

# Indian Libertarian



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Price 25 Naye Paise

Incorporating the 'Free Economic Review'  
AN INDEPENDENT JOURNAL OF ECONOMIC AND PUBLIC AFFAIRS  
WE STAND FOR FREE ECONOMY  
AND LIBERTARIAN DEMOCRACY

MAKE ENGLISH THE LINGUA FRANCA OF INDIA

Vol. VII No. 3

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May 1, 1959

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## EDITORIAL

### DALAI LAMA

The Dalai Lama has been given a cordial and respectful reception on Indian soil. His party entrained at Tezpur and are proceeding to Mussoorie and before these lines are in print will have reached it, unless the Dalai Lama decides to stay for some time at Sarnath.

The Prime Minister will have met him meanwhile on the 14th and perhaps there will be a further statement from him about Indian policy on this fateful clash between Tibet and China.

The Dalai Lama's statement makes it clear that he left Lhasa of his own free will fearing ill-treatment from the Chinese Commander. A shell or two fired by the Chinese alarmed his advisers and revealed to them the extent of the Chinese determination to break his independence and make him toe their line, even as the Panchen Lama had always done.

The Dalai Lama's statement makes it clear that the 1951 treaty was signed by him unwillingly, as he could not do otherwise. He claimed that the Chinese never fulfilled the pledge of respecting Tibetan autonomy even from the beginning. They did everything according to their own views. His concurrence and approval were only formal and even such formality was not observed several times.

The Dalai Lama thanked India for her hospitable reception and grant of asylum and hoped that the differences between Tibet and China would be settled without further bloodshed.

Many details of the interval between the first

rising three years ago and the recent crisis that led to his flight are not made clear in the Dalai Lama's statement. The public awaits fuller information in course of time.

Everyone is curious to know what course the Dalai Lama will adopt on Indian soil. Will he carry on agitation and gather international support from here? The report that two sealed covers from President Eisenhower were handed over to him at Tezpur as he entrained gives rise to the speculation that such contact with the leaders of the West might displease the Chinese. Such displeasure might lead them to put pressure on India to hand the Lama over to them under extradition, as it were.

The Prime Minister is worried by such possibilities and there was a tone of caution in his statement in Madras, that India did not wish to interest herself in other people's quarrels. But Tibet's affairs are too intimately connected with Indian security to be dismissed altogether with indifference. Our policy of Panchsheel has failed but any alternative would only take us nearer the West. How to make such a change without too great a break with the past and without any ostensible break with the Soviet bloc is a delicate problem. Or will Nehru reconcile himself to the stifling of Tibet's personality and seek to maintain China's friendship at least outwardly? This is more likely, for we are likely to lose more from China's displeasure than we can gain by Tibet's friendship. Also, it is impossible any longer to maintain equal friendship with both the tiger and the cow. We must make a choice.

Our Prime Minister has reconciled himself to the loss of Pakistan areas and of one third of Kashmir after the advent of independence. It is natural for him to reconcile himself to the loss of Tibet's cordiality and entente, as the lesser of the two evils confronting him.

He is not made of the stern stuff needed for a radical change-over of Indian policy involved in forging defence pacts with the West and defying the Red Chinese. Turkey and Iran are conspicuous for their boldness in adopting such a policy in spite of the proximity of Russia on their border.

#### CHOU EN-LAI'S STATEMENT

Chou Enlai the Prime Minister of China has made a statement before the Chinese National Congress now in session in Peking. He reiterates the official Chinese version that the Dalai Lama has been taken out of Tibet and brought into India by duress by a group of his followers who have joined the rebellion. He wants him to go back to Tibet.

He attributes the rebellion to the machination and encouragement of the imperialists and Chiang Kai Shek. He traces all the dissatisfaction in Tibet with Chinese intervention to a narrow upper class strata who are the real exploiters of the vast majority of the people. Of the 12 lakhs of population in Tibet, he thinks that the disaffected are not more than one lakh.

Obviously glancing at Nehru himself, Chou En-Lai asks those who sympathise with Tibet to clarify with which section of the Tibetans they sympathise—with the aristocratic exploiters who have reduced the poor to serfdom or with the vast majority who are being liberated for the first time in ages for a modern progressive dispensation under the lead of the Red Chinese? The Communist theory of the dialectic of classes is applied and Nehru is asked to take his stand in its light. Is he for the reactionaries and exploiters or for the disinherited to be now liberated? Nehru is a socialist and believes in the class war hypothesis. He will admit the justice of Chou En-Lai's analysis in his inner mind and let the Tibetans take their chance!

Chou En-Lai asks India to apply the five panch-sheela principles correctly. He thinks that such correct application will prevent India from interfering with the progressive work of China in Tibet which falls within its political jurisdiction. Here we have two interpretations of the Panch-sheela non-intervention doctrine—the Chinese and the Indian. Which is more in accordance with truth and justice and conscience?

The same dilemma confronted us and all the world in the case of the Russian suppression of Hungarian freedom in 1956.

Soviet Russia wishes to digest her absorption of the Baltic States of Lithuania, Latvia and Estonia and of the East European states of Hungary, Czechoslovakia, Poland, Bulgaria, Rumania and Albania. She wishes, if possible, to reabsorb Yugoslavia that has escaped from her hegemony by the skin of her teeth, as it were, owing to the independence and intrepidity of Marshal Tito.

Now Red China wishes to absorb Tibet and make her part of her own flesh and bone of her bone. She has the will and the power, even as the tiger has the strength and the equipment to make a meal of the cow.

Until all nations small or big are liberated and the World Powers observe a Rule of Law under the auspices of a World Federation with military force at its disposal to give effect to its decisions, the present anarchy in world affairs is bound to continue. The strong take what they can and the weak must yield what they cannot defend.

#### THE AMERICAN FIFTH FLEET FOR THE INDIAN OCEAN

It is rumoured that the USA has decided to station her Fifth fleet in the Indian Ocean on the ground of the military power vacuum there after the departure of the British from India. At present American ships can use the Singapore harbour. The stationing of the Fleet in the Indian Ocean means that it will require the use of many more harbours and fuelling stations in East Africa, Malaya, Indonesia and Ceylon. If India denies facilities in her harbours, America may be forced to use Goa with the permission of the Portuguese, which they will be only too glad to give. It suits their book only too well.

This American shadow that India is feeling already through Pakistani intransigence stemming from American arming of her armed forces will be deepened if the Fifth Fleet makes Goa one of her stations. This will lead to a further acerbation of ill-feeling between India and America. The Communist Party of India will use the occasion to whip up anti-American feeling among the populace. The already pro-Red inclination of the Prime Minister may well receive added strength from this action of the USA in stationing her fleet in the Indian Ocean. There is nothing in naval or international law to preclude any nation from doing so, as the high seas are free to all nationals. But they give rise to changes in balance of power.

#### WHAT OF IRAQ?

Though the internal situation in Iraq is still confused and unstable, what seems clear and indisputable for the moment is the ascendancy that communist elements have attained in the inner counsels of the Government of General Khassem. The key portfolios of defence, police and justice are in communist hands. The radio and propaganda are entirely in Red hands. The handling of the public and their mobilisation in favour of Iraq and against absorption into UAR is done by communist agencies and organisations. Khrushchev has sent military aid promptly.

The Government of Khassem however has not yet taken any anti-western line yet. The British Oil wells are not disturbed yet. The British were however told to quit from the air base they had at Habbaniya and they are doing so without protest.

Khassem has declared that Iraq will not be a member of the Baghdad Pact.

Khassem's firmness against absorption in Nasser's Arab empire angered Egypt's President. President Nasser attacked Khassem openly and is reported to have engineered the Mosul revolt that was suppressed by Khassem. The bulk of the army has remained loyal to Khassem.

Russia has encouraged Khassem in his independent line. Russia was displeased with the thorough way in which Nasser uprooted communist influence both from Egypt and from Syria. He came out openly against them as traitors when he was balked in Iraq through communist influence. The communists want Iraq to remain independent. Russia is encouraging a federation of independent kingdoms or States in Arab Oominions, which goes against Nasser's ambition of a ingle, monolithic empire under his lead.

It is clear that Khassem would like to free himself from the communist tranglehold and base his power on Iraqi nationalism and independence. His hold on the army is still precarious and his hold on the civil population is not yet founded on Iraqi feelings independent of Arab nationalism in general.

His aim is therefore to develop sufficient support both in the people and in the army for an Iraqi national State under his lead. It remains to be seen if he will succeed. Arab State boundaries are fluid and much depends on the force of personalities.

Meanwhile Khushchev is hoping to have sufficient influence with Khamon to grab Iraqi Oil and deny it to the West.

If Khrushchev makes his stand good in Iraq, the Persian Gulf and the Indian Ocean will be open to the Soviets. A new chapter of history will begin in this area.

## **The Indian Libertarian**

*Independent Journal of Free Economy  
and Public Affairs*

Edited by MISS KUSUM LOTWALA

Published on the 1st and 15th of Each Month

Single Copy 25 Naye Paise

Subscription Rates:

Annual Rs. 6; Half Yearly Rs. 3

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Full Page Rs. 100; Half Page Rs. 50; Quarter Page Rs. 25.

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THIRD COVER ..... Rs. 125

- Articles from readers and contributors are accepted. Articles meant for publicatation should be type-written and on one side of the paper only.
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The american move to station a fleet in the Indian Ocean acquires maaning in this development in Iraq.

## **TIBET AND SEATO**

Tibet is outside the Treaty Area of the South East Treaty Organisation which it pledges to defend against communist aggression. Chou Enlai's aggressive transformation of the Tibetan system of institutions and way of life that sent the Dalai Lama out of the State seeking sylum in India has had repercussions among the SEATO Members.

The Tibetan episode showed the aggressive mood of China. South Vietnam, Thailand, Laos and Cambodia feel uneasy. Pakistan too is led to contemplate the future with uneasiness. Mr. Qadir Pakistan's foreigh minister is reported to have said that the Tibetan incident should bring India and Pakistan closer together in foreign affairs. Perhaps he is thinking of possible Chinese incursion into East Pakistan through Burma or through the Assam Corner in the Northeast.

If a real understanding on defence matters can be made with Pakistan, it would be a considerable relief. But it seems very improbable in the near future considering the truculence and trigger-happy border firing of Pakistani forces into Indian territory.

But all things are possible if circumstances should change.

A defence pact with Pakistan would remove a vast incubus from Indian and Pakistan budgets releasing much money for civilian development. But wishfulmilt should be avoided in diplomacy. Facts should be negotiated on the basis of mutual self-interest and should be maintained against the background of a lively watchfulness.

## **PAKISTANIS FIRE ON INDIAN CANBERRA BOMBER**

Pakistanis have fired on and destroyed an Indian Canberra Bomber what flew unguardeely by accident over Rawalpindi area for a few minutes while on a photographic survey flight in Kashmri. It was unarmed. The plane came down in flames and the two officers aboard baled out. They have been since sent to India.

This is a new level in the intransigence of Pakistan. It shows how itching they are for attacking India. The firing on an unarmed plane is against international law.

It is significant that the American press does not go impartially into the incident. They look the other way and print only Pakistan's version and minimise the Indian case.

This is ominous. It shows that today among the Big Powers war morality dictates that friends and allies do not do wrong. They are always right.

Instead of complaining against this trend, we should seek to have powerful friends ourselves too. Be a world in yourself or join a world, said the Philosopher Life.

# LAND REFORMS IN PAKISTAN

By M. A. Venkata Rao

ISLAM fosters a positivist, realistic point of view as a life philosophy. It is pre-eminently a Yes-saying philosophy, though it has its share of fakirs and world renouncers.

Thus though Pakistan as an Islamic State does not seem to have developed any significant distance along modern ways such as democratic government, signs are not wanting that beneath the surface trouble of current politics, the country is making real progress in economic and social matters, even political matters in so far as a consciousness of world events and anxiety to figure on the world stage is concerned.

There is also evidence of some agonising and agonised thinking on the possible synthesis of Islamic values and doctrines with modern nationalist aspirations by laymen, if not by religious leaders—moulvis and mullahs.

The land reforms announced by the Commission appointed by President Ayub Khan is the latest instance of this realistic temperament. The Muslim League in 1948 the Punjab Government in 1951 and the National Planning Board in 1956 had made proposals towards land reforms providing for redistribution of land and the imposition of ceilings on land holdings. But it was understood that the politicians in power had no practical intention of carrying out any such measure of reform involving self-sacrifice on the part of large landholders from whom the class of politicians and army and civil personnel were largely drawn. In the absence of modern industry on any significant scale in the new state, the governing class could only be drawn from the landed aristocracy.

President Ayub Khan with his dictatorial power has been able to cut the Gordian knot and announce a substantial measure of land reforms.

As in India, the aim of reforms is two-fold—1) Social justice or redistribution of land to secure a share to landless persons and to increase the share of small-holders. 2) Stimulus to economic progress by securing a larger number of economic holdings, fixing fair rents and providing security of tenure to tenants.

In the words of the President in his radio broadcast, the reforms aim at satisfying "the social need for greater equality of opportunity and social status, and the economic need for increasing agricultural production and improving the standard of rural living through a more equitable distribution of income from land."

The Pakistan press has hailed the reforms in terms of jubilation as the "Magna Carta" of Pakistan equal in importance to the very founding of the State.

The reforms proposals are totally free from the ideological excess and shortsighted radicalism of the Indian proposals with their suicidal zeal for the elimination of individual ownership and the formation of co-operative farms as the

sole medium of agriculture throughout the countryside in the near future.

Co-operative farms are mentioned in the Pakistani scheme but they will be encouraged if formed voluntarily. But the State does not set out to pour all farming into its mould uniformly and exclusively as it is proposed in India under the pro-communist lead of Pandit Nehru.

## THE CEILING

The chief item of the reforms proposals is the fixation of ceilings on land holdings at 500 acres of irrigated land or 1000 acres of dry land together with permission to own 150 acres of orchard land. These are generous ceilings as contrasted with the miserable, poverty-stricken limits of 30 standard acres suggested authoritatively by the Indian Planning Commission. The result in Pakistan will be the development over the years of a substantial middle class of landowners able to extract incomes of around Rs. 2000 per month. They will be able to play a real role in nation-building since they will be able to afford capital for modernising their farms, to afford higher education for their children and to shift to industry or take shares in industrial capital. The part that the middle class can play in modern national development can be vividly realised if we recall the notable part played in India by the educated middle class who took to English education after the 1857 Revolt and entered the civil service in increasing numbers. The zamindars and princes were left behind and the new middle class threw out a political wing that captured power through the success of the national liberation movement.

Pakistan is treading a constructive path in this reform of its military government.

The Commission say: "We recognise that looked at from the point of view of social justice alone an upper limit of 500 acres of irrigated land will appear large... What we thought prudent was to fix the ceiling at a level which will on the one hand eradicate the feudalistic elements from the existing tenure structure, and on the other, by causing the minimum necessary disturbance of the social edifice lead to a harmonious change over and at the same time provide incentives at all levels and conduce to greater production."

## CONTRAST TO INDIAN "REFORMS"

There is wisdom in this policy of the Commission in contrast to the incomes proposed for the agriculturists in India of Rs. 3600 per year! If this is the top, what about the average? It will be around Rs. 1000 per year. The countryside after the introduction of land reforms in India will consist of small, subsistence farmers unable to take any effective part in the political, educational, industrial or economic progress of the country. They will furnish a large body of

*(Continued on Page 19)*

# JOHN FOSTER DULLES:—A TRIBUTE

By M. N. Tholal

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**T**HE resignation on account of grave ill-health of John Foster Dulles from the high office of Secretary of State of USA came as a shock even though it was expected on account of the nature of the disease he is suffering from. That shows the extraordinary hold he developed on our minds as the redoubtable champion of the doctrine of containing Communism on the theory that the only way of preventing world war is to be ready for it and not to yield to aggression even at the risk of war. Such a man was bound to become the target of Communists and fellow-travellers, for the aim of the former is world conquest without war which might put an end to Communism altogether. Even those who are neither Communists nor fellow-travellers often lisped in their accents and talked and wrote as if Dulles was taking up an unreasonably extreme position not demanded by the exigencies of the situation. Yet the fact that it was not so was amply demonstrated by the American refusal to interfere with the Russian rape of Hungary in 1956.

The position that Dulles took up with reference to Soviet Russia was simply: "Not an inch more of territory". It is a position any honest man will be compelled to take up when country after country is swallowed up by a Power in utter disregard of treaties and pacts. This was the position the British and the French had to take up against Hitler after the Munich concessions, and this is the position the USA and her allies had to take after the gobbling up by Soviet Russia of the Baltic States, Poland, Czechoslovakia, East Germany, Hungary, Rumania, Bulgaria and Albania. After all, if you are against world domination by Communist Russia, you have to draw the line somewhere and the sooner you draw it the better it is for the cause, for delay and connivance mean progressive accession of strength to the Power against whom you know you have to draw the line somewhere and some time. If that is not the case, you might as well take up the Red Flag and begin waving it to encourage Soviet Russia to come and take possession of your land.

## WHO STARTED THE COLD WAR ?

Mr. Nehru condemns the cold war and deprecates cold war attitudes, as if the democracies led by the USA were being unnecessarily hostile to Soviet Russia. There is no doubt that Dulles was the leader of the cold war on the side of the democracies, its inspirer, its apostle and its gopeller but surely the question, "Who started the Cold War?" is not entirely irrelevant to the issue! War, of course, must be condemned, whether hot or cold, but surely our moral sense does not demand that the party which wantonly

starts war should be condemned much less than the party which has to take up the cudgels in self-defence. As ex-President Truman pointed out recently, the cold war grew out of the fact that Russia refused to stand by agreements made by Summit Conferences at Yalta and Potsdam in 1945.

The Yalta Conference between President Roosevelt, Winston Churchill and Marshall Stalin made provision for a joint central control commission sitting in Berlin to see that the administrative policies pursued by their instruments of Governments were in agreement and there was co-ordinated administration of all the zones of Germany under the Allied Powers. The three powers affirmed their belief in the principles of the Atlantic Charter and said that they would jointly assist the people in any liberated European state or former Axis satellite state in Europe to carry out emergency measures for the relief of distress and to form interim governments broadly representative of all democratic elements and pledged to the earliest possible establishment through free elections of governments responsive to the will of the people.

## DECISION AT SUMMIT CONFERENCE

Five months later an agreement was reached at Potsdam between the three Powers, again at a summit conference, which reaffirmed their policy towards Germany outlined at the Yalta Conference in February 1945 but agreed that for the time being no central German Government should be established. It was agreed that the German economy should be decentralised to eliminate excessive concentration of economic power as exemplified in cartels, trusts and syndicates, but Germany was to be treated by the occupying Powers as a single economic unit, common policies being established in regard to its industries and economic life generally. It was also agreed at Potsdam that political parties would be allowed in the liberated countries but the electoral system would be only gradually developed. Supreme authority in Germany was to remain with the Allied Control Council in Berlin.

By establishing Puppet governments in Poland, Czechoslovakia, East Germany, Hungary, Rumania, Bulgaria and Albania and by incorporating the three Baltic states in the USSR Soviet Russia violated the solemn agreements it entered into at summit conferences at Yalta and Potsdam. (What is the use of holding summit meetings if even its unanimous decisions are not honoured by Soviet Russia?) There is no parallel in the world for the wholesale colonization and annexation of so many countries within a few months of solemnly declaring that they were to have

governments of their own choice. The fact that this happened when the USA had the monopoly of the atom bomb and could have easily brought Soviet Russia to her knees, not only to free the liberated countries from Communist control but also to liberate Russia herself from the domination of a clique, shows the extent of American generosity under Roosevelt.

There can be no doubt in any honest mind, who has any regard for facts, that that generosity was unwarranted and the trust underlying it misplaced. But what are we to say of those who, instead of condemning the unexampled high-handedness of Soviet Russia, criticise and condemn as war-mongers those who, like Dulles, maintain that no another inch of territory will they allow Communist Russia or China to grab? The fact of the matter is that no amount of high-handed diplomacy of Khrushchev can hide the wanton violation of the solemn agreement made on a summit level at Potsdam and Yalta in 1945 to guarantee the peoples of the occupied nations the right of free elections and of governments of their own choosing; and the Kremlin's advertised concern over the Allied occupation of West Berlin is sheer mockery in the face of the continued occupation by the Soviets of East Germany, Poland, Rumania, Bulgaria and Czechoslovakia. The fate of all these countries is an apt illustration of the maxim repeatedly emphasised by Dillies that "yielding to aggression at one place is inviting it at another."

#### A CONTRAST

Those who try to equate Russia with the USA or even with Britain and France should try to remember that Russia and its puppet Government in Hungary did not allow even UN observers to enter Hungary after the country's rape by Russia in 1956, while Britain and France bowed to the UN and allowed UN forces to replace theirs in the territories they had occupied. As for USA, it came out in open opposition to the aggression against Egypt by its closest allies, Britain and France, thus jeopardizing what must be dearest to the American heart—united front against the Communist Bloc. This is another event without parallel and deserves to be placed side by side with the unparalleled occupation by Soviet Russia of Poland, East Germany, Hungary, Czechoslovakia, Rumania and Bulgaria after the second World War. What a contrast! And yet there are some who are not ashamed to equate the USA with Soviet Russia!

Cast another look at this arch-enemy of colonialism, the USSR. While the USA has been trying to help many nations at great sacrifice to her own people, Russia since the end of the war, has used the resources of nations she has occupied for the requirements of her own military and economic and expansionist aims. It is out of such aggressive conduct that the cold war developed and it is obviously for Russia to reverse the policy of exploiting her neighbours, if she is sincere in her professions of peace—even as Britain and France are reversing the policy un-

derlying colonialism. Until that is done, only a lunatic will take Mr. Khrushchev for what he professes to be an angel of peace.

Never in the history of the world were the issues clearer, and yet we find in India a desire on the part of journalists and politicians to equate the two blocs. What is this obviously dishonest attitude due to? It is due, for one thing, to lapses of memory. To say nothing of politicians, who live from hand to mouth harping on current events and oblivious of their predecessor, even leader-writers who are expected to remember the events constituting the background of the cold war—the Yalta and Potsdam agreements in particular—have clean forgotten them and do not take up a reference book to be on sure ground while dealing with cold war attitudes. It is difficult to remember events in all their details; it is much easier to condemn both sides with an air of impartiality and Solomon coming to judgment. After all, the reader remembers much less what happened at Potsdam and Yalta fourteen years ago!

#### DESIRE TO BE "PROGRESSIVE"

Over and above this is the desire to be a "Leftist" as it is considered to be a sign of being a progressive. And Leftist, of course, means pro-Communist. On the staff of a paper where there were four leader-writers, I was the Foreign Editor. The others did not relish the idea of my practically laying down the policy of the paper through my editorials. So they confabulated and suggested to the Editor that the opinions in the leading articles should be those of the staff and for that purpose there should every day be an editorial conference to thrash out the views we should represent. At the very first conference there was a Leftist objection to something I had written the previous day and I retorted by referring to the unanimous decisions of the Yalta and Potsdam summit conferences. After that there was pin-drop silence, which was not broken at the next editorial conference and the third was never held. Obviously my colleagues had forgotten all about those conferences. This shows the disregard of facts in and the irresponsibility of the class that passes for journalists in this country.

But statesmen cannot afford to forget facts or even to minimize them. And the greatest virtue of the great American who has laid down the high office of Secretary of State of the USA was that he had the courage to stare facts in the face and be a realist rather than a wishful thinker. To the extent we are the former or the latter we are wise or foolish, and John Foster Dulles judged by that standard was the greatest man of his time. No wonder he succeeded in stemming the tide of Communist advance without a world war breaking out, despite constant threats from the leaders of the Reds.

It's good to have money and the things that money can buy; but it's good too to check up once in a while and make sure you haven't lost the things that money can't buy.'

—Horace Mortimer.

# U. N. MUST EVOLVE POPULATION POLICY

By Sir Julian Huxley

**T**HE world is passing through a population crisis. The total population of the world has been steadily increasing since earliest pre-historic times but the basic total, and its rate of increase has shot up in the last 50 years. The total is now over 2½ million human beings. The net increase last year was 47 million people and it would be at least 50 million this year.

The compound interest rate of increase reached 1% only in the present century and it is still going up and of course it is fastest in the under-developed region where the need for food is greatest. Whatever happens, the world population will be doubled in two generations, and the total will be over five millions in the life-time of many people of today.

## POPULATION EXPLOSION

In fact there is a population explosion going on. And this population explosion is due to what has been called death-control—the fact that science has managed to prevent so many people dying either earlier or late, from all sorts of diseases. Meanwhile, the birth-rate has not come down. The death rate has gone down, but the birth-rate has not gone down. Well, what can science do about this population explosion?

First of all, I think, it is clear, that science can't solve the population problem by just providing extra food. Some people say, you can make synthetic foods or you can employ new agricultural methods or introduce new crops or bring new areas, desert and jungle areas, under cultivation. Well, this would often be wasteful. Synthetic food, I am sure, is very unpleasant and in any case you can't do it fast enough to catch up with the rate of increase of people. And in any case it cannot go on for ever for purely arithmetical reasons. You may say that science can't solve the population problem so long as this is regarded as how man can win the race against himself. How man as a consumer can beat man as a re-producer.

## HUMAN ECOLOGY

On the other hand, science can be of the greatest help and service if we look at population in a scientific way as a problem of human ecology. That is the science of man's relation with his environment, the natural environment provided by the earth and the social environment provided by man's own efforts. Looked at in this way it is quite clear that if nothing is done, man will sooner or later, become the cancer of the planet he inhabits, and not only that, the cancer of his own future.

Science shows that the basic thing is to establish proper relations with our home. That is to say, to ensure the quality of human life and the fullest realisation of possibilities of individuals, and for fullest achievement by individuals and by society. This means man has got

to learn to live in what in biology we call symbiosis, an organic partnership with the earth that he inhabits. He must conserve them, the resources of all sorts, the resources that are to be used and consumed and the resources that are to be enjoyed.

## EARTH'S RESOURCES

Now among resources to be used there are the soil, the forests, minerals, water, water-power and so on, and there are plants and animals, wild and domesticated. And as for resources to be enjoyed, there's wild nature, there's wild-life, there's beauty, there's scenery, there is a reasonable amount of solitude and there's space—space of easy access from crowded areas. All this leads to the idea that we have to envisage eventually to an optimum population, or at least, not an unbalanced or runaway increase of population, if you were to achieve anything worthwhile.

A man also must not erode the resources of his social environment. You are beginning to find out that there is a more or less general law, that above a certain rather low threshold, the greater the density of population per square mile, the less freedom and less convenience there is per head. This is obvious in the over-large cities of five and ten million inhabitants that are characteristic of our present age. It is also true about over large populations in general.

## REGIMENTATION

If your population gets too big and too dense, it leads to over-organisation and regimentation, a loss of freedom and loss of democracy. And on a world scale, increase of population will eventually lead to the erosion of cultural variety—the substitution of drab uniformity and mechanical efficiency, for the lovely variety that we now still enjoy in large measure, among the few cultures and indeed an erosion of human values in general. Thus I might say that the scientific approach shows that inevitably increasing misery and increasing frustration for an increasing number of human-beings, will result on a world scale unless something is done to slow down population increase. Our grandchildren will be living, if nothing is done, in a world, which is much more unpleasant for more people than the present one is. And that's saying a good deal.

## ROLE OF SCIENCE

Of course, it is also clear that science can palliate some of these difficulties. It can help to grow or make new food. It can help to find or make new sources of energy. It can certainly arrange eventually to get fresh water out of salt water, granted that the expense is no obstacle and similarly if expense is no obstacle, it can irrigate distant deserts and cut down

forests, that at the moment are unproductive and it can help to provide better distribution. But this is all something only temporary. It is a palliative measure and it won't deal with the basic problem, which is, that unless something is done human re-production will outrun resources.

The ultimate outcome is this, that somehow or other death-control which is the great fact of modern world must be balanced by birth-control. It is very encouraging that already great countries like India and Japan have population control as part of their official policies. But still even within these countries, the results are not fully satisfactory. And even here much more could and should be done.

#### BIRTH-CONTROL METHODS

But you have got to be more fundamental; science certainly could help by discovering a cheap and easy method of birth-control, some sort of a pill, as people would like to call it, which could be taken by mouth and would prevent conception or implantation. Now a good deal of research is going on, mostly encouraged by private bodies but it is piece-meal and on a relatively small scale, and so it is slow. We are getting to find out much more than previously we knew, about human re-production, the details of it, and how to interfere with the process, to control it.

But, much more ought to be done. I would say if one-tenth or 1% of the money and the scientific brain-power that was delegated to discovering how to make the atom-bomb should be allocated to study in details of human reproduction and discovering the best way of controlling it, why, we should have the solution at least within ten years. That would be, of course,

a temporary solution; then we would have to find a method of persuading Government to implement the method to get the people to take the pill and so on.

#### LONG-TERM SOLUTIONS

In the long term, you won't get a solution to this grave problem of population, except by encouraging human ecology on a large scale, human ecology with reference especially to population. You want to set up all sorts of new institutions, to divert a great body of scientific and social scientific man-power into the study and survey of the problem. You need surveys, you need Planning Boards, Advisory Councils, Research Bodies and so on. After all, this country, for instance, has a biological survey, it has a botanical survey, it has a geological survey. We in England have an Agricultural Research Council and a Medical Research Council. It seems to me that we need human ecology surveys. We need population research councils to focus attention and to guide research and the implementation of research in practice.

#### MINISTRY OF POPULATION

At the moment, the question of population is usually entrusted to the Ministry of Health. Why should it not be made more important? Why should there not be a Ministry of Population, of Social Development? It seems to me that population is such an urgent and basic problem, not only now, but in the immediate future, that much more attention should be given to it. And above all or perhaps not above all, we need international attention paid to it. Somehow, rather we need United Nations to sit up and tackle this problem of world population with eventual aim of encouraging a world population policy.—*Courtesy AIR.*

### Functioning of Parliamentary Govt.

## DAHYABHAI PATEL'S IMPRESSIONS

By J. K. Dhairyawan

**F**RANK, bold and brutal were the scathing comments on the working of our parliamentary government and the functioning of democracy in the country made by Mr. Dahyabhai Patel, M.P. at the press conference he had convened in Bombay recently. The only son of the late Sardar Patel, Mr. Dahyabhai has inherited the same rugged simplicity for which the late Sardar was well known. His analysis of the economic and political situation in the country was marked by clarity, straight-forwardness and a sense of realism that characterized the public career of the late Sardar.

The lasting impression that one carried, after hearing the version of the mockery of democracy that we have in the country from Mr. Dahyabhai, was that though we have all the paraphernalia of a parliamentary government and a facade of democracy, the glow of freedom

and the real spirit of democracy are non-existent. In fact, we have a sort of a dictatorship bossed over by an autocrat of a Nehru.

#### PAK AGGRESSION

Mr. Dahyabhai started his speech by referring to the worsening of the Indo-Pak relations, and the continuous Pak aggression of our Eastern border. He stated that there were more than a dozen questions—tabled in the current session of Parliament, both in the Rajya Sabha and the Lok Sabha, on the question of Pak aggression, and what action the Government proposed to take in the matter. Some of the questions were also put by the Congress M. Ps. However, to all these important questions that reflected the agitation in the public mind of the country, there was no straight-forward answer from the Prime



Minister. He simply evaded the questions. He talked, quite irrelevantly, that "we have no inimical intentions against our neighbour" and "we do not propose to go to war with Pakistan." The question was what action the New Delhi authorities propose to take in view of the wanton and open aggression by Karachi against our nationals and against our territory. This is one of most disturbing fact of our democracy and of the functioning of our parliamentary government. When on such a question of life and death, the Government tries to evade giving a clear-cut answer one can imagine how cavalierly they treat other less important issues.

#### **PAK NATIONALS IN SAURASHTRA**

The fact is, continued Mr. Dahyabhai, Mr. Nehru refuses to face the stark realities of the situation and lives in a world of his own creation. Then, there is the question of a large number of Pak nationals that managed to smuggle into Saurashtra. The figure of these Pak nationals in Saurashtra, at the lowest commutation, runs into thousands. Asked what steps the Government propose to take in the matter again there was no clear answer.

Referring to the latest Budget and the various Five Year Plans, Mr. Dahyabhai characterised the Plans as nothing but a series of blunders from beginning to end. The two Five Year Plans have shown that taxpayers' money has been squandered with a recklessness that is nothing short of criminality. Every State enterprise has its skeletons in the cupboard to exhibit. And there is hardly any action taken against the persons responsible for this waste and corruption. The latest example was the admission of Bombay's Chief Minister Chavan that State Trading in the State showed a loss of Rs. 75 lakhs. Was any action taken by the Bombay Government against those responsible for such a huge loss to the Treasury? Not at all, the whole loss of Rs. 75 lakhs was written off. If such things could take place in the a State like Bombay, known for its former reputation of being one the best administered State in the country, one can imagine what must be the state of affairs in other provinces.

#### **BUDGET, A GAMBLE**

Speaking specifically about the Budget proposals presented by the Finance Minister Morarjibhai Desai, Mr. Dahyabhai characterized them as being linked to the Five Year Plan was "pure gamble". There was no section of the society that has been given any relief by way of lowering the burden of taxation. What appears to be some relief given to the industrialists and Big Business is only a sham. What is proposed to be a "relief" is no relief at all. It is only a sleight of arms. What is given by one hand is taken away by the other. The section that is hard hit by the Budget is the long-suffering middle-classes and the permanent salaried employees, both Government and commercial. Their tea, sugar, tobacco and other essential goods are taxed. There is already inflation in the country. The prices of consumer goods are rising every day, and yet there are no signs

that the Government is aware of of the deterioration in the economic conditions of the middle-classes who form the backbone of any democratic country.

#### **SQUANDERMANIA**

Continuing his remarks about the Budget, Mr. Dahyabhai stated that having accepted fundamentally wrong principles, the Government is preforce obliged to fleece the common man as well as the industrialist to his very bones. On one side, the Government talks of helping the handloom industry, the handicrafts industry as well as the small-scale industries, but the Government actions are in the opposite directions. As far as the handloom industry and the handicrafts are concerned the Government is spending over **TWO HUNDRED CRORES OF RUPEES**. But does that amount go to the handloom weavers and the artisans that produce the goods? **IT DOES NOT**. It is on records that out of this sum of Rs. 200 crores earmarked for khaddar, nearly Rs. 150 crores are taken up for big showrooms, a highly paid staff of sales "girls," and what is euphemistically called "sales promotion" The poor weaver and the spinner are where they were.

#### **SURAT INDUSTRY HIT**

Citing specifically the case of the Art Silk industry of Surat from which district the Finance Minister hails, Mr. Dahyabhai stated that duty on Art Silk has been doubled and exemption from duty has been given to the production from the first four looms instead of the first nine looms as was the case before. This proposal has hit the Art Silk industry of Surat hard. It has the effect of completely wiping out an internationally known industry of Surat. Surat produces one-third production of the country in this particular line. Out of 45,000 looms in the country Surat alone boasts of 11,000 looms. It engages over 20,000 persons, mostly from the middle classes. It is a cottage industry where four to five members of the family work on the looms and make a living. The proposals of the Finance Minister was a bolt from the blue to these Surat weavers. Where are the professions of helping the smallscale industries?

#### **HEADING TOWARDS BANKRUPTCY**

Concluding his remarks on the Budget, he stated that if the two previous Plans have been a series of blunders from beginning to end, the Third Five Year Plan is going to land the country into bankruptcy and chaos. "We have been borrowing at such a heavy rate that when the interest due on these loans mature in 1961, I wonder from where will the Government pay the amount of interest? The interest dues will be in the region of Rs. 500 crores. And when India defaults in paying the interest, the creditors can naturally demand mortgage on some of our vital industries like Railways, textiles or mines." International financiers have not given the credit to India, stated Mr. Dahyabhai, on the good looks of our Prime Minister nor for the sake of burning their money before the altar of the neo-Budha. Financiers whether American

*(Continued on Page 14)*

## Do Banks Create Money?

# LABADIE JOINS ISSUE WITH LAWANDE & MEULEN

The controversy over money, namely, "Do Banks Create Money" was started by an article by Prof. G. N. Lawande which appeared in our issue of November 15, 1958. Mr. Henry Meulen joined the issue with Prof. Lawande. Now Mr. Laurance Labadie has entered the list. Here is what Mr. Laurance Labadie has to say.

THE disagreement between Henry Meulen and Professor Lawande on "Do banks create money?" might dissolve if there was agreement on what "money" is. For convenience, it is common to use an abstract term or symbol to represent something, but it is a misconception to later treat the symbol as if it were the thing itself.

If a paper note, commonly called "money", issued on and secured by saleable wealth which is measurable by some unit of value, is considered as an evidence of contingent claim, and if the *wealth* involved be considered the substance of the "money", our ideas about the subject may clear up considerably. Strictly speaking, *it isn't the paper note that is the money, but the wealth*. The issuer is the debtor, the holder of the note is a creditor; but the basis of this credit-debt relationship is a *tangible thing* and not a mere symbol or representative. The process is called monetizing wealth.

### A MISNOMER

For instance, a "dollar" is the name of a given weight of gold of certain fineness. At one time a paper claim on this amount of gold was printed "good for one dollar", to be redeemed by so-and-so. But it became common to call the paper note a "dollar", which is obviously a misnomer. The note isn't a dollar; it is a claim on a dollar. Likewise value is a *thing* or a claim on a thing; it is not an abstraction nor a claim upon an abstraction. With due respect to my friends Mr. Riegel and Mr. Meulen, an abstract unit of value is an inconceivable fiction. Unless and until the semantic haze surrounding monetary phenomena be cleared up, and we deal with realities instead of abstractions, the lunacies about the subject will never be dispelled.

Confusing the *real* with the *representative* aids in disguising the fact that there is probably not a financial system in the world which doesn't mulct its users by exorbitant charges for so-called loans. Banks can extort these sums because they have virtual monopolies in the issue of currency. The costs of banking are labor and risk, the competitive costs of which have been variously calculated to average around 1%. Charges beyond this are *net inte-*

*rest*, which is a monopoly price that would be eliminated by competition if there were freedom in banking. But there are other effects of this mulcting which are attributable to a *credulous deference to symbols* called "money".

In the United States, for instance, whatever the evolution by which it came about and irrespective of the motives of its beneficiaries, the looting of the public is performed by a contentious collusion between the federal government and the Federal Reserve System. The contention arises because the bureaucrats are irresponsible spenders, while leading bankers realize that an inordinate use of the mulcting process will not only wreck the banks but the economy as well. I think it is the same in other countries, or worse.

### HOW THIS "LOOTING" IS DONE ?

In the first place, as already stated, the looting is done by exorbitant charges for so-called "loans" by banks. Secondly, it is accomplished by a piece of ledgerdemain styled "deficit financing", by which counterfeit "money is injected into circulation. As I understand it, it goes like this: The government prints bonds and "sells" (most of) them to the Federal Reserve "on credit", and then pays the banks interest on the bonds they "bought". The Reserve Bank then establishes a credit account for the government to draw on. But the banks can turn around and deposit bonds in the federal treasury and for a small cost for printing get notes (or "money") in exchange. With these notes as "capital" it can expand the lending business, getting interest again on the "loan" it and member banks make. This is a de luxe form of something for nothing, engineered by the shuffling of paper, which is possible because of a credulous regard toward fictitious paper symbols which may be used as if they were valid claims on something actually existing.

In this chicanery the original intent of bond issues, which were meant to be a check by the public on spending by the government, has been completely subverted, and bond issues are now being used as a means of exploiting the public. But this is not all. The exorbitant price for "loans" paid by marginal producers is the cause of exorbitant profits made by intramarginal

producers. The resulting inequitable distribution of paper claims, portions of which go toward increasing the capital structure in an economy which cannot dispose of all of the goods produced, makes the situation still worse, with a surfeit of goods on the market offered for sale, with of course insufficient money in the hands of potential consumers to buy them. Sellers are impelled to sell stuff "on time", even without any down payment, and a credit-debt situation arises the stresses from which create incalculable evils not the least of which is the filling of hospitals with mental patients.

I have put the term "loan" in quotes because a modern bank does not lend anything. The function of a bank is to certify the solvency of "borrowers", and to act as book-keeper and clearing house. This is all that it is necessary for it to do and all that it should be paid for. When a "borrower" goes to a bank for a "loan" he must pledge real wealth as security. He is the *real issuer* of the paper notes, and *the wealth he pledges is the money*. The holder of the notes has a claim on this wealth, and is contingent owner of it. The issuer (debtor) and the receiver (creditor) are the principals, and all the bank does in this operation, called "deposit banking", is to keep a record of the transaction. The bank does not lend anything. Of course the identity of the issuer is lost in the process, but the bank knows who he is.

#### **"DEFICIT FINANCING," A CONFIDENCE TRICK**

As for "deficit financing", since no government has any wealth other than what it has extorted from "its" citizens, it has no business whatever to issue paper claims to wealth. When it does so, in a manner that is called using debt instead of wealth as a basis for "money", and puts such claims into circulation, it virtually buys with worthless paper. The trick isn't discovered or understood because the new counterfeit notes are indistinguishable from the notes which had been adequately backed. But in due course the infusion of these fraudulent notes has its effect on the market in a general rise of prices, or "inflation". In the United States, Roosevelt, during his regime which was undoubtedly the greatest calamity that ever happened to the country, started this practice, and no administration since has been or will be able to stop it, even if it wanted to; besides it is not good "politics" to do so. The inevitable end is continuous inflation and probably eventual bankruptcy. I think we are headed for considerable trouble within the next few years. And yet the same thing and even worse exists in nearly every other country, as may be seen by the depreciation of their monetary units.

This whole scheme is really so simple that it could hardly even be called a clever confidence game. But it would appear that there is some mysterious influence at work to fog it all up, by government officials, bankers economists, in the newspapers, on the radio, etc.—and of course the rabbit-minded pathetics who teach "social science" and "economics" in schools and

colleges. I do not know of a genuine libertarian in the country. Of course there are foundations and groups allegedly devoted to economic education and instruction in the meaning of liberty, but since they are subsidized by people and organization whose immediate interest is not to do anything about it, and so these foundations must trim their sails in order to catch the dough and create jobs for themselves. They are virtually making a racket out of "liberty". Actually, Americans are being put into a straight-jacket in the name of "liberty", and being made insecure in the name of security. I do not mean that there is necessarily any diabolical plan to all this. One thing leads to another, and we are all the victims of our own stupidity.

On top of the general stupidity and confusion must be added the credulous and lack-witted money reformers who insist that "the government" should adopt their particular schemes (and prohibit all the others). Gesell, for instance, says explicitly in several places that the State, and the State alone, must issue and control money, and that all private issues must be prohibited. Of course when one studies his ingenious but ill thought out scheme it becomes obvious why he so insists. According to these reformers, monopoly is all right provided it is government monopoly. Practically none of them believe in freedom. Incidentally, demurrage on money is tantamount to continuous inflation, with interest in the bargain. And yet Gesell and his followers fatuously believe they are libertarians. And yet there is a lot of good stuff in his books too.

Hitler and his advisers well understood, what Lenin didn't, that it was not necessary to confiscate any wealth in order to control a country, as long as he could control the money and credit mechanism. With such control he had all industry at his mercy, a condition which pretty much obtains at the present time throughout the world, whatever one wants to call it, whether communism, fascism, democracy, or anything else.

#### **MONEY RACKET, A CURSE**

The money racket has been a curse down through history. It is in fact the basic cause of nearly all of the "problems" which my friend Ralph Borsodi presents us after he has chopped up the social problem into its elements. His "problems" cannot be solved in a fragmentary and piecemeal fashion, as if they were independent of each other. They are all interdependent and indeed are *effects* or *symptoms* of a deep social disorder which has its roots in the State and in the money monopoly. This monopoly in fact creates such stresses and disequilibrium in human affairs that the State is impelled to step in to "save Society" and in doing so becomes even more corrupt and irresponsible, especially since it itself has helped to create the stresses.

Does anyone for an instant believe that governments could get the where-withal to manufacture bombs and carry on war unless they could control the finance of a country and issue

counterfeit money? Where would it get the "stuff" otherwise?

To conclude, if one means by "money" merely the paper notes he has in his pocket, or the checks he can make from his check book (for checks are just as much "money" as are the notes) then both the banks and government can and do create money and Professor Lawande is correct. But does he seriously consider these notes "money"? It is ridiculous. If on the other hand money be correctly understood to be the *wealth* upon which valid notes are issued, it becomes obvious that neither banks nor governments can legitimately create money. Since only actual producers can create wealth, they only can legitimately issue credit notes or "money". It appears that in the frame of reference in which the differences arose between Mr. Meulen and Professor Lawande, the dispute was an idle and unfruitful one. Let's get out of the semantic fog.

### THE VICIOUS CIRCLE

As for remedying these matters, the situation all over the world is more or less frozen, because of the menace of the men in the Kremlin, and the cold war. Khrushchev and his cohorts are determined with an almost religious fanaticism and cunning to spread their brand of paradise over the globe, and people who have had any appreciable taste of liberty don't want it. Therefore, in a sort of stupor, they acquiesce to the debilitating cost of more and more armament even though everyone knows that there already exists enough destructive material to annihilate most if not everyone. It doesn't seem easy to figure out a way to break out of this vicious circle.

No one as yet has come up with any feasible proposal that might allow us to recede from the abyss of catastrophe, perhaps because no one is able to think in any other frame of reference than violence or the threat of violence. Indeed we have plausible proposals for world government, by well-meaning people who in their imbecility do not realize that a super-state ruled by technological and scientific fabricators of "law and order" and perfection would make Russia's brutal insanity seem like a kindergarten. The potentialities of world government are terrifying, and there would be no possibility to get rid of it, and the joys of individual liberty become a thing unknown.

Facing a horrible dilemma, it is little wonder that man's dreams are being directed toward outer space. But they are beginning to quarrel over jurisdiction in that quarter already. How crazy can you get?

—Laurence Labadie

### HENRY MEULEN'S REJOINDER

Mr. Laurence Labadie has sent me a copy of his letter of Feb. 19 addressed to you. You will probably not wish to print so much of this discussion; but I should like to make a few points.

I think Labadie's statement that wealth is money confuses rather than clarifies the issue. The orthodox definition of wealth is "Everything that has power of purchase." That is to say that if I have a loaf which you want, my loaf is wealth. But its power of purchase is only latent until you offer me something I want in exchange. You may offer me potatoes; but the potatoes will not be money. The orthodox definition of money is "That token through the medium of which the community is willing to exchange wealth." In other words, money must be more generally acceptable than any single article of wealth.

Labadie claims that the commercial banks in USA do in fact create money because they buy government bonds "on credit" and can later get notes in exchange for these bonds. But the British system (and I think the US system is the same) is that when commercial banks buy government bonds, they pay for them in cash. These bonds carry interest, and if at some time the bank wants cash it either sells the bonds or deposits them in the Bank of England as security for a loan. There is no evidence here that the banks create money.

Labadie is on sounder ground when he accuses governments of inflating the currency by printing notes to pay their debts. In our own case, two ruinous wars faced the government with the alternatives of either imposing crushing taxes or of printing money. The latter alternative was chosen, and I think wisely. Our sin is that since the war our National Debt has continued to mount, partly because we have chosen to make extravagant and indiscriminate welfare payments which we cannot afford. A wise man who has suffered misfortune cuts his expenses to the bone.

Also I thoroughly agree with Labadie when he condemns the State monopoly in the creation of money. I think that banks should be allowed to issue their own notes, redeemable in gold on demand at the free market price of bullion. This would provide a check on bank inflation, whilst avoiding the throttling effect of a fixed gold standard. Competition between banks guarantees that a wider variety of security shall have access to loans than when the creation of money is monopolised by the State.

—Henry Meulen

### NEW HEADACHE FOR INDIAN TEXTILE MILLS

—SINGAPORE, Mar. 20.

Textiles from China are giving India serious competition in South-East Asia, the Indian Minister of Commerce, Nityanand Kanungo, said here today.

The Minister is on his way home from an ECAFE conference in Australia.

He told reporters Indian experts were studying the Chinese product to see if its success was due to its price or quality.

"We can't cut our prices", he said, "but we can compete with quality."

# BEWARE OF COMMUNIST DESIGNS

By Vivek

**A**RE we on the way to so fundamental a change in Government that only the form will remain, while the substance is altered beyond recognition? What appears of political affairs and events on the surface is comparable to the portion of the iceberg that juts out from the sea. Below is the main mass, several times larger and more dangerous. The navigator attempts to estimate the size, direction and risk of the whole from the visible peak. He may on occasion prove wrong: nonetheless he cannot avoid the calculation.

So, too, the student of affairs must make his deductions from visible indications, hoping, when the conclusion is truly saddening that it may for the sake of his people, turn out to be erroneous yet nonetheless in their interest not failing to draw it.

As anticipated in this space only a short while ago, the new President of the Congress has turned out to be especially sympathetic to the Communists. Within a very few days of taking office, before she has even found her Working Committee, she is seeking Communist co-operation. She finds the views of the Communist party on many matters "similar" to those of the Congress. Come, then, she says and help. She must be naive in the extreme—if she thinks she can get such help without paying for it several times over.

## LITTLE CONFIDENCE

Perhaps, however, she does not mind paying. Perhaps she is only too anxious to pay. The conclusions from her request to the Communists are clear. She has little confidence in her own party; she can hardly be expected to stand up to the Communists. Even the not-too-strong opposition that Mr. Dhebar presented to the oppressive activities of the Communists in Kerala, for instance, must become a thing of the past.

The Central Congress organization seems likely in future not only to offer no obstacle to the onward march of the Communists but even ready to assist it. Krishna Menon in the Cabinet holding the extremely important Defence Ministry; Mrs. Indira Gandhi at the head of the widespread and powerful Congress party machine. Never have the times been more propitious for the Communists.

That they, with their usual astuteness, recognise this fully is clear from the softening-up process they are applying to the Prime Minister. Mr. Nehru is obviously in a very difficult position over the most deplorable Mathai business, and the Communists are devoting considerable energy to stress and take advantage of his difficulty.

In view of their past deference to Nehru, their attempt to present him to himself and the world as a great personality outside and apart from his party, and thus to use him for both

their international and national purposes, this would be difficult to explain, were it not for the fact that they feel they must break that pride of Nehru in himself and his country which may present a real obstacle to their plans.

## NOT HARD

Nehru has on occasion termed Marxism outdated, condemned the Communist love of violence and talked about the end never justifying the means. The independence of the country, his own undiluted leadership over it, his historic view of the Congress greatness—these may make him, they would think, unreasonably firm. But they know well that the iron of his will, the quality of his determination are not particularly hard.

The bringing sufficiently near of the blaze of open scandal through emphasis on the doings of one, who was after all, a very close associate and a member of the household, the making of some disclosures with the hinting of others to come, may soon melt it. Mr. Krishna Menon is, of course, always at hand to put in the seasonable word, the Krishna Menon on the misleading and injurious nature of whose advice to the Prime Minister, both Maulana Abdul Kalam Azad and Sardar Patel, differing as they did on many matters, were agreed.

The fire then must blaze, the heat must be kept on, until Mr. Nehru, confused and bewildered perhaps at this experience, novel to him, is rendered sufficiently malleable not to stand out against the plan, probably put to him through his daughter and President on the one side and his old friend and Defence Minister on the other, but even to appear to initiate and urge it.

## THE SAME RED RUSE

What then is it that the Communists really want? Nothing very much, they would say, a mere logical extension of the Congress President's appeal for aid. Just a Ministry of National Unity at the Centre, a Government of all the parties, including of course, their own. Could anything be more harmless? Co-operative Farming, the desirability of a large third plan, the very "compulsions of a backward economy" to use an eminent Socialist leader's phrase, do not all these emphasise beyond dispute the urgent necessity for such a Ministry? Why, only the obscurantist and reactionary would oppose it.

Come then, brother Nehru, let us all work together. You, of course, will be our inspired and inspiring commander, we your devoted troops. Together we shall change the face of the country beyond recognition. Take in, too, whom you will, the Praja Socialists, the Socialists, the Jan Sangh, the Rashtriya Swayam Sevak Sangh. Give us but the three or four seats we merit and onwards in harmony and friendship let us march. The past will then be past, all the faults

and errors of those in power then being forgotten. We shall think only of the brightness of the future.

It is indeed a coincidence that during this very period there should be arriving in India an extremely strong Soviet delegation, the purpose of whose visit remains unstated. Some papers describe it as a goodwill mission. Great must have been the surge of goodwill that causes such men as to mention but two, Mukhtidinov and Lakhachyov, to tear themselves away from their arduous duties. Mukhtidinov is reputed to be the premier Soviet organizer of the West Asian countries. Cairo, Damascus and Baghdad know him well and effects of his activities not unoften cause grave anxiety in regions as far apart as Teheran and Addis Ababa.

### KNOWS INDIA WELL

Lakhachyov is the chief of the South-East Asia Division of the Ministry of Foreign Affairs, the man who has at his fingertips all the accumulated knowledge of his department about trends in India, individuals and their weakness, Soviet assistance and directions to the Indian Communists. Consultants of a very high order would seem to be available just at the time. And to lead the delegation comes Andreev a man of great experience in Communist strategy, one of Khrushchev's own chosen colleagues on the Presidium.

At this stage in the history of Communist aggression, it should be hardly necessary to describe the future condition of the country, should Mr. Nehru succumb to the idea of a Government of all the parties including the

Communist, and be able to persuade his colleagues and party generally to accept that view. Whatever the portfolios assigned to the Communists, working together with their already established partisan in the Cabinet, they would see that all real power passed into their hands. Soon Ministers from the other parties would find themselves figureheads, and if they did not like it, so much the worse for them. Many are Communist ways as Czechoslovakia, Hungary and China have shown of breaking down resistance and destroying opposition in such circumstances.

### KEEP AWAY

To the President of the Congress, the Prime Minister and all good Indians who have worked, or may at some time or other contemplate working in co-operation with the Communists and raising them to positions of eminence in their midst may be commended a recent study of the British Communist Party, "The British Road to Stalinism" with a foreword by that very liberal New Statesman writer, Francis Williams.

They will see there brought out clearly that "the British Communist Party is utterly the complete and servile tool of Soviet Russia." They will also learn that "We must never forget that even a single Communist in an influential position constitutes a challenge to Freedom." They will find the strategy of Communist Fronts discussed, and a long list of the Fronts which the Labour Party, democratic socialists and of truly liberal traditions, as shown by deed as well as declaration, will not permit its members to join.

### DAHABHAI PATEL'S IMPRESSIONS

*(Continued from Page 9)*

or European or Indian are a hardheaded lot. They have their eye on the essentials. They have advanced the money to India on her creditability. But how long can this creditability last when we have squandered the huge amount of Sterling Balances in the course of a couple of years, and have been sending our begging bowl all over the world. No self-respecting country has done this. And yet, we talk of being a proud ancient people. The New Delhi authorities have dragged the name of the country into the mire.

Summing up his remarks on the Indo-Pak relations, the Plans and the Budget proposals, Mr. Dahyabhai stated that to his way of thinking all the various statements of the Prime Minister and the Budget proposals of the Finance Minister point to one thing and one only, and that is the object of the Government is to "seize" the election machinery of the country for the next general elections and nothing more. "We may have all the paraphernalia of a parliamentary government and a facade of democracy but we have neither the spirit of democracy that should animate a parliamentary government nor the concern for the common man, his fundamental rights to life, liberty and the enjoyment of property, that distinguish a democracy from a dictatorship.

### MALTHUS VINDICATED

The population of the world at the end of 1958 was estimated at 2,860,500,000 by the Population Reference Bureau.

The bureau estimated the increase for the year at 47,000,000 adding that by nations, China was the biggest gainer, with 15,000,000 more births than deaths, India second with a net gain of 6,000,000, the Soviet-Union third with a gain of about 3,600,000 and the United States fourth with a gain of about 2,600,000.

If this trend continues, the world will have just over 4,000 million people by 1980. "At the present rate of world population increase, the population of the earth will double before the year 2,000. Consider the gargantuan demands on space and resources made by the 47,000,000 additional people each year now. On the basis of only one acre per person, a small area to provide food for one human being, the annual increase would require that 47,000,000 new acres be put under the plough.

The actual area of our planet comprising 52,000,000 square miles of land surface, including Arctic wastes, deserts and mountain ranges, will be filled to overflowing with people in no very great length of time.

The expectation of life in the U.S. to-day is 68. In India it is 32.

# THE LION AND THE LAMB

By P. Mahadevan

Apart from the diversion caused by the Tibetan incident, the national scene presents other unkempt features some of which at least are not without a touch of humour. First comes the news from Orissa of the possibility of a coalition between the Congress and the Gana Tantra Parishad party in the interests of a stable government. While the objective is laudable, the means adumbrated suggests a confusion of basic ideas and first principles pointing to our political immaturity. A coalition by definition is a temporary agreement between diametrically opposed parties to sink their differences in the face of a national emergency or threat. The trouble in Orissa is a direct legacy or consequence of the operation of the ballot box. The Congress which has had a walk-over in most other parts of the country found itself up against an equally well-knit organisation there which is able to threaten its functioning as a government in the democratic or parliamentary sense. The Congress leaders seem to have realised that there can be no stable ministry there without delivering hostages to the Opposition. As Congress has been making most of its ideological pretensions, the challenge to them in Orissa means that they have to be modified or put into cold storage if office is to be preferred to doctrinal orthodoxy or rectitude. Mr. Harekrishna Mahtab, the chief minister, has put forward an ingenious explanation which is either not true or makes both parties guilty of blatant opportunism. For he says that the Opposition, too, has enthusiastically subscribed to the implications of the Nagpur resolution on co-operative farming, and that therefore a broad-based ministry would be desirable in the national interest. This argument can be pressed home much further, and we ought to find the spectacle of congressmen and communists, too, fraternising in Kerala and at the Centre too.

## A MOCKERY OF DEMOCRACY

The moral of this line of thinking is to make a mockery of democracy itself. All ethical and political distinctions between means and ends are abolished at one stroke, and the predatory nature of politics stands unasked with the hapless people being exploited by unscrupulous groups on top. Other desiderata of good government such as efficiency, economy, speed, justice and fair-play are relegated to the background in this mad scramble for power and office.

But that is not all; further news items from Orissa suggest that the alleged identity of political objectives between the Congress and the leading Opposition party is a put-up affair, that the bulk of the people are still feudal-minded and that they would follow their erstwhile rulers with traditional loyalties which Congress

ideology has been powerless to destroy. In other words, the landed interests are enjoying a measure of popular devotion in Orissa which makes the prospects of Congress rule there uncertain and precarious. By coming to terms with these very feudal interests (whose liquidation is one of the ostensible aims of the Congress agrarian proposals,) the Congress leaders would be guilty of hunting with the hounds and running with the hare. The upshot of it is more likely to be that the Congress parties would suffer a sea-change in the different states, and progress is likely to be modified by local conditions. If Pandit Nehru approves of a coalition in Orissa, we may take it that his fanatical devotion to such hair-raising slogans as co-operative farming etc., is more for show than for use.

## DOESN'T SUIT NEHRU'S POSE

But why we wonder should he not go slower and admit the existence of obstacles in the nature of things no less than in the defects of his schemes themselves? If he did so, he would become reduced to normal size and be indistinguishable from the rest of us. The popular impression of a super-man among us engaged in the performance of Herculean tasks and threatening to drag us into a Utopia round the corner would be dissipated. He would have to get off the back of the proverbial tiger, with the probability of the tiger being mounted by his rivals waiting patiently to supplant him in that delectable sport. Bread which is getting more and more costly is still tolerable because there are plenty of circuses to season it with. We have become so accustomed to Pandit Nehru being the star-performer in most of them that we cannot imagine them without him or with an inferior substitute for him.

## FROM THE WRITINGS OF M. N. ROY

When, as a school boy of fourteen, I began my political life, which may end in nothing, I wanted to be free. Independence, complete and absolute, is a new fangled idea. The old fashioned revolutionaries thought in terms of freedom. In those days, we had not read Marx. We did not know about the existence of the proletariat. Still, many spent their lives in jail and went to the gallows. There was no proletariat to propel them. They were not conscious of class struggle. They did not have the dream of Communism. But they had the human urge to revolt against the intolerable conditions of life. They did not know exactly how those conditions could be changed. But they tried to change them, anyhow. I began my political life with that spirit, and I still draw my inspiration rather from that spirit, than from the three Volumes of Capital or three-hundred volumes by the Marxists.

# TOWARDS A POINT OF NO RETURN

By Robert C. Tyson

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II\*

ONCE the give-away spiral has been embraced it inevitably invokes the rob-Peter pay-Paul process. For there is no way for some to gain from government giving except that others suffer from government taking. Government is society's armed and organised power to defend the nation and to control the behaviour of the populace, but it has no power of itself to produce that which it donates to people at home or abroad. Swords are not plow-shares; prisons are not factories; courts are not voluntary and competitive markets; expansive bureaucracy is not productive management. Government is necessary, but is nevertheless a net burden on, not a net support to, the economy. I will not press the point. Nor am I, for the moment, concerned with whether compulsory redistribution of income rests on true Golden Rule ethics or on misguided Robin Hood romanticism.

What does concern me is how the practice modifies the historic motivations of the American people. The system of economic incentives established in our land is an integral part of individual liberty and neither can exist without the other. That it has worked beyond the dreams of other times and places is witnessed by the historic rise in American living scales. The extent to which we tamper with those motivations is thus worth a minute's meditative consideration by everyone.

I submit to you that the material essence of individual freedom is that no one shall resort to compulsion or intimidation in his dealings with others—that is, no man may take another's property or physically injure or confine him without his consent; and not even government may do these things except to punish those who attempt them. People are only free when their acts are voluntary; and their acts can only be voluntary when the government's own majestic power of coercion is limited in its exercise to cancelling out coercion, fraud and theft in the dealings of people with each other; and when above all, that government power is never utilised to implement intergroup despoliation. That is why our constitution and the Bill of Rights bristle with prohibitions on the exercise of government's power. That is why too much government is a potential enemy of freedom and why eternal vigilance is the price of liberty.

## MAXIMUM INCENTIVES

Consider now the economic incentives arising in a voluntary society. The system says to each one living under it that he can have for himself whatever he produces, or its equivalent, in voluntary exchanges; but he is permitted no power to take for himself what another has produced except that it be voluntarily bestowed. The maximum incentive that is possible without undermining a similar incentive to others is there-

by applied to each individual or family unit. And the corollary is that since no one may despoil another, then no man can escape the need to exert himself productively and so help to meet the inescapable survival requirement of humanity on earth. The system is one of maximum possible incentives and spurs applied to each and every individual living under it. It also is one of maximum possible opportunity for no man can employ coercion to prevent another from entering an occupation similar to his own.

Out of this come automatically what we know as free competitive markets. And imbedded in competitive markets are many of the features that explain the extraordinary rise of the American civilization. Here are some of these features:

## COMPETITIVE MARKETS

Competitive markets, as you know, are our only guarantee of productive efficiency. They are also our only mechanism for the continuous and impersonal dispensing of economic justice. Under competitive markets the seller of anything is free to seek out whoever in the entire land will pay him the most in the light of what must be paid to others for the same thing. Similarly the buyer is free to seek out whoever will sell at the lowest price in the light of what others are charging. Whatever the resulting price, it represents the voluntary decision of the interested parties, all of whom have the recourse of refraining from purchase or sale if they deem it unsatisfactory. The fairness of a wage, price, profit, or of a loss is never to be determined from the arithmetic magnitude, but only in terms of whether it was achieved in the absence of fraud or coercion from any source—that is, in truly competitive markets.

Competitive markets continuously direct production to yield the maximum consumer satisfaction. I suppose that you have been, as have I, amazed at the great sensitivity and responsiveness of our competitive system to the changing demands of King Customer. Let some new item please the public, be it television or even hula hoops, and through beckoning profit prospect a new industry is born almost overnight. Let some industry or product lose customer favour and it quietly and impersonally disappears, its manpower and resources being diverted to other more valuable pursuits. Remember the long list of automobiles that exist now only as memories! We know also how swiftly, even frighteningly, our competitive system responds to the alternating inflationary or deflationary influences imposed upon it.

Such responsiveness had led many mistakenly to suppose that boom and bust are inherent in the competitive system itself rather than in the abuse it accurately reflects. In our competitive system we have, indeed, a most

\* This is the second and final portion of the article. The first part appeared in our issue of 15 April, 1959.



wondrous invention of mankind. It is stimulator, guider, and governor of economic effect, provider of opportunity, dispenser of justice, guardian of efficiency, promoter of progress.

I mention just one more of the many important features of competitive markets because it is a less recognized but nevertheless a happy and gratifying feature. In every human being, I am convinced, there is somewhere some bit of genius or special talent. In totalitarian states it can never be fully released. But through our competitive markets every one can and is both searching for and encouraging it in others and is allowed freely to develop it in himself. Thus we have a precious device for finding, releasing, and rewarding *all* the genius of *all* the people, and so long as we preserve it I have no fear of limited evil genius rampant elsewhere in this world.

Here then is the secret of the extraordinary rise of the American civilization, and please note that it has all rested on the system of maximum and universal incentives and opportunities inherent in a society that really believes in and actually practices individual freedom.

### UNDERMINING OUR SYSTEM

But what have we done to that system of incentives?

Today's relevant fact—which I doubt anyone seriously disputes—is that we have gone a long way towards undermining it. In terms of "carrot and stick" folklore we have been shrinking the carrot in front and even supplanting it with the stick from behind. Thus the income tax rates on superior individual performance have been lifted to 90 per cent—and might as well be 100 per cent as far as incentive is concerned. The pathetic thing is that the nation gains little if any revenue from steep progressive taxation but it can lose the effective services and leadership of the very ones who have competitively proven their superior productive effectiveness. Also, it actually can lose revenue because such people cannot possibly generate income for themselves without generating much additional income for others in the process, thus enlarging the over-all tax base. Corporate compensation of employees, for example, is a dozen times the dividends paid to owners.

At the other end of the incentive scale we have greatly removed individual and family incentive to be self-reliantly industrious and thrifty against old age, unemployment, or emergency. Some of you may be startled to realize that in any necessary cut back of the work force some wage contracts with labour unions already provide that, instead of working hours being reduced to less than four days a week, employees must be laid off entirely to enjoy unemployment compensation leisure.

In short, through progressively bitter tax punishment of the more productive and an ever-widening rewarding of the nonproductive, we are steadily adopting the Marxian dictum: "From each according to his ability, to each according to his need." This is something that

communists warmly advocate we adopt, but which they themselves would not think of practicing because they know, having tried it out, that there is no more certain way to divert people from being productive to being indolent than to tell them that no one will be allowed to benefit very much from working harder, better, or longer than his neighbours, and that no one needs to suffer very much from not working diligently.

### BURDENSOME TAXATION

If we view the broad trend of corporate taxation, we see much of the same philosophy at work. Federal taxation now taxes over half of corporate taxable income; and the income remaining is taxed again when transferred to stockholders. And, when, in addition, the tax code unrealistically counts part of what is really depreciation cost as taxable income, then we have what in effect is "confiscation of capital."

Perhaps you have no sense of shock at a 52 per cent corporate income tax. But bear in mind that this tax rides on the broadest incentive of the competitive system, because corporate America provides three-fourths of all non-governmental wages. The tax is a big factor and usually a deterring one in virtually all major business decisions. It is a penalty on efficiency, and the greater the efficiency the greater the tax per unit of output. On the other hand, inefficiency, by being spared a similar tax burden, is sheltered. We punish the efficient, coddle the inefficient, and thereby clog the self-cleansing and efficiency-guaranteeing features of the competitive system.

No one doubts that the power to tax involves the power to destroy, and that a 100 per cent corporate tax would destroy private capitalism, thus ushering in some sort of sterile socialism. In terms of this arithmetic we are already over half way to socialism with respect to three-quarters of the nation's production. How this has all come to pass in the land of the free and the home of the brave can only be explained, I suppose, in terms of the famous lines of Alexander Pope:

Vice is a monster of so frightful mien,  
As to be hated needs but to be seen;  
If seen too oft, familiar with her face,  
We first endure, then pity, then embrace.

We have gone far indeed under the driving force of the give-away and attendant rob-Peter-pay-Paul spirals—perhaps further than we realize.

### INSITUATIONALIZED INFLATION

Implementing and interacting with these spirals is the inflation spiral. As a peacetime phenomenon I think of it as having two energizing origins. One of them is the insatiable requirements of the give-away spiral. The other is the monopoly power granted to labour unions. Both politically invoke the framework of soft money required for their functioning.

I think I have already said enough for us to understand that once we embrace the policy of having our government take care of those who

do not take care of themselves, then the forces of human nature take over to make the process competitively self-perpetuating and self-augmenting. We have to do Lewis Carroll's Alice one better: We have to run ever *faster* just to stay where we are. Ever more federal largess is required and so the persistently recurring question is, "From where is the money to come?" There are only two answers. One is to take it in taxes; the other is to engage in its printing or the modern equivalent thereof. Both present dilemmas that tend to become increasingly unresolvable, and when they become completely unresolvable we have passed a point of no return.

The tax dilemma is a perfectly straightforward one: There is a point—even though no one can define it with precision—when the burden of taxation selectively imposed on the more productive and efficient will substantially destroy both their incentive and their ability to engage in new productive investment, out of which alone comes the creation of new self-sustaining jobs. You recall, of course, that the only way that such jobs ever come into existence is when someone invests savings—supposing they have not already been taxed away—in productive facilities and thereby creates the environment in which men may go to work producing the marketable values to cover their continuing wage. Impair too much the investors' profit in so doing, and the doing of it will be curtailed. There will be fewer new jobs for an expanding labour force to fill, or to replace those constantly being eliminated through technology. In such fashion a vicious spiral is born: The taxing aggravates the unemployment burden on the State, to carry which burden then calls for still more taxing. The Golden Goose in America is a mighty tough bird. It can and has taken a lot of plucking. But our pride and pleasure in its toughness should not beguile us into supposing it can never die.

#### THE VICIOUS CIRCLE

The record is clear that what has been obtained from taxation has not been enough to meet the peacetime spending requirements, or temptations, of a welfare-minded government. There has been extensive resort to inflationary deficit financing, both before and after World War II, to get additional money to dole out. Although hidden behind a formidable facade of technicalities this inflationary process is relatively simple: We have our government print bonds which are turned over to banks, who in exchange for them create equivalent amounts of the deposits which we use for money. This multiplies the supply of money out of proportion to the goods and services going to market. The result is higher prices.

But this process breeds its own historically familiar dilemma, too. For if prices go up, then government's costs go up. The previously established level of out-go becomes inadequate for the originally intended purposes and so must be lifted. But this in turn increases the need for additional money, and hence for still further resort to the printing press. We thus walk in the

shadow of the inflationary spiral, the most vicious spiral known to economic science. It is one which has devastated one country after another in the course of human history. It is loose in the world today as the handmaiden of extravagant governments functioning on paper money standards.

Industry in this country has receded only a moderate amount from the peak of the biggest boom ever experienced. But we find ourselves suddenly confronted with the prospect of huge federal deficits. Corporate job-creating investment in new plant and equipment has been experiencing serious decline. But inflation continues and fear of its aggravation mounts. Many thoughtful people warn of little likelihood that unemployment will be significantly reduced short of many months. We now need maximum incentive, but we fear that we cannot reform our system of incentive-smothering taxation without either withdrawing from the economy the support of federal disbursements or aggravating the inflation implicit in multiplied deficit financing. The several dilemmas I have described as slowly evolving over the long years are drawing into a central and perplexing focus.

#### THE POINT OF NO RETURN

I personally am certain that we have not passed a point of no return. The American Golden Goose is a tougher bird than most people realize. But I am, entitled to a shiver as I attempt to point out how close we may be to a point of no return. I have tried to foresee an event which, if it occurred, would mark the passage of the point; and there is one that comes to mind. That could be the official abandonment in peacetime of competitive markets, which would be marked by establishment of comprehensive price and wage controls, rapidly and inevitably followed by allocation and ration controls. This would be the final abandonment of the system under which how much of what was to be produced, by whom, where, when, and at what price or wage, was determined by the voluntary and competitive choices of free men. In its place would be substituted the arbitrary decisions of an ever more powerful bureaucracy, motivated by political expediency and self-perpetuation.

I have tried, too, to foresee an event which, if it occurred, would mean that we need never reach that point of no return; and here one also comes to my mind. It is an intangible event, a matter of moral and spiritual attitudes to which I have thus far in these comments deliberately refrained from making an appeal. It is that we shall reawaken our realization of what a precious thing in the history of humanity is individual liberty; of the spiritual and material blessings that flow from its rigorous practice; of the means of obtaining it and maintaining it; of easily and irrevocably it can be lost; of the spirals that could be spinning us into statism with resolution to halt them. It is, in short, that we shall remember and renew an historic high resolve "that this nation, under God, shall have a birth of freedom."

Courtsey : Freeman

## LAW REFORMS IN PAKISTAN

(Continued From Page 4)

puppets to be used by politicians of the cities in their game of power politics.

The present reforms proposals of the military government in Pakistan are to be applied only to West Pakistan where the feudal element is large. Presumably, they will be modified for application to East Pakistan.

There are 6000 landlords having more than 500 acres each who together own 7.5 million acres which constitute 15.4 per cent of the area under cultivation. Of these 1700 own more than 1000 acres each. On the other hand, 3.5 million people forming 65 per cent of the owners own about 7.4 million acres in lots of less than 5 acres each. The disparity was greater in the Frontier province and Sind than in West Punjab.

The high ceilings will not distribute poverty but will increase incentive to make the most of them by way of modern methods while leaving the owners with capacity to save and invest in land. The State's burden in the matter of financing poor new beneficiaries (hitherto landless or owners of small holdings) will not be abnormally enhanced as in India. The new Nagpur idea of eliminating individual owners altogether and universalising co-operative farming will not diminish the obligation of the State in India to finance agriculture on a colossal scale. Pakistan has saved itself from this impossible situation by its wise decision to preserve a large middle class on the land able to meet its own requirements, off its own bat mostly.

### ECONOMIC HOLDINGS

Pakistani reforms are not merely for the rich however. They have another aspect dealing with the economic problem of increasing the area of farm units. The commission recognise that if the ultimate aim of land reforms is to increase agricultural efficiency, it is the size of the farm as a cultivating unit that is decisive." The Land Laws Committee show that an average proprietor's holding is 3.9 acres and that of a tenant's is also the same at 3.8 acres.

A sample enquiry of 365 holdings showed that 50 per cent of holdings of 5 acres, 37 per cent of 10 acres and 50 per cent of holdings of 5 acres, 37 per cent of 10 acres and 50 per cent of all holdings under 15 acres were split up into fragments. In one extreme case, a peasant's holding of 3 acres was split up into 18 fragments in different places!

### PREVENTION OF FRAGMENTATION

The Commission have dealt with this question effectively. They recommend that legislation be passed preventing fragmentation of subsistence, economic and smaller holdings. They have to be sold as units, if sale is necessary.

"While positive measures such as the redistribution of resumed lands aim at the consolidation of holdings, severe restrictions are imposed on alienation to prevent further fragmentation. Holders of economic, subsistence and small units are now forbidden to alienate any part of it by sale, mortgage or gift, though they may alienate it as a whole, if they choose." They regard 12-16

acres as subsistence holdings. They put economic holdings at 40-60 acres.

### CAPITAL FORMATION

The most striking feature of this malformation, they say, is the inability of the rural population in the mass to save sufficient capital, which is the real reason for their continuing impoverishment.

Present proposals will help the levelling up of holdings to 60 acres gradually.

### FAIR RENTS & SECURITY OF TENURE

The third aspect of reforms concern fair rents and security of tenure to tenants. Surplus lands above ceilings will be allotted to small holders and landless persons. Tenants will have fair rents and security of tenure. Tenants of resumed lands will have ownership transferred to them. Below ceilings, owners can employ tenants or cultivate them directly with hired labour. There is no stigma attached to ownership as such. The meaningless and self-defeating excess of communist theory that all employment of labour on land by owners is exploitation that is bedevilling land reforms in India is altogether absent in Pakistan. Pakistanis go by facts and immediate objectives than by visionary ideas and alien, unassimilated speculation. They can think soberly uninfluenced unduly by glamour of Russian or Chinese examples.

### COMPENSATION

As regards compensation, the reforms are generous. They have devised a system of payment by produce indices based on productivity of land. It works out fairly so that owners get nearly market prices.

### GRAND FOR HOPE

On the whole, Pakistan bids fair to start her rural conditions on a creative footing after the reforms and can reasonably hope for assured betterment as the lowest holders are lifted to economic levels and large owners are not impoverished and driven from the land, to go to cities to fish in troubled waters and keep them troubling all the time.

The Jagirdaris are abolished without compensation. This is the only ideological element in the Pakistani deal.

### A Reader's View

#### CANADA TO SUPPLY FREE WHEAT TO INDIA

To The Editor "The Indian Libertarian"

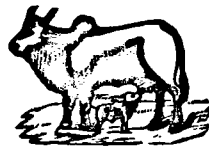
"India will get 00,000,000 dollars worth of free wheat from Canada from the current year's crop." (Times of India 17-4-1959)

Mr. Krishna Menon should immediately fly to the U. N. O. to run down Canada in strong terms for her imperialism and generosity, and praise soviet Russia and communist China. Mr. Nehru should once deliver a two hours speech on the benefits of ceasing on land, collectivised farming and wickedness of freedom to farmers to cultivate their own land in their own way even if production goes down and the nation starves.

—M. S.

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