he is about war efforts of the Government and how responsive he is, unlike his Masters, to public opinion in this matter has been clearly demonstrated by his latest decision to reduce the number of his Ministers from 31 to 9.

This is a master-stroke and remarkable feat, coming as it does from the Congress Chief Minister of a State, where the Congress is not so firmly entrenched in power as elsewhere. It appears the sturdy and warlike Punjabi spirit has been picqued by the humiliation and disgrace to which the Indian army was put by the Chinese troops, mainly to the weak defence policies followed by the former Defence Minister, Mr. Krishna Menon. This sense of wounded national pride and honour must have brought unity in the Congress Ministry and must have enabled Mr. Kairon to persuade as many as 22 of his colleagues to sacrifice their lucrative jobs in the cause of the country.

How difficult it is for any head of a State to accomplish this task could be realised from

the nervousness from which even our all-powerful Prime Minister is suffering at present in this regard. In his recent press interview he simply ridiculed the idea of reducing the number of Ministers at the Centre or at the State-level. He even called Parkinson's Law to his rescue without fully understanding its full implications. That shows that he was mortally afraid of schism in the Congress if he were to attempt any such thing. The public demand for reducing the number of Ministers is not so ridiculous as Mr. Nehru tries to make it out to be. Eminent economists like Prof. B. R. Shenoy have publicly stated that one of the effective ways of strengthening war economy is to cut down substantially the ever-mounting Government expenditure.

Mr. Kairon and his Ministers are therefore to be all the more congratulated on this brave and bold step they have taken, even when the tallest among the Congressmen seem to shudder at the very thought of it. Well done, Mr. Kairon!

THE KATANGA TANGLE

The recent fight going on between the U.N. forces and Katanga forces in Congo has not received uniform support of all the leading members of the U.N. While President Kennedy of America has fully approved of U. Thant's policy of putting an end to the secession of Katanga from Congo even by using force if and where necessary, the British and Belgian Governments are strongly opposed to any such political solution being imposed on Katanga by force. The latter appear to be in favour of some sort of a loose federation being formed of Central Congo and Katanga, both sharing equitably the rich mineral wealth of Katanga by mutual agreement, without infringing on the Autonomy of each other. The U.N. proposal is to maintain the unity of Congo and Katanga which had been brought about only under the Belgian Colonial Rule. The civil war which flared almost immediately in Congo on the disappearance of the Belgian Colonial Rule, cannot be remind one of the conditions of almost a civil war between the Hindus and Muslims of Punjab, Sind and Bengal, on the eve of and also in the aftermath of India's attaining freedom.

Now that the U.N. forces have sufficiently showed their mettle and strength by capturing the strategic Katanga town of Jadotville and marching on Kolwezo, and have almost made Mr. Tshombe flee his country, it is up to U.N. and U. Thant to work out now a satisfactory solution which will bring the two regions together under one federation or confederation guaranteeing the largest measure of autonomy to the constituent units, consistent with the peace and security of the country.

Indians should be particularly very wary of

harshly judging the secessionist policy of Katanaga tribal leaders, when they and the Pakistanis cannot yet see their way to forge even a military alliance in the face of common danger to the Indo-Pak sub-continent from Chinese communism. How would we react to a solution of an Indo-Pak federation imposed by U.N. military forces drawn from leading European nations, just for the purpose of preserving democracy in this region from the Red invaders from China?

NEHRU GOVERNMENT'S DISLIKE OF AN INDEPENDENT ATTORNEY-GENERAL

Prime Minister Nehru's heart-felt blessings to India Government's decision to appoint the Law Minister also as the Attorney-General, will come as a shock to all those who look to him for maintaining what still is left in the country of 'The Rule Of Law'. He seemed to be in such indecent hurry to bring about this change that he did not hesitate to make the amazing statement that no amendment of the Constitution was necessary for this purpose. But better counsels appear to have prevailed. The Government are now reconciled to the prospect of getting the Constitution amended with the support of the brute majority they command in the Parliament.

The proposed combination of the offices of the Law Minister and the Attorney-General is of a piece with the plan to subordinate all other considerations of national welfare to what the Government consider to be the vital need for concentrating all power into the hands of the present ruling clique. If this move succeeds, the Rule of Law will be, before long, a thing of the past. The Attorney-General-cum-the-brain washed Law Member will be expected to interpret or misinterpret the law as suits the requirements, whims and caprices of the Government. The legal fraternity and all responsible sections of public opinion are, therefore, rightly agitated over this proposed step of the Government, which may only prove to be the beginning of the end of all other constitutional checks on the Government. In this connection, it will be well to remember, that after the fullest discussion on this matter, in the interest of preserving the infant democracy of India against power-seeking politicians, the framers of the Constitution chose to keep the office of the Attorney-General independent of the Cabinet and the Prime Minister, and laid down that under article 76 of the Indian Constitution, the Attorney-General was to be appointed only by the President. They never expected that this independent status of the Attorney-General and his unbiased, cold but expert advice would come to be viewed with disfavour by the Government of a democratic India headed by Prime Minister Nehru.

HOW PROPHEPIC AND TRUE!

"The liberation of Tibet by China, announced from Peking will cause a rift in the lyrical lute of Indo-Chinese relation. It is a rude rebuff to Nehru's Asian Diplomacy based on an unrealistic and wishful reading of the intentions and record of the Communist regime in China. He would befriend communism as an anti-imperialist force, as long as it left India alone. But communism has no intention to please Nehru although it would flatter him as long as that served its purpose.

The target of Chinese attack in Tibet is India. Communism in Tibet will be represented by the expansion of China's military power. This heralds other conquests in Asia. India's turn may not come soon, but she has reason to be nervous and doubtful, if Mr. Nehru's foreign policy can guard her against the menace".

—M. N. Roy (Radical Humanist June 10, 1951)

FOOD FOR THOUGHT

"Sarvodaya Workers to offer non-violent resistance to the Chinese. Menon who blue-printed this for our army may be asked to lead these warriors."

—Insight.

"The imperialists talk about differences within the socialist camp. There are — But these are only family differences. But as soon as a capitalist sticks his nose into our differences we will fight against him together."

—Mr. Khrushchev's New Year's Speech at Kremlin.

"To the extent that one class, party or leader stifles criticism completely or holds absolute power, it or he inevitably falls into an unrealistic egotistical and pretentious judgment of reality".

—Milovan Djilas (The New Class).

"I think it would be a sad day if people stop criticising and condemning those in authority, because without people strongly criticising and pointing out the errors of their ways, people in authority often go wrong. They get swollen-headed and complacent. They think everything they do is right and everything else is wrong. That is the danger, even though they may be Congressmen. Therefore people in authority have to be checked and kept up to the mark'.

—Shri Nehru July 25, 1948.

"THE NATION WHICH CAN BE SAVED BY ONE MAN AND WANTS TO BE SAVED THAT WAY DESERVES A WHIPPING."

—Seume quoted in 'Nationalism and Culture' by Rudolph Rucker.

Wanted a Revolution in National Psychology

M. A. VENKATA RAO

THE celebration of Republic Day this year (January 26, 1963) will be one of unusual solemnity. It will match in depth of feeling the day after Independence in 1947 i.e. on 26 January 1948. That day the nation rejoiced (though the joy was clouded by the agonies of partition) to see the light of national freedom after centuries of subjection to alien rulers. This year we mark another milestone in depth of feeling realising the fragility of our independence and our perilous unpreparedness in every way to face the invasion of the ruthless Chinese hordes.

Mr. V. K. Krishna Menon is still trying to assert his claims to leadership through arranged meetings in various parts of the country. In Madras under the chairmanship of Mr. Kamaraj himself he addressed a big audience when he said that India needs a number of revolutions. Mr. Nanda the sponsor of the Ginger Group for Socialism in Congress has called for making use of the present crisis to promote a new social order!

The occasion of Republic Day is a suitable one to call attention to the spring cleaning in ideas and attitudes that is urgently required if the nation is to avoid the fateful errors of the past and to turn to a new and more hopeful direction in the coming years. What is wanted may be called 'revolution' or 'new social order' or any similar ideal but we should be clear about its ingredients and we should take the nation with us. The leaders should win the willing and intelligent consent of the people to the policies they propose hereafter and not be content to offer discarded theories (some of them dipped deep in blood) that have failed in the West and are the cause of the nuclear stalemate there as well as of the cold war between the two power blocs. There is no use repeating on Indian soil the worn-out cliches of Euro-American politico-economic clashes.

In particular, we need a new constellation of ideas based on sound human experience and reason tested in history in place of the woolly-headed Gandhian fads that have been doing duty for social and political wisdom so far among policy-makers.

We need a new 'revolution' no doubt but it is one in social psychology, a change in operative ideas, in life-attitudes to vital questions of life and society.

First of all, we should do some resolute and purposeful rethinking about non-violence, the sheet anchor of Gandhianism. As the support of the fateful panchsheel treaty with China, it

has now suffered a resounding shipwreck. The realistic violence characterising the invading Chinese actions since 1954, climaxing in October and November 1962 in NEFA has routed our non-violence fad in the minds of all thinking people endowed with common sense.

We should realise in the new and grimmer era in which we shall have to live hereafter that the Indian State has to recognise the ineluctable role of systematic and efficient violence and capacity for powerful military action on the part of its armed forces. To this end, the Government will have to dismiss its old frustrating ideas and impulses of non-violence and furnish the armed forces in all their branches—ground, sea, air and under sea i.e. submarines with adequate weapons and equipment in quantity and quality. Also, since China has a large army and its menace will always confront us even if they withdraw beyond the Himalayan passes, we shall have to double and treble our forces in numbers on a resolute long term plan spread over some years.

We should never again be caught napping. The nation will never pardon a second lapse—"credulity and negligence" of such a dimension—to use the spontaneous words of the President on visiting the jawans in NEFA.

The change needed in the philosophy of State is a due recognition of the role of force in the defence of the nation. This entails a new attitude to defence alliances. The old attitude that such defensive alliances are bad because they invite danger has now been proved to be disastrously false.

Even if the policy of non-alignment is retained to prevent Russia from going to the assistance of China, there is no objection to forging a defensive treaty with the West to protect the borders and integrity of India. It will be like the Eisenhower Doctrine for the Middle East. It will not entail India's going outside India to participate in Western campaigns against communist or other enemies. Even Russia cannot take objection to such a pact.

For she has such a pact with China herself. And more, for her treaty with China is a mutual assistance Pact.

The second set of mental attitudes we shall have to jettison concerns economic affairs, some of which stem from Gandhianism.

The first is prohibition about which there is some rethinking now. Leaders should realise that it is drinking to the extent of leading to

drunken and disorderly conduct and infringement of the rights of others and on's own legal obligations that should be punished under the law and not drinking in moderation.

Also, the State's capacity of enforcing morality by legal coercion is extremely limited and any such attempt is likely to do more harm than good, as is proved abundantly wherever it has been attempted.

Temperance propuganda should be undertaken by private parties to which the State might give some financial grants out of the taxes levied on intoxicants.

Similarly about khadi and village self-sufficiency. These fads of Gandhianism are costing the Government several crores of good tax money, money that is going down the drain without serving any useful purpose.

Why should the State subsidise khadi to enable Congressmen to wear it on official occasions as part of their creed? If they are keen on it for ideological reasons, they should pay the full market price for it without sponging on the State.

Also, it is ridiculous to support hand-spinning and hand-weaving in this age of technology and wonderful textile mills that can produce millionfold for the same muscular effort.

To force mills to refrain from spinning up to some counts of yarn and from weaving some kinds of clothes—saris and dhoties of a certain texture or coarseness of fineness as is being done now is sheer economic waste. The rational thing to do is to get the best out of up-to-date machinery and if this procedure causes some unemployment, steps should be taken to create more machine-manufactures of cloth and other goods to employ everyone that needs employment.

To retain millions of old type weavers in handweaving in these days of advanced machinery is obscurantism of the worst kind. This is a weak concession to politicians who want the votes of the large body of weavers who do not like to move into new occupations. The sooner such craftsmen of obsolete occupations are helped to detach themselves from old grooves and to move into new machine occupations, the better the pace of industrialisation will be. Of course, there is a human problem here of easing the transition for craftsmen who are displaced. But society should devise new ways of helping them to find new places in the new order and not weakly slow down the pace of industrialisation itself to spare them the pain of adjustment to modern circumstances. This is a phase that every country has to pass through during the process of industrialisation. There is also a good deal of sloppy and sentimental

thinking stemming from Gandhianism in what is called cottage industries. It is doubtful if there are many kinds of goods that can be produced by villagers in their cottage with cheap tools, even when supplied with electricity that can compete with machine made products. To encourage cottage industries is mostly waste of public funds, for they produce goods that cannot be sold on the market on a mass scale in competition with machine manufactures. Perhaps only art products like ivory and sandal wood carvings that cannot be mass produced can find limited sales. But this is a small and special market and cannot afford much employment. It can be left to private enterprise to curio dealers and traders in luxury products catering to millionaires and governments.

If encouragement is given, it can be only for short periods until the trade is set on its own feet and not as a permanent drain on the tax payer.

Another idea that is still simmering in the minds of Gandhian policy-makers and reinforced by respected Gandhians like Vinoba Bhave is that of village self-sufficiency. This is an obscure notion that has never been clarified in any practical way by its votaries. If attempted in any effective way, it will only perpetuate utter poverty in the villages of India. Wealth is the byproduct of ever-expanding areas of social co-operation and division of labour. The number of goods that can be produced within the limits of small villages must be very small—some food, some cloth, ploughs, clay pots and bamboo baskets and that is about all. For this fare the villager will have to work all day and every day in the year to keep body and soul together. Even in ancient times, there was trade over a wide area. Weekly shandy gatherings brought villagers from many villages together to exchange their wares. Trade caravans—long lines of bullock carts—travelled hundreds of miles across the country with valuable goods.

At any rate, to seek to go back to self-sufficiency in these days of communication facilities—railway, motor bus and truck and tar roads and even transport planes is to betray the rural citizen in the name of securing his welfare. It argues a weakness of economic imagination.

Progress needs the opening up of the rural interior by means of vastly more networks of connecting roads which can be served by motor vehicles of every kind. Bullock carts will haul goods from the village to the roadside junction.

Mrs. Kusum Nair in her painstaking survey of rural India: *Blossoms in the Dust*: points

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SOCIALIST UNITY

By M. N. THOLAL

THE Praja Socialist and the Socialist parties in the U.P. legislature recently sprang a most welcome surprise by merging to form a United Socialist Party. During the all-night debate resulting in the merger decision, the point that pre-occupied the debaters was the name of the new party and its leaders. The resolution passed at the meeting ascribed it to the national emergency, the Communist danger and the Congress policy of vacillation and inaction in the face of the Communist menace. As the resolution said, the two state parties were giving a lead to the forces of socialism throughout the country.

The merger was unconditional, as it should have been. There is no greater danger than the personality cult, at least in undeveloped and politically immature countries like India. It is this cult that is at the bottom of the rift between the Jana Sangh, and the Hindu Mahasabha, and between the two rival socialist parties. The more far-sighted amongst us are inclined to believe that the present plight of the country is due to the personality cult. The differing doctrinaire approach is only a cloak to hide the cult of personality.

Why should Mr. Lohia, it is being asked, want his policy to be followed by the merged party, when the policy of the whole party is obviously to be decided by its members jointly? Does he want a guarantee from the members of both the parties that they will never try even to dot the i's and cross the t's of what has been penned by his august hand? We Indians are inclined to think less of the cause and more of personality, which is a proof of our inferiority complex and of our immaturity. Attlee when he was here last said, "We kick out careerists"—the reference being to those who exploit the cause for personal ascendancy. Unless we learn to do likewise, parties will keep splitting up at the expense of the cause and to the confusion of the followers. The U.P. Socialists are obviously trying to follow Attlee's advice.

That personal equations have stood in the way of the unification of the two Socialist parties cannot be denied. Indeed, during the pourparlers and unity talks the break on one occasion occurred on the point whether Mr. Ashok Mehta, being younger, should go to Dr. Ram Manohar Lohia's place for talks or the latter should go and see Mr. Mehta at his residence. Whatever the Socialist leaders may now say, it is obvious to every intelligent newspaper reader that they have now conditionally agreed to the merger for fear of splitting their party in two, with the majority group going over to the merged party.

Defining Mr. Lohia's position, Mr. Raj Narain, Chairman of the National Committee of the

Socialist Party said the former had given his fullest support" to the move but stated that so long as he did not see and approve the policy statement worked by the United Party, he would not become its member. This is a very uncompromising attitude for a democrat and gives the lie to the "fullest support" he has given to the move. Mr. Raj Narain himself was reported to have threatened disciplinary action against the merging U.P. MLAs when the merger of the legislative wings was announced. Indeed, the U.P. United Socialists, according to reports which can be relied upon, withstood the threats and frowns as well as the persuasive powers of no less than five top leaders of the Socialist parties who descended on the U.P. capital when they heard of the surprising accomplished fact, for it was nothing less, to their extreme annoyance.

No principles separate the two parties. The differences are mostly over non-essentials. The Socialist party holds that it will not enter a coalition or join a government in which it has not a clear majority. It wants Hindi to be imposed, whereas the PSP wants it to grow and spread with its growth. Among the funnier demands of the Socialist Party are the reservation of 60 per cent of the posts in Government services for women, Muslims, Harijans, Shudras and the business community, which together constitute about 90 per cent of the total population of the land. That it lacks a sense of humour, which makes for balance in life, is shown by the fact that it advocates perpetual civil disobedience which it equates with class war.

One of the reasons for the merger in U.P. was the growing popularity of the Jana Sangh in the state which capitalised on the failings of the Congress Government during the recent critical days. Even Government circles there have been perturbed by the rapidity with which it has established offices in the countryside and important wayside places. The merger was thus a spontaneous move having its origin as much in the instinct of self-preservation as in patriotism, of which we have seen such an upsurge in the country.

TROJAN HORSES?

The executive committee of the Madhya Pradesh Praja Socialist Party made a sensible move when at its meeting the other day, welcoming the unification of the two parties, it requested the National Executive to initiate the process of such unification on the basis of an agreed policy and programme in the context of the national emergency and take such steps as may be necessary towards that end. But the most sensible step obviously would be to merge first and let the members decide the programme

and policy in whatever context they like. Any other course would be like placing the cart before the horse, if not writing out a holy book for the Socialists of India for all time to come. It is very easy for us Indians to forget the democratic constitution, because we are not really democrats, and pay lip service to democracy to attract applause. Surely Dr. Lohia does not think that he can have no contribution to make to the policy and programme of the United Socialist Party. Why then his refusal to become a member of the merged party unless he approves of the policy and programme adopted without his having a say in it?

While therefore all this talk of conditional merger is devoid of sense, there is some sense in Mr. Limaye's warning that, while they are deciding to unite with their former colleagues of the PSP, it must be clearly understood that, if the new party talks of strengthening Prime Minister Nehru's hands, many like him would like to go out of it. But why should he go out of it if its leaders talk of strengthening Mr. Nehru's hands and behave like Trojan horses of the Congress—more correctly, that part of it which swears by loyalty to Mr. Nehru? One does not have to be a Socialist to agree with the proposition that such men are traitors to the party and its cause. Cannot such people be ridiculed out of the party?

Not to believe in the probability of such a thing happening is to disbelieve in the integrity of the members of the party or in their intelligence. Surely, Mr. Limaye and his friends do not entertain such a poor opinion of the rank and file of the Socialists? Nor can all the leaders of the PSP be branded as hand-strengtheners of the Prime Minister, paying as it is to be among them. If the PSP has an Ashok Mehta, whose emotional attachment to Mr. Nehru is well-known, it has also a Kamath, the calibre of whose forthright criticism of the Prime Minister would be a great asset to any opposition party anywhere in the world.

The root cause of the trouble amongst us is our cowardice. Extravagant regard for a colleague or a leader can be classed in that category, for no leader can ever be greater than the cause. What makes our cowardice even more harmful is the fact that the hold our cause has on us is weak. It almost seems as if we, as a nation, suffer from lapses of memory and forget the cause for long periods. Indeed, we are, it seems, unable to remember it or recall it to mind even while discussing issues arising out of our adherence to the cause. Congressmen or Socialists or Jana Sanghis, nothing is easier for them than to forget that democracy is their basic creed. Perhaps what makes it so easy is that they do not realise what democracy is.

If this cowardice were not there, the cut and thrust of debate would be clarifying issues and shafts of ridicule would be laying many an egoist prostrate, to the delight of the audience whom they would educate in the process. No

one who is really devoted to his cause, and intelligent enough to espouse it for all he is worth, need really stand for conditions for unity in the party or fear them if they are pressed to the point of acceptance. Let us not, each of us, as the Urdu saying goes, have a mosque of our own of a brick and a half!

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out how in too many places yet, Government's efforts by way of community development projects and extension services have not enthused the ryots because the whole system of changes he has to adopt:—the higher level of capital resources, better knowledge of agricultural know-how, greater vigilance, more employment of labourers and supervision of their work, development of the banking habit and so on—has been too much for the rural producer to assimilate.

There has also been a clash between conflicting ideals in rural reconstruction that is responsible for the slow advance perceptible in response to new efforts. On the one side Government agencies want the peasant to acquire the habits and skills characteristic of the capitalist to make use of the facilities provided like fertilisers on credit. On the other, they do not encourage such capitalist mentality but insist on the formation of cooperative institutions which have never struck roots in rural India. Also, ceiling legislation discourages capital investment on the part of those able to afford it. It gives land to those unable to stand on their own two legs. They depend entirely on government finance. But government cannot carry the entire burden in the whole country unless the entire Plan resources are ear-marked for the new peasant!

Socialism has been a clear failure in the West both in democratic countries like Britain and in communist countries like Russia. Nationalisation has not delivered the goods and has been proved to be unnecessary to regulate industry and commerce. What is wanted is welfare and that can be provided by high taxation as done in West Germany and the U.S.A. Even a communist country like Yugoslavia has modified communism and given up central direction and has retained the free market among competing socialised units.

Indian leaders in the coming period should shake themselves free of shackling dogmas like monopoly, centralism, in economic dictatorship and adopt policies on the basis of results.

They should adopt the ethical social justice of fair shares for labour and employer and social security through assistance to voluntary insurance.

The leaders are calling upon the people to undergo sacrifices for the war effort. They will do so cheerfully for the sake of the nation, if they see the leaders sacrifice at least their pet dogmas and pursue fruitful policies irrespective of ideologies.

ECONOMIC SUPPLEMENT

Sino-Soviet Trade A Barometer Of Broader Conflict Between The Two Countries

By MARSHALL I. GOLDMAN

While the occasional outbursts of public disagreement between Moscow and Peking have earned frontpage headlines in the world's press, the more intimate features of Chinese-Soviet partnership remain to this day in the shadows. An examination of the economic relations between the two powers may thus offer some welcome insights into the uneasy alliance. While much remains to be explained even on this plane, available information suggests that at first the Soviets were quite generous with financial credits and other forms of aid. Subsequently, however, economic considerations may not only have intensified the discord between the two Communist capitals, but may, in fact, have been among the causes generating it. It is the purpose of the present note to trace the course of this development.

The exact dimensions of Soviet economic aid (aid refers here only to economic credits) to China are difficult to ascertain since formal long-term credits appear to have liberally, if perhaps grudgingly, supplemented with short-term loans which in large part are unaccounted for in official statistics. The full impact of Soviet economic aid to China is best evaluated by studying the formal aid agreements in relations to the Sino-Soviet balance of trade. From 1949, when the Communists seized power, until 1961, only two formal economic credit agreements were signed between the two countries. The first, at an interest rate of one percent, was announced in February, 1960, and committed the Russians to deliver \$300 million worth of goods between 1950 and 1954. Repayment in Chinese exports was to begin in 1954 and to continue for ten years until 1963. This agreement was supplemented in October 1954 by a Soviet loan of \$130 million, bringing the total formal commitments to \$430 million.

However, when viewed in the context of trade, the scope of Soviet aid appears considerably larger. In the early 1950's, the Soviet Union had a persistent export surplus with China. Between 1950 and 1955, the Soviets had in fact shipped to China close to \$1 billion more than they had received in return, and if the 1949 shipments were included, the figure would be well over \$1 billion, since the major portion of the \$350 million worth

of goods exchanged in that year undoubtedly consisted of Soviet exports.

The present significance of this trade gap cannot be evaluated precisely. When one country exports more than it imports from another country, it does not always mean that the net exporter is making up the difference with some form of foreign aid or credit. The two countries may, for example, be members of a three-country multilateral trade arrangement and the full picture of their trade relations may be obscured by the lack of trade data from the third country. In the present case, however, the type of exports involved, the internal conditions of the Soviet Union and China, the bilateral nature of their economic relationships, and the timing of the aid agreements all suggest that trade and aid are closely connected in Sino-Soviet economic dealings and that the Chinese trade deficit was largely financed through short-term credits.

Aside from short-term loans, other factors may explain the apparent gap in the trade balance. First of all, the Soviet export surplus may have been inflated by inclusion into the regular trade statistics of military aid extended in the form of outright grants. Secondly, some of the transfers of Soviet assets may have been compensated by ownership rights, i.e., corporate stock, rather than by Chinese promises to pay. In the manner of imperialist investors, the Soviets after the overthrow of Chiang Kai-shek participated in joint stock companies formed on the Chinese mainland. Their contribution to such enterprises usually consisted of captured Japanese assets and reparations, but it is possible that in some instances imports from the USSR were represented as well.

SINO-SOVIET TRADE

(in millions of dollars)

Year	Exports Soviet	Imports Soviet	Exports Excess of	Imports Excess of
1950	\$ 388	\$ 191	\$ 197	
1951	478	331	147	
1952	554	414	140	
1953	698	475	223	
1954	759	578	181	
1955	748	643	105	
Total			993	

1956	733	764	\$ 31
1957	544	738	194
1958	634	881	247
1959	954	1,100	146
1960	816	847	31
1961	367	551	184
Total			833

However, even if one assumed that military aid and capital stock transfers were included in the Soviet export surplus, the officially announced loans fall far short of explaining the accumulated Chinese trade deficit. In light of this, two points seem especially important. First, the original 1950 loan called for credit extensions of \$60 million a year until 1954. Our table shows, however, that the annual trade deficit was always double this amount and, in three of the five years, was more than triple this sum. In fact, the full amount of the loan was used up in 1951, or perhaps even in 1950, if 1949 trade deficits are included. Second, while a token repayment may have been made in 1954 (according to the agreement, repayments in the form of a net flow of Chinese exports were to begin at that time), Chinese imports continued to exceed exports, and the new loan of \$130 million was then announced by the Russians. Net repayment was not made and the balance of trade did not shift until 1956.

On the whole then, an appraisal of Soviet economic support for China in the first half of the 1950's indicates that the Russians were quite generous. Beginning in mid-1955 and in 1956, however, the situation changed sharply. Not only did Soviet exports drop below Chinese imports, but the USSR also chose this moment to begin an impressive program of help to other developing but non-Communist countries. Shortly thereafter, the Chinese launched foreign aid programs of their own, and the brotherly cooperation between the two Communist powers turned into competition for political favor in the underdeveloped world.

As the table indicates, the Chinese began to make net repayments on their loans in 1956. This was accomplished by a substantial expansion of exports to the USSR while Soviet exports to China began tapering off. Although Soviet exports increased again in 1959 (i.e., during the last stages of the "great leap forward"), China's exports to the USSR continued to exceed imports from that country.

Explaining this change in the balance of trade, some observers have argued that in their great faith in the results of the "great leap forward," the Chinese themselves may have decided that they no longer needed Soviet aid. But even if this charitable view were correct—which is open to much doubt—it must have been distressing for the Chinese, who at the time were in the process of repaying their debt, to see their Communist ally engaged in re-directing economic resources to the Afghans, In-

dians, Indonesians, and Egyptians among others. By 1958, each of these countries had received promises from the USSR of more than \$100 million in aid. As of 1961, India alone had received commitments of more than \$800 million, which is more than had been originally promised the Chinese, and almost as much as what was actually delivered. Most of this aid—from the Bhilai steelworks to the Aswan Dam—could have been used in China, and, what is more, the Chinese through their repayments in effect contributed to the Soviets' ability to undertake their economic offensive in the neutralist countries.

That the Chinese reacted to this diversion of Soviet aid with some rancor became apparent in the course of the recent public recriminations between Moscow and Tirana. When just about a year ago the Albanian press bitterly attacked the Soviets for "aiding non-socialist underdeveloped countries before the socialist states have become showcases of prosperity," few people doubted that the Albanians were expressing the sentiments of their mentors in Peking. The Russians in turn responded by calling their former Albanian allies—and obliquely the Chinese leaders—"egotistic" and "unmindful" of the "principles" of "proletarian internationalism."

Paradoxically, the change in Soviet foreign aid policy may also account for the defiant launching in 1956 (when Peking started net repayment of its debts) of an active aid program by the Chinese themselves. On terms almost always more favorable than those of the Soviets, the Chinese promised several hundred million dollars of aid to neutralist as well as Communist countries. Many of the recipients, such as North Korea, North Vietnam, Outer Mongolia, Nepal, Ceylon, Yemen, Indonesia, Ghana, Guinea, and Cuba, ultimately ended up with loans from both the Soviet Union and China. What is more, in some instances there were clear signs of competition between the Chinese and the Soviets as to which of the two countries would emerge as the most disinterested and generous friend in need.

It was not until April 1961, when the tension between Moscow and Peking had just about reached its climax, that the first formal credit agreement since 1954 was signed by the two powers. Responding somewhat less than magnanimously to the serious economic crisis in China, the Soviets tendered an interest-free loan of 500,000 tons of raw sugar (worth \$40 million), to be repaid in 1964-67. (Needless to say, the Chinese at the time were in need of other more important foods than Cuban sugar, of which they already had their share). At the same time, Moscow extended a five-year loan of \$320 million, which, however, only covered the bulk of Peking's cumulative short-term indebtedness. Despite a consistent excess of exports over imports in their trade with the USSR since 1956, the Chinese had failed to liquidate their obligations to the Russians. Since they apparently had no other choice, the

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Consumer Sovereignty Leads To Rapid Economic Development

Prof. B. R. SHENOY

Professor J. K. Galbraith has made planning a theme of his weighty pronouncements more than once during his tours round India. At a Press conference in Ahmedabad, commenting on the fears expressed "in some quarters in India" that the present tempo of our planning might lead to an authoritarian regime, he observed that "lack of planning" in underdeveloped economies "carried a greater risk of leading to authoritarian regimes than proper planning".

He utterly ridiculed these fears, saying that "whenever somebody wants to denounce something, he says it is likely to lead to authoritarianism." In addition to planning, he continued, public ownership, agricultural price support, trade unions and large corporations, had been accused, by different sections of the people, at different times, as precursors of authoritarianism. But their cry of "wolf" had proved false alarms. It was safe enough guarantee against this calamity, if the "spirit of democracy is deeply implanted in the mind of peoples and in their institutions".

The logical basis of Prof. Galbraith's conviction, which is widely shared in India, is simple. A country facing the problem of lifting itself from poverty and of providing a better life for its people would be condemned to frustration "without planning"; from the "discontent" born of the tyranny of unrelieved poverty, they might fall an easy prey to the promises of Communism. This danger can be averted by a "proper planning of its resources".

It will at once be agreed that the greatest single problem before underdeveloped countries is their abject poverty. Everything hangs on its eradication. Failure to tackle it effectively might engender social and political instability, though the fear in this regard is often unduly overdrawn.

The question is whether this central objective—the eradication of poverty—may be best and most speedily achieved through planning, as we have seen it in action during the past decade; and as Prof. Galbraith, a devotee of Indian planning, seems to understand the term. The answer centres round the problem of maximising output from our meagre resources, as output provides the wherewithal for liquidating poverty. The faster the growth of output, the sooner is poverty liquidated.

Any programme for maximising output cannot ignore the prevailing, extremely complex, pattern of production of the Indian economy. Fully 50 per cent of the national product is from agriculture and about 70 per cent of the population lives on it.

Agricultural production is in the hands of 67 million independent farmers scattered round the country, the average holding per family being 5.5 acres. Cotton textiles comprise about 38 per cent of industrial production. Textile output ensues from 478 mills, 80,000 to 90,000 powerlooms and 2 million handlooms. The remaining sectors, too, comprise tens of millions of independent production units. Save and except under the Communist steam-roller, this production set-up cannot change overnight, so to speak.

Two policy compulsions emerge from this set-up, if we must accelerate output. First, agriculture, textiles and the basic consumer goods industries, which constitute the bulk of productive activity, must receive first claim on productive resources. Secondly, centralised planning—in the sense of state control over the allocation of resources—is not practical, though simpleton administrators might think otherwise. Centralised planning can only produce chaos and retard the hand of progress, when the planners have to deal with tens of millions of production units scattered round a sub-continent.

We have violated both policy compulsions in the name of planning. The Public Sector will appropriate, in the Third Plan, 65 per cent of investment resources. The percentage was 57 in the Second Plan. These resources will go into heavy industries, mammoth river valley projects and costly social overheads. Large parts of the remaining resources would also be forced into heavy industries and industries producing intermediate and other non-consumer goods, through exercise of the control over capital issues, import licensing, permits for raw materials, concessions and quotas.

This leaves little of the productive resources for use in agriculture and for producing cloth and the other consumer needs of the masses. Resources drawn into heavy industries would add to the national product, but an order of 14 per cent of their value; they would add an order of 36 per cent if employed in consumer goods industries and 65 per cent if employed in agriculture. The outcome of our developing heavy industries at the expense of consumer goods industries, and of developing both at the expense of agriculture, has been two-fold: Indian national income has risen during the past decade at an annual rate of about 3.5 per cent; and the consumption of food and cloth by the masses has declined, or is semi-stagnant.

In the absence of planning—forced diversion of the largest bulk of Plan finance into wasteful pro-

jects—productive resources would flow into channels where they yield the highest output, through the usual market mechanism. Two results would ensue from this, simultaneously: first, national income might increase at an annual rate of 8 to 10 per cent; secondly, output of the basic consumer needs of the masses—principally, food and cloth—would go up simultaneously with the national product, as investments in these directions yield the highest returns and as economic activity would now be controlled and directed by the consumer, not by the Planning Commission.

This is not to say that, under the free-market system and the sovereignty of the consumer, there is no room for any planning. Orderly progress is inconceivable without planning. In the private sector, then, planning will be done by the millions of individual production units; in the Public-Sector, by the state. The Public Sector will be confined to activities which cannot be effectively undertaken by private enterprise, e.g., the provision of an honest rupee, the rule of law, basic transport and communications, standardisation of weights and measures, education and public health. In particular, the state should not stray into trade and industry, or interfere with the distribution of productive resources. To do so would be to upset the planning of millions of production units, to the detriment of the national product and social justice, causing untold human suffering in the Indian context of extreme poverty.

Thus, the "discontent" and possible explosion, which must ensue from the pursuit of the prevailing economic and social policies, carries the very "risks of authoritarianism", which Prof. Galbraith thinks we would avert through the so-called "proper planning of our resources". These risks cannot be averted with greater certainty than through planning for the free market under the banner of consumer sovereignty.

Planning for the free market has yielded blinding economic and social dividends wherever it has been given a chance. In the post-war world, it produced the first miracle in West Germany. It then spread, with as good or better results, to the other E.E.C. countries, Israel, Japan, Hong Kong, Spain and, latterly, the Philippines. The eagerness of U.K. to join the E.E.C., even risking severance from its political kith and kin, is evidence of the vitality of the new movement.

News of this powerful reaction away from statism has not reached New Delhi yet; nor the Indian universities generally, where economists still fondly cherish outmoded *dirigiste* doctrines, fancying them to be tenets of the nuclear era. The Galbraiths, Millikans, Rostows and Wards, not to mention the pronounced left-wingers like the Baloghs, Bettleheims, Langes and Robinsons—all sincere friends of India and hot favourites of our Government—through their expositions, probably stand in the way of our properly appreciating the tremendous potentialities of

planning for the free market under the aegis of consumer sovereignty. The illicit beneficiaries of planning, now the power behind the throne, who, too, are champions of mass prosperity, are another great hurdle to be overcome. But neither economic nor social salvation is possible except through policies of economic and social freedom.

The task before the policy reformer is indeed overwhelming. The situation provokes the prayer; "Good Lord, protect me from my friend; against mine enemies I can defend myself."

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Soviets agreed to fund this indebtedness by the new loan which is to be repaid in five instalments: \$9 million in 1962, \$55 million in 1963 and \$128 million in both 1964 and 1965.

There is some uncertainty as to how the loan figure of \$320 million was arrived at. The excess of Chinese imports over exports in trade with the USSR between 1950 and the end of 1960 amounted to nearly \$350 million. If accumulated interest charges, the 1949 trade deficit, and Soviet military aid are included, Peking's total obligation as of 1961 must have been much higher than \$320 million, as indeed official Chinese statements have indicated.

It is possible that the 1961 loan agreement was made on the assumption that the Chinese would repay the rest of their arrears in the course of that year. Whether or not this in fact happened, a substantial repayment was made, since in 1961—perhaps the worst year in the economic experience of Communist China—Peking established a \$184 million export surplus in its trade with the USSR. At the same time, Soviet exports to China fell to their lowest point since 1950.

This drop in Soviet aid and their own economic difficulties forced the Chinese to turn to the West for supplies of equipment and grain. To date, purchases of foodstuffs alone from Canada, Australia, South Africa and France have obligated Peking to payments of almost \$600 million in scarce Western currencies. In spite of these difficulties, however, the Chinese have managed to continue extending foreign aid of their own: in 1961 they granted a new five-year loan of \$125 million to Albania and a \$20 million credit to Ghana.

In retrospect, then, the period 1955-56 represents an important turning point in the history of Sino-Soviet economic relations, marking the beginning of a rapid contraction in Soviet aid as well as the initiation of an independent Chinese foreign assistance program. It need not be stressed how germane these events are to any inquiry into the broader conflict between the two Communist powers.

—Condensed from 'Problems of Communism'.

A VICTORY PLAN

By J. M. LOBO PRABHU

AS the Third Five Year Plan is in ruins, the Swatantra Party is considering a Victory Plan so that its criticism which has now been verified becomes constructive of a better order. Some thinking on the Headlines of such a Plan, before it is accepted, appears to be necessary.

Agriculture requires that the tenant has security to realise the full potentials of his land and labour. This has been missing so far, because the land legislation of the last 15 years has in essence only attempted to transfer ownership to Government. The greatest relief to the agriculturists will be a simple order declaring possession as permanent, subject in the case of landowners to the immediate introduction of approved farming practices and in the case of tenants to the adoption within five years of a simpler pattern of improvement. The premium collected by government can be remitted for all improved cultivation. Similarly, revenue can cease with the adoption of the pattern of improvement. The local panchayats advised by the Agricultural department will assist and assess the adoption of improved practices.

As by the end of the Second Plan, only 27% of the usable flow of water will be commanded by irrigation, a larger but more economic plan is necessary, which should be the responsibility of a Central Corporation, unhampered by political considerations. Minor irrigation should not be a means only of revenue, if its extension is to interest the beneficiaries. A demand on each source which should not exceed the present revenue can be fixed, to be divided over the whole area which the beneficiaries may extend by desilting and embanking.

Power also should be the responsibility of a Central Corporation in the capital of which the public will be allowed to participate so that an aggressive but economic programme is pursued. The identity of existing state units can be preserved if this is necessary for healthy competition.

Village and small Industries will be re-oriented to serve the needs of the villages themselves before the needs of outside markets. A programme to bring living conditions, particularly housing in villages nearer that of towns, will naturally activate such industries, provided the government makes loans and subsidies available to those who have the necessary resources.

In Industry, State Enterprise is now recognised to be a failure. Government have not ac-

cepted the proposal for denationalisation, obviously for the reason that over-capitalisation and a current return of only 0.3% will fail to attract private investment. A guarantee of a minimum return of say 2%, will attract capital because of the potentials of these industries under commercial management in a sheltered market. The denationalisation also can proceed experimentally on a factory or zone basis, which will introduce healthy competition. At the same time, all controls should be withdrawn because they have proved monopolistic in nature, against the interest of the general body of consumers.

In Trade, the sovereignty of the consumers' interest will be secured by assuring normal competition through the termination of licences and permits. State Trading will be denationalised, even if Government retains some share in the capital. Prices for producers will be allowed to find their own level, profiteering being checked, if this is necessary, by power to acquire from stockists at the prices paid by them. These acquisitions will be in favour of Consumer Co-operatives, which without much risk, will be able to set the tone of the markets.

Transport must be developed, all Railway main lines being double-tracked, which will enhance the capacity of stock and staff. Road Construction will have priority, not only to reduce the present poor national average but to really integrate villages with towns. Road Transport will be completely denationalised while Railways may be denationalised experimentally on a zonal basis.

Social Services are becoming increasingly the responsibility of government because the directive principle of full employment and minimum wages has not been enforced to secure self-sufficiency for the masses. Full employment must begin at the bottom because that above will naturally follow. There are 33 million landless labourers, with an average daily wage of 96 nP, unemployed for 127 days in the year, each burdened with a debt of Rs. 88, with prospects of cultivation diminished by land legislation from 13.49% to 6.87%. The least that could be done for them is a minimum wage of Rs. 1.50 and full employment. If Government will give loans and subsidies to private enterprise particularly for housing and agricultural improvement, it will take the responsibility only for the labour which will still remain unemployed. The panchayats can draw up plans

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Indo-Pak Talks' Inauspicious Start

(From Our Correspondent)

The Indo-Pak talks have had an inauspicious beginning. Preceded by hymns of hate in Pakistan at a time of dire peril for India, they were heralded by a Sino-Pak Agreement on principles on the Sino-Pak border. It is difficult to see how the Pakistan Government can absolve itself of the responsibility for the publication of the Agreement on the eve of the Indo-Pak talks. It is being said that it was too much of "a good thing" for Pakistan to have been a sheer accident. The Indo-Pak talks, if they have any meaning, are to lead to a joint defence of the sub-continent against the Communist menace. But if the Pakistan Government and its people are progressing towards an alliance with China—with India as the common enemy—there is no sense in the talks under way.

For an Islamic Government and an Islamic people to ignore the greatest danger to Islam in their hatred of India would appear to be a very short-sighted policy, apart from indicating the depth of their hatred. The only excuse for this ignorance can be a desire to blackmail India in a hurry at a time of crisis in the latter. Even Sir Zafrullah Khan, President of the UN Assembly, has given expression to the "patriotic" sentiment that if the defence of Ladakh is the reason for India holding on to Kashmir, India can get rid of Ladakh, presumably by agreeing to a Chinese take-over of the same. Not a very pro-NATO or pro-SEATO sentiment this! A settlement would have been greatly facilitated if, as our Prime Minister observed, at this time of crisis for India, the people and Government of Pakistan had raised sympathetic voices. They might have even, like the brothers that they really are, offered to help us against the invaders in whatever way they could. They have, however, demonstrated that they believe in our difficulty being their opportunity and made people in India generally agree with those who believe that Pakistan will remain our enemy even if ten Kashmirs are conceded. They have thus seriously weakened the position of those who, like this correspondent, have been clamouring for an Indo-Pak Agreement paving the way for a joint defence of the sub-continent.

It may well be that the Government and people of Pakistan are trying to strengthen the hands of those Americans who are stressing the need of Indo-Pak accord at this juncture. But the American Ambassador to India has pointed out that American aid to India is not subject to any conditions and is not intended to put pressure on India in any way. Indeed, the position

is that while Pakistan, as a member of NATO and SEATO, is committed to containing Russia and China and fighting Communist aggression—a fact which the Pakistan Government has overlooked—India is actually trying to contain China and resist Communist aggression. Against the promise of Pakistan is the performance of India—howsoever forced it may be—and those wedded to the cause of resisting Communist aggression can hardly become so blind in their affection for Pakistan as not to see this fact staring the whole world in the face. And so long as we resist Communist aggression, the U.S.A. and U.K. will help us. That is the *raison-d'être* of SEATO and NATO, and it matters little to realists whether the country resisting Communist aggression is a member of those alliances or not. Membership of those alliances, of course, would have prevented aggression against India, and can still prevent further aggression, but that is another matter, and far too subtle for patriotic Congressmen and even others to understand. Lack of understanding of this matter is proof positive of our lack of patriotism, for no patriot can ever even dream of risking invasion by a mighty power.

A STITCH IN TIME?

The arrest of three citizens of Delhi, soon after the adjournment of Parliament, caused many an eye-brow to be raised in the capital. Messrs. Jaya Prakash Narain and Acharya Kripalani lost no time in condemning the arrests in forceful language. At a crowded public meeting at Constitution Club Mr. Narain declared amidst prolonged and loud cheers: "They are as good patriots as I am; I am even prepared to say that they are as good patriots as Pandit Jawaharlal Nehru and Mr. Lal Bahadur Sastri." He asked the people not to allow themselves to be cowed down by those in power and to form a committee of prominent lawyers and influential citizens to protect their rights and to guard against the danger of democracy being replaced by totalitarianism.

Acharya Kripalani, who presided over the meeting, said the Prime Minister and some other ministers were busy day in, and out defending the past policies which had proved to be wrong. He asked them to "shut up" for it was their patently wrong policies, against which they had been warned in past years, that had led the country to the present sorry mess and to the invasion by China. "If they keep on defending their policies," he said, "then they incite the

people to answer them and tell them they were guilty of great wrongs to the country and its defence, for it had been proved to the hilt that those policies were wrong as the country was left without friends and without the wherewithal to fight the Chinese aggression."

Judging by results the arrests have proved to be a misadventure, which only provoked these two redoubtable leaders, among others, to hit out more forcefully against the Government, Mr. Narain going so far as to say that even if a deliberate sabotage of the country's defence had been planned, the results could not have been worse in NEFA. It seemed to him—and he is a fairly well-informed publicist—that the men in power were surrounded by coteries of flatterers and flunkies as a potentate in his court. To remain quiet in the circumstances would, according to him, amount to putting a premium on the cult of personality.

The arrests also raise the question whether the assurances in Parliament during the debate on the Defence of India Bill were only meant to secure unanimous passage of the Bill, without any attack on it from any quarter. Another question they raise is whether the Home Minister is not guided by the declarations of the Prime Minister, even if they are unequivocal, as those recently made in his letter to the Swatantra leader, Mr. Ranga. It is being surmised here that the arrests were a feeler to find out how far the people would submit to attempts at preventing them from criticism of the Government and the Prime Minister at a time when such criticism is likely to prove convincing. Perhaps the wisest observation on the arrests was that the Government has produced three leaders for the opposition parties with a stroke of the pen, by one of those who owe their popularity to having been the victim of similar procedure during British days.

The resolution adopted at the meeting stated that the three arrested men did not belong to political party, though they had been actively associated with the Socialist and Praja Socialist parties, that they were engaged in constructive work in the fields of social work and rural development, and that in the recent months of crisis they had been playing a prominent part in mobilizing public opinion for defence. The resolution said the action was regrettable "coming as it does soon after the adjournment of Parliament in which solemn assurances were given that the Defence of India rules will not be used unfairly against patriotic citizens who merely offer some criticism of the policies of the Government and the Prime Minister in good faith." "The Prime Minister himself," recalled the resolution, "gave an assurance, as a great democrat, that the criticism of his personality will not be penalised."

"If this action is a portent of similar further acts," the resolution concluded, "it should arouse

the concern of the Press, Parliament and the people, for such actions infringe liberties unnecessarily and can hardly solidify the unity of the democratic nationalist forces for the defence of the country." At one stage of the meeting there was commotion and some disturbance as speakers alleged that some Congressmen were in the pay of China and Russia, but the interruptors were howled down and the disturbance faded out. Meanwhile the Prime Minister's promised probe into the defence mess remains in abeyance.

"THE ILLUSORY PARADISE OF SOCIALISM"

"Free India has started economic planning without adequate preparations. Our constitution, with its enumeration of fundamental rights and individual freedom, did not envisage "socialism". It is true that India has progressed during the last ten years in an impressive way; but the phenomenal prosperity of West Germany and Japan during the same periods shows that "socialist planning" is not inevitable for progress. People in India have begun to ask whether the great evils of inflation, controls, and sacrifice of democracy should be endured for an illusory paradise promised by socialism in a distant future.

Prof. K. A. Joseph

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for roads, forests, reservoirs and public buildings to employ this labour. Full employment will enable the whole population to look after its social needs including education. In any case, education can become more economical if private agencies are encouraged on grants related to success in public examinations which can also be held for primary schools.

Finance must be reorientated by saving government expenditure which the public are able and willing to undertake. Since in a closed market taxes are carried into the prices, they reduce the market and the scope for expansion of capacity. In any case, there should be little or no tax on investment, the principle of Development Rebate being applied to all profits ploughed back.

In respect of Administration, the services should be relieved of what can be done by the public, which can be achieved by withdrawal from State enterprises and Controls. Otherwise, the stress should be on penalising delays which are not only the cause of inefficiency but also of corruption.

The Victory Plan must be simple, increasing the share of that which only Government can do, and stimulating the share within the competence of the people. The result will be a better cost-benefit ratio, which with less taxation will lead to greater production.

Book Review

THE ULTIMATE FOUNDATION OF ECONOMIC SCIENCE by Ludwig von Mises (D. Van Nostrand Company, 148 pp., \$4.50).

Review by Percy L. Greaves, Jr.

THE SCIENCE OF ECONOMICS has been erected, step by step, on a foundation of such simple, but fundamental, premises as the following:

"The characteristic feature of man is action . . . purposive action . . . conscious behaviour . . . To act means: to strive after ends, that is to choose a goal and to resort to means to attain the goal sought. . . .

"Actions are directed by ideas, and ideas are products of the human mind . . . Theory . . . is the search for constant relations between entities or, what means the same, for regularity in the succession of events . . . Causality . . . is a priori not only of human thought but also of human action. . . . Congizance of the relation between a cause and its effect is the first step toward man's orientation in the world and is the intellectual condition of any successful activity. . . .

"Man meditates about the conditions of his own self and of his environment, devises states of affairs that, as he believes, would suit him better than the existing states, and aims by purposive conduct at the substitution of a more desired state for a less desired that would prevail if he were not to interfere."

The above quotations are from the new book by Ludwig von Mises, world renowned author of *Human Action* and a dozen other books no economist should ignore. His latest volume not only probes the basic roots of all human action, but also exposes the ill-founded basis of some key fallacies that now stand in the way of human progress.

"Economic progress," as Mises writes, "is the fruit of the endeavours of the savers, of the inventors, and of the entrepreneurs." Where there is no inflation or credit expansion the "progressive accumulation of capital and the improvement of technological methods of production that it engenders would result in a progressive drop in prices. . . . The amount of goods available for consumption would increase and the average standard of living would improve, but these changes would not be visible in the figures of national income statistics.

"The concept of national income entirely obliterates the real conditions of production within a market economy . . . The 'national income' approach is an abortive attempt to provide a justification for the Marxian idea that

under capitalism goods are 'socially' produced and then "appropriated" by individuals. It puts things upside down. In reality, the production processes are activities of individuals cooperating with one another. Each individual collaborator receives what his fellow men—competing with one another as buyers on the market—are prepared to pay for his contribution."

Mises also explodes once more the still popular myth that "one man's gain is necessarily another man's loss." This Mercantile doctrine, traceable to Aristotle, is still the basic fallacy of many protectionists, as well as those who worry about an unfavourable balance of trade or payments.

"In the market economy the better people are forced by the instrumentality of the profit-and-loss system to serve the concerns of everybody. . . . In its frame the most desirable situations can be attained only by actions that benefit all the people. The masses, in their capacity as consumers, ultimately determine everybody's revenues and wealth. . . . What pays under capitalism is satisfying the common man, the customer. The more people you satisfy, the better for you.

"This system is certainly not ideal or perfect. There is in human affairs no such thing as perfection. But the only alternative to it is the totalitarian system, in which in the name of a fictitious entity, 'society,' a group of directors determine the fate of all people."

This little book deserves to be read and inwardly digested by all who seek enlightenment on the economic and political problems of our times. If it is, economics will again be taught in our colleges, and mass media will present a more realistic interpretation of world events. Political interferences with the moral actions of men will gradually disappear, while living standards will advance by leaps and bounds.

—The Freeman.

Gleanings from the Press

K. MENON IS NEHRU'S ONLY CONTRIBUTION TO INDIA'S DEFENCE

The Prime Minister's main contributions to the defence of India's northern border were an unflinching belief in the pacific nature and intentions of the Communist Chinese and Mr. Krishna Menon. His main contribution in the future, as his interview with Mr. Hearst shows, is still Mr. Krishna Menon.

And who is Mr. Krishna Menon? A notorious crypto-Communist, an important agent and influential instrument of International Communism, the Communist Party's spearhead

in the task of infiltrating into the Administration and the Congress to bring about a Communist-dominated government in India, the Advocate and defender on numerous occasions of Communist China, and the worst Defence Minister any country could ever have had. For years it has been apparent to those willing to see things as they are—and, indeed, again and again has it been pointed out,—that the attempt to defend India against Communist China with Mr. Krishna Menon as Defence Minister or even as a member of the Cabinet was an impossible task. After a series of disasters that proved the truth of this, the Prime Minister was compelled to make Mr. Krishna Menon resign. Scarcely, however, had he demitted office, when the planning to bring him back started. And now the Prime Minister openly avows the intention.

—Opinion.

News & Views

U.S. ARMS AID TO INDIA, PAKISTAN 'ONLY FOR FIGHTING COMMUNISM'

MADRAS

Mr. J. K. Galbraith, the United States Ambassador in India, said here that if India and Pakistan were to use American aid to settle their rivalries it would not be appreciated in his country.

"It becomes a powerful argument against providing such help," he said.

The Ambassador, who was addressing a news conference, said he hoped that both India and Pakistan would view U.S. help as "part of our effort to counter the menace of Chinese aggression."

He said the U.S. viewed the Chinese threat to the sub-continent, and particularly to India very seriously, as was evident from the speed with which his country had responded to India's request for help.

K'S NEW YEAR WARNING TO WEST

MOSCOW, Jan. 1.

Premier Khrushchev toasted in the New Year at a lavish Kremlin reception today with a "realistic warning" to the West and a reference to "family differences" within the Communist camp.

Speaking extempore and frequently waving his arms, he declared: "We want peace. We are fighting for peace . . . but if capitalism attacks us they will be utterly smashed within hours.

"This is not a threat for the New Year. It is a warning, a realistic warning."

"PRAVDA" VIOLENTLY ATTACKS CHIEF MINISTERS OF INDIA AS REACTIONARIES

MOSCOW:

The Soviet Communist Party newspaper "Pravda" recently said "ultra-reactionary elements" in India had whipped up an "anti-Communist hysteria" following the Sino-Indian border fighting.

In an article headed "Dangerous Road," quoted by the Soviet News Agency Tass, Pravda claimed nearly 900 Communists had been arrested in India by mid-December.

Chief Ministers of some States had threatened Communists, anti-Communist attacks had been made in Parliament, and "the reactionary Indian press has launched a real witch-hunt in the spirit of demented Macarthyism," it added.

PATIL WANTS CHINESE INSULT AVENGED

The Union Minister for Food and Agriculture, Mr. S. K. Patil, said that India had to avenge the insult hurled at it by the Chinese.

"The humiliation cannot be taken in the way as some want us to take it," he said. He was speaking at a meeting held under the auspices of the Andhra Pradesh Youth Organisations' Forum of Ideological Studies. Dr. G. S. Melkote, M.P., presided.

Communist China, Mr. Patil said, attacked India to impress the other Asian nations of their might and to show them that China was stronger than India.

If there was any border dispute, it could have been settled by negotiations. But the Chinese attacked India. "The attack is only to insult and humiliate us and this shall be avenged, no matter how many die in this fight and how long it lasts," he said.

His New Year Day message to the country was "make India strong and avenge the insult."

Mr. Patil said India was non-aligned in the sense that she had refused to join any power bloc but naturally her "blood relations" as a democratic country were with other democracies of the world.

If this was called an alignment let that be so. In this connection, he said, India was grateful to the U.S. and the U.K., among other nations, who rushed aid.

INDIAN REDS GAVE AWAY VITAL SECRETS TO THE CHINESE

LUCKNOW:

Gen. K. M. Cariappa, former C-in-C. of India appealed to the people not to use the crisis as an opportunity to feather their own

ness and achieve personal, political, industrial or financial gains.

Addressing a news conference here the General emphasised that all sections of the people must realise that it was a national crisis—one which had to be met by united efforts, regardless of political or any other affiliations.

During the 60-minute press conference, he faced a barrage of questions, mostly on the 'loyalty' of Indian Communists towards India. And this is how he answered them.

It was true that he did not possess any evidence of the disloyalty of Communists, but he gathered from reliable sources during his tour of Bengal and Assam—that the Communists were surreptitiously committing sabotage and telling the people: "The Mukti Fauj is coming. Your leaders will be the Chinese, and Marx will be your God."

One reason why we suffered reverses in NEFA was that Indian Communists in the area gave the enemy vital information on the location of our troops.

SHENOY WANTS CENTRE, STATES TO STRICTLY FOLLOW AUSTERE WAYS THEY PREACH

BHOPAL:

Prof. B. R. Shenoy of Gujarat University said the war finances could be met if the Centre and State Governments followed "the austerity measures as they preach."

Addressing the concluding session of the All-India Jan Sangh here he stated that, with a view to strengthening the war finances, the Ministers should use public buses instead of cars and the officials should travel in third class compartments.

The Centre and the States, he added had collected revenues to the tune of Rs. 1,888 crores in 1960-61. With the exception of Rs. 65 crores, the whole of this amount was used up in consumption.

"If this consumption is stepped down to the 1955-56 level, we could save for war finance Rs. 748 crores annually on the rates of the present revenue collections."

The second important factor which could help increase war finance, he observed, was the imposition of restriction on free issue of licences.

The market value of the licences issued to the private sectors might be of an annual order of Rs. 460 crores.

"NEHRU BRIGADES NOT TO FIGHT CHINA BUT ANTI-CHINA PATRIOTS. COMMUNIST TRAITORS REARING UP THEIR HEADS AGAIN

PATIALA:

The Patiala District Communist Party's executive, which met here recently, with Mr.

Gurbachan Singh Ghagga in the chair, decided to organise what it called "Nehru brigades" throughout the State to fight "right reaction" and strengthen the hands of the Prime Minister.

Addressing the meeting, Mr. Gurbux Mehta, district secretary of the party, said that today Mr. Nehru symbolised all that was progressive.

The executive decided to hold 50 mass rallies throughout the district during the current month and a big rally at Patiala to explain the C.P.I. resolution on the Chinese aggression to the people and to boost the defence effort.

U.P. BORDER IS THREATENED BY CHINESE

Mr. Narsingh Narain Pande, member of the newly-formed United Socialist Party, has in a letter requested Chief Minister C. B. Gupta to summon the U.P. Assembly at the earliest possible date to discuss the situation arising out of the Chinese concentration in Taklakot.

Mr. Pande points out that the situation is very grave all along the Indo-Nepalese border and in Tibet. This calls for intensification of defence efforts, he says.

He regrets that the Government is not taking any definite steps to meet the threat.

PEKING RULE FLOUTED IN SINKIANG RUSSIAN HAND SUSPECTED

GANGTOK:

The Moslem tribes in the Sinkiang province of China are in a state of revolt against the Chinese regime, according to reports reaching here.

Insurgents of the Kazakh Tribe a few days prior to the unilateral cease-fire declaration of China, staged a revolt in the Altai region against the Peking Government, with the active support of the other tribes, the Uighurs, the Tartars, and the Tadjiiks, the reports add.

The insurgents cut off vital supply lines belonging to the Chinese invaders, blew up bridges and succeeded in inflicting heavy casualties on the enemy who were taken unawares.

The revolt has not completely died and the Kazakhs, who started it, are still active, it is said.

Russian connivance in the revolts is also suspected, since the arms used by the insurgents bore Soviet marks.

Russia has vital stakes in this area and is known to have engineered such revolts against the Chinese during the Stalin regime.

LIBERTARIAN SOCIAL INSTITUTE, BANGALORE.

Bangalore, Dec. 21: Sri N. K. Garuda Dhwanan, M.A., addressed the Study Circle Meeting on "The Saga of Economic Progress in India." Prof. M. A. Venkata Rao presided.

THE STATE AND THE PRIME MINISTER

The State is different from the Prime Minister. The party in power is not the State. Ministers who function by reason of a particular party being in a majority in Parliament should not think that they are the same as the State. The State is a distinct and permanent entity, although for the time being a particular party and a particular Prime Minister may be running the Government. The decisions of Government may be arrived at by those functioning as Ministers, but the orders of Government based on those decisions are issued in the name of the President and signed by the secretaries who are permanent servants of the State. Government orders are never issued in the name of or signed by the Ministers of the Prime Minister.

In Parliament too, the Speaker (or the Chairman in the Upper House) is not a representative of the majority or of the Council of Ministers. He represents the authority of the House as a whole including all parties and even those who differ entirely from the ruling party. The Speaker sits on the platform. The Premier and other Ministers sit below on a level with the leader of the Opposition and the other members of the House. On the one side of the table sit the Premier and his colleagues in the Ministry and not on any higher platform. On the other side of the table sit the leaders of the Opposition parties. Every moment and on every issue all parties participate on equal terms. The executive responsibility is given to what may be called a committee of the majority of the House. That committee is called the Cabinet or Council of Ministers. It is not invested with authority to issue orders to the army or the navy. It is the President who, on behalf of the State as a whole, signs all orders on the advice of the Ministers for the time being in power.

—C. R. In Swarajya

ISRAEL ENCOURAGES PRIVATE ENTERPRISE

Economic progress is rapid when it respects basic laws of economics and human nature. Legislation and government policies which take these two factors into account help economic progress. The example of Israel once again confirms this. Our country can benefit from such experience.

The following news item is of interest:

"The event which has been expected for a long time has come. The Israel pound has been devalued. This devaluation is the heart of a new economic policy whose declared aims are the following:

"(a) to increase exports and reduce imports by making local production cheaper in relation to foreign goods;

"(b) to unify the various rates of exchange and reduce tariffs, particularly on raw materials. Thus Israel's price structure will be made similar to the structure of prices in the rest of the world;

"(c) to liberalise to a considerable extent the economy by removing import restrictions on a wide range of products, and lowering the impassable wall of protection around local production. To increase

competition in the country by intensifying the fight against cartels. Troublesome red tape will be reduced—the complicated system of export premiums and import licences—and this ought to aid private enterprise and increase economic efficiency;

"(d) a significant number of steps aims at reaching stability and ensuring that prices do not get out of hand again. Prices will be kept down, demand will be restricted by the budget in check. Savings will be encouraged;

"(e) the Government will continue to assist economic development by granting development budget loans on easy terms. This aid will be given in the context of wider and more efficient planning for rapid, efficient and competitive growth;

"(f) at the same time all will be done to soften the impact of the new policy on wage earners and agriculture.

"Mr. Eshkol's announcement came exactly ten years after the 1952 economic policy which also devalued the pound, created temporarily multiple exchange rates and started the battle against the galloping inflation of 1949-51. That policy succeeded in cutting down, by stages, the all-embracing controls which entangled the economy. The first devaluation marked the realisation that not everything can be done centrally by the Government through direct controls, that economic forces do exist and cannot be disregarded, and that private enterprise has a role to play in the economy. Thus the newer policy can be seen as a further important step in the same direction of a free economy."

—Economic Times

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