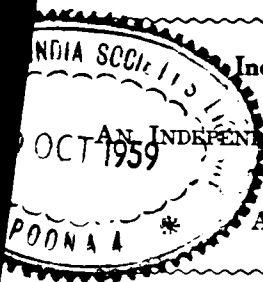


Indian Libertarian



Incorporating the 'Free Economic Review'
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WE STAND FOR FREE ECONOMY
AND LIBERTARIAN DEMOCRACY

MAKE ENGLISH THE LINGUA FRANCA OF INDIA

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IN THIS ISSUE

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	PAGE		PAGE
EDITORIAL	1	ECONOMIC SUPPLEMENT	I-IV
<i>Khrushchev's Visit to America</i> by M. A. Venkata Rao	4	<i>Case of Comrade Krishna Menon</i> by "Democrat"	11
<i>China Wins the First Found</i> by M. N. Tholal	6	DELHI LETTER	13
<i>The "Innocent" Abroad a New Version</i> by J. K. Dhairyawan	9	BOOK REVIEWS	15
		NEWS DIGEST	17

EDITORIAL

CHINA INTERFERES WITH NASSER'S UAR.

IT is difficult to be sure about the exact spheres of influence in the world (backward and forward, uncommitted and members of the freedom bloc) delimited as between the senior partners of the communist world—viz: Russia and China.

There were indications that so far as Asia was concerned the Middle East or West Asia from Egypt to Afghanistan and Pakistan was understood to fall to Russia and that India, Southeast Asia and the rest of Asia and the Far-east down South to Australia and New Zealand (including the Philippines, and Indonesia and Malaya) belonged to the future empire of Red China.

But Red China has been exercising initiative in the ideological field from the very beginning. Mao developed his New Democracy with its multi-party composition giving a place to peasants, national capital, bourgeois democracy and artisans as contrasted with the rigidly monolithic character of Russian Soviet orthodoxy. The theory of the "people's democracy" as a stage on the road to full socialism (and Communism) of the Marxist-Leninist-Stalinist doctrine was accepted by Russian ideologists from China's lead and applied to the transitional character of the political set-up in East European States, when non-communist parties like the small-holders party of Hungary were allowed a place in the Government.

Even later, Mao Tsetung has taken a lead in the

ideological controversies of the Soviet world and has exercised an influence on the side of rigidity and orthodoxy so far as condemnation of revisionism and liberalisation were concerned. China condemned the liberal trends in Yugoslavia, Hungary and Poland. The claim of China to share in ideological leadership with Russia has become embarrassing to the men of the Kremlin. This became particularly evident in the claims emerging from the Chinese "communes" for a more advanced form of communism (which have drawn a rebuff on them from Russia).

These reflections seem to be reinforced by the news that Red China invited Mr. Backdash, the founder-leader of the Syrian Communist Party (which is now banned by President Nasser) to participate in the Tenth Anniversary celebrations at Peking on October 1. Also, he was given an opportunity to speak, when he used to attack the policy of President Nasser. The representatives of the United Arab Republic on the spot protested against this honour to their enemy and the chance given to him to speak ill of their State and withdrew.

Cairo Radio next day accused Red China of breach of Panch-sheela and violation of the Bandung spirit!

Nasser has banned the communist party of Syria of which Backdash was long the chief and now Red China invites him and gives him a public opportunity of attacking President Nasser!

This is an indication that Red China does not recognise any limits to its sphere of influence! It is

expansionist-in the full ideological sense of socialist or Soviet internationalism that takes the whole world as its unit!

Observers have reason to think that Red China may challenge Soviet Russia herself for world supremacy!

It is noteworthy that Khrushchev, fresh from his historic meeting with Eisenhower, should have stressed in his speech at the October celebrations at Peking on the need to take socialism to any country by voluntary means and not by force.

This is a hint to China about Tibet.

He also emphasised the need to maintain relaxed conditions in international relations—a hint to China to restrain herself on the Indo-Chinese or Tibetan border.

MAO TSETUNG REMAINS IN POWER

There was speculation ever since Mao Tsetung surrendered the position of Chairman of the Chinese Council of Ministers (or Government) to Liu Shao and retained only the less prominent position of Secretary of the Party, (though it is the more powerful post) that Mao might have been superseded in the hierarchy from first place.

But on 1 October, Mao appeared on the dais in the chief place and Khrushchev had long talks with him on policy matters. They must have discussed the recent Eisenhower-Khrushchev meeting in America and their future strategy on the world plane. It is clear that Mao remains Master Number One in the Chinese hierarchy.

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SARDAR K. M. PANNIKAR AND MR. JOACHIM ALVA INVITED TO CHINA BUT NOT OFFICIAL INDIA!

China has not invited India to her October 1 celebrations! So much for "Hindi-Chinese Bhai-Bhai"! The slogan deserves a decent burial.

But China is not content with this insult to India. She goes further and invites Indian nationals invidiously—Sardar K. M. Pannikar and Mr. Joachim Alva, it is reported, are invited in their personal capacity.

It would be unpatriotic and treacherous of them to accept and go—in the face of the insult to the country by non-invitation!

Pannikar seems to have been picked out for his service to China in his role as Indian Ambassador in securing post-haste recognition to Red China even while Chiang Kai Shek was hurrying from the mainland!

He also did yeoman service to China by reducing the suzerainty over Tibet to which China was entitled by treaty and usage to actual sovereignty, which converted Tibet from an autonomous national State into a district of China! It was thus India that reduced the national status of Tibet!

As the Dalai Lama pointed out, this has had a damaging effect on the legal claim of India to the MacMahon Line. For the treaty of 1914 was signed by Tibet but not by China. It is Tibet's signature that makes the MacMahon Line an international border. Without Tibet's signature as an independent nation fixing her own borders with India, the MacMahon Line loses its validity.

Frightened by China's anger, India has surrendered her moral advantage and has lapsed once again into the old discredited policy of appeasement.

If Pannikar and Alva attend the Chinese celebration in the circumstances, the Indian public have to draw their own conclusions regarding their national loyalty and patriotic sentiment. The Indian Government has to isolate and discredit the Indian communist party and not continue the present policy of giving them full democratic and national recognition in spite of their patent extra-territorial loyalty.

It is noteworthy that The Kerala Communist Party Secretary, Mr. Govindan Nair, is the son-in-law of Sardar Pannikar—our ex-ambassador to China, Egypt and France.

The affiliation of Mr. Alva to the communist world needs investigation.

THE ATTITUDE OF THE CPI TO CHINA'S INCURSION ON THE BORDER

It is very important that the general public should understand clearly the attitude of the CPI in regard to Chinese aggression at Longju, Tibet and Bara Hoti.

In relation to Chinese repression and genocide of Tibetan national culture and independence, the CPI held a Convention in Calcutta to popularise the Chinese case that the rebellion was inspired by "Western reactionaries" and led by a few top ranking Tibetan aristocrats and that the whole affair was "an internal matter" of China and that India had no case for interference with it whether on the ground of the buffer status of Tibet or on the basis of human rights etc. etc.!

The CPI ignored Nehru's clear declaration that China had committed aggression beyond a doubt in Ladakh, and Longju and Bara Hoti.

It sought to make light of the aggression by calling it an "incursion" and attributing it to the lack of demarcation of the border! As even Nehru remarked in Lok Sabha, the Indian communists showed no Indian sentiment at all!

But what should be the policy of our Government towards such a powerful fifth column?

Nehru refuses to draw the natural and inevitable conclusion and ban the party, even as Nasser has found it necessary. He lacks the realistic sense of the Arab leader.

The CPI is now leading a campaign for indoctrinating the public in favour of Red China and to discourage national sentiment in condemning the aggressor. The public has to beware of this subterranean undermining of the communists and refuse to be misled or drawn aside by red herrings.

The Indian Communist Party is part of the world communist movement for world conquest for communism under the leadership of Soviet Russia.

In his famous Fulton speech in 1947 immediately after the conclusion of world war II, Churchill asked Russia to withdraw into her historic Tsarist borders, withdraw her agents for international subversion, namely, the national communist "parties" in every country and be content with national integrity in the comity of nations engaged in securing a free, full life of well-being to her own citizens through trade and cultural cooperation.

Eisenhower does not seem to have repeated the demand to Khrushchev in the famous Camp David pour parlers in the September Meeting of the two world leaders.

But the condition mentioned by the British war leader Winston Churchill, seems indispensable if world tension is to be relaxed.

India has yet to learn the suicidal folly of allowing the Communist party to grow and obtain a foothold in national life under false colours. Nasser has much to teach Nehru.

INDO-PAKISTAN RELATIONS MISREPRESENTATIONS OF NEHRU'S VIEW

The personal secretary of President Ayub Khan who accompanied him to Palam (where the Pakistani and Indian leaders met) circulated a report of what was purported to have been said by Nehru

in the talks. Nehru remarked that seventy-five per cent of it was incorrect. The secretary was not present at the talks. But the Pakistan papers have made use of the opportunity to criticise Nehru for "going back on the assurances" he gave to Ayub Khan for a peaceful settlement of Indo-Pakistan differences! The motive for this strange smear campaign against the Indian Premier appears inexplicable.

One theory is that the influential persons around Ayub Khan do not want him to entertain a favourable opinion of Nehru. The President had referred in high terms to Nehru as a brave man whose personality and views were inspiring.

The Muslim League view that there is nothing good in Nehru or in any representative of Hindu India is asserting itself to continue the bad relations between the two countries. The Pakistan leaders do not seem to want a settlement of outstanding differences! They have more to gain by keeping them open and smarting!

It appears that the same game is being played by the military personnel on the East Pakistan border who fire in the air and complain to Ayub Khan of Indian "aggression"! which version is circulated to all the papers! This game of false charges was played during the partition riots by League leaders to an incredible degree!

Indian publicity seems helpless to counter such tactics.

WHAT IS WELFARE?

It is supposed by many that our Government possesses somewhere or other, an inexhaustible storehouse of all the necessities and conveniences of life, and from here hard-heartedness refuses to distribute the contents among the poor.

When one section of the population say, "We demand that the Government should pay for us" it is really saying "We demand that other people should pay for us". Which means more taxation.

Taxation erodes incentive to produce and earn.

It penalises success. People spend the money they earn on what they themselves really want.

The State spends the money not on what the rest of us want but what our Welfare State's bureaucrats think is good for us. In the process, the rupee you have paid in taxes shrinks considerably because of the excessive costs of Government administration.

The deletion of the Welfare of the State flourishes not merely through stupidity but because there is now an enormous vested interest in keeping it alive.

Cecil Palmer

Khrushchev's Visit to America

By M. A. Venkata Rao

KHRUSHCHEV'S epoch-making visit to America in September registered the immense and complicated impact of world communism on the free world. It high-lighted the crucial issues that divide the world between the two blocs and brought home to the discerning and informed observer (both in the USA and in the rest of the free world) the real nature of the deadlock confronting the world, the motives of world communism and the immensity of the tragedy for humanity if the deadlock is not resolved. It gave a vivid picture of the "irresistible force pushing the immoveable wall", so to say!

The lesson drawn from the vivid personality of Khrushchev impinging on different vital aspects of American life (and power) depends on the background, information and insight of the observer into world issues.

It is worthwhile to indicate a few of these centres of conflict as they emerged in Khrushchev's wonderful Odyssey and offer an interpretation of the meaning for peace and war that it holds forth.

The visit was a remarkable feat of self-revelation on the part of Khrushchev, a feat that showed the prongs of his multifaceted probes into free society and into the mind and will of its leaders.

One part of it consisted of a parry of the vital questions put to him concerning the grave weaknesses of the communist world. The second offered a picture of the strength of the Bolshevich world behind him and the sheer peril that it connotes for the future of humanity. Like the Yaksha prasna of the Mahabharata or the questions of the Egyptian Sphinx, the failure of the free world to solve the riddle that Khrushchev posed before Eisenhower (and the world in general through him) will mean a catastrophic set-back to humanity. The present civilisation, like the twenty odd ones before it, will dissolve like a dream in nuclear flames with a load of pain, suffering and destruction unparalleled in previous eras.

As regards Khrushchev's answers and parries about the well-known weaknesses of the Bolshevich regime—its mass inhumanity, its disregard of human freedom and dignity, its terror system of administration, its regimentation of thought, its control of the inner life of its peoples, its rigid iron curtain, its black imperialism holding East European and Baltic States in ruthless subjection—Khrushchev could not give any straight and satisfactory explanation. It is now beyond question that the picture of the Russian regime under Stalin (and now under Khrushchev) formed by the free world out of innumerable sources through the decades from 1917

is substantially accurate and reliable. It was largely endorsed unwittingly by Khrushchev's own tremendous indictment of Stalin's regime in his address to the Twentieth Congress of the Soviet Party Congress in 1956 as soon as he took charge of the Soviet State.

A questioner asked him as to what answer he gave to a member of the twentieth Congress who enquired as to what he, Bulganin and others were doing while Stalin was exercising his monstrous terror? Khrushchev replied with an outburst of temper against misrepresentation by traducers but had no reasonable answer.

So too with regard to Hungary. In answer to a question on the oppressive regime in Hungary bolstered by Soviet tanks, Khrushchev replied that the interlocutor should have seen the great welcome given to him by the Hungarians last year, showing the spontaneous allegiance that they have towards the Soviets and their leaders! This is a plain evasion that no one aware of the most elementary facts about the great and tragic revolt of the Hungarians against Red rule in 1956 October can accept. It is simply not true that the poor Hungarians willingly accept the Soviet overlordship. Thousands of refugee Hungarians wished to demonstrate against him in the USA but the security police accompanying the "Red Butcher" (as streamers called him) were kept at a distance.

A few days before Khrushchev was due in the USA, the Congress passed a resolution sympathising with "the captive nations" held by Soviet Russia, which annoyed Khrushchev. Seeing factory workers in Pittsburgh, Khrushchev quipped that "the slaves of capitalism lived well, even as the slaves of communism did" (within his empire!). He resented their description as the slaves of communism but had no answer to disprove the charge.

A labour leader of the AFL-CIO (the leading combine of trade unions in the USA) asked as to why, if the subjects of communism were contented and happy so many of them in their tens of thousands escape from them to the free world every year? This is a devastating question for which the Soviet leader had no answer. This should be decisive against the claims of communism that it represents the wave of the future, that it represents progress and happiness and can create in fullness of time a very paradise on earth!

The simple fact is that Soviet Russia has become in these forty years another empire more ruthless and cruel and oppressive than any in the past, surpassing the worst practices of the old Portuguese and Spanish empires in South and Central America in the fifteenth and sixteenth centuries.

The dogmatic claim that communism represents a stage of social evolution higher than capitalism naturally irritates Americans. The statement that they would "hurry the Americans" made by Khrushchev to Vice-President Nixon (or to Mr. Avril Harriman when they visited him in Moscow) was brought up before him for explanation. Khrushchev answered that according to Marxist dialectic materialism, society passes through several phases—for example from feudalism to capitalism. The stage next after capitalism is socialism and communism. Hence the stage represented by capitalist America is bound to pass away giving place to the communist system of society. When this question was brought up again in San Francisco by the Mayor, Khrushchev lost his temper and threatened to fly back to Moscow. He demanded of the Mayor whether he did not read newspapers and if he did, why he did not note the answer given by him in New York!

The Americans had their pride injured by the cool declaration of the Soviet Premier that their American Way of Life (to which they owed their unprecedented prosperity and power) was condemned to pass away before the superior system of the Soviet rulers, which is hard to believe as it is so lacking in freedom, initiative and the good thing of life.

Every active nation has its own dogma that gives it self-confidence and a sense of superiority to other "lesser breeds without the law!" But in the case of communism, this national psychology is reinforced by a fanatical adherence to the exclusive claims of Marxism that it alone holds the key to the future and is therefore fated by history to win over all other social systems!

President Eisenhower saw in Khrushchev a vigorous exponent of world communism, a very Pope of Marxism so utterly convinced or committed to it that his confidence knew no bounds!

What was the demand of Khrushchev from the Americans and the free world? His quest became quite clear by the time he came back to parleys with the President at Camp David. It is not the American President alone that has to assess the demand of the leader of World Communism (as he described himself once in his itinerary across the United States). It concerns the whole world—its future of peace or destruction unprecedented.

The one mantra that Khrushchev repeated incessantly throughout his Tour in all groups that he met was that of Peace. He said that Soviet Russia wanted peace and hoped that Americans too wanted it as sincerely as his own country.

Was he sincere in this aspiration or was it merely a piece of propaganda? It is not necessary to take the extreme position and dismiss his plea as so much in sincere propaganda. The tiger too wants to lie down in peace after gorging himself with his prey (stag or cow etc.,) to digest it quietly!

The Soviet Union has been lucky in the last war. Stalin grabbed half of Poland and the three Baltic States of Lithuania, Latvia and Estonia, with the consent of Hitler who bought peace on his Eastern Front at the cost of these unfortunate neighbours.

The defeat of Hitler brought Stalin control over East and Central European States—Bulgaria, Hungary, Czechoslovakia, Roumania, Albania over Manchuria, Outer Mongolia and North Korea in the East.

Through the success of Mao Tsetung, Stalin got the immense territories of China under his sphere of influence:

Socialists call this development the new horizon of Socialism. The immense territories enabled Soviet Russia to consolidate imperial power on an immense scale. Through ruthless economic exploitation of these areas, Soviet Russia could greatly augment her scientific and military development. The Sputniks and the Lunik that reached the moon (significantly on the eve of Khrushchev's arrival at Washington) connote the new era of Soviet rivalry with the United States in industrial, scientific and military Power. The Soviets have nearly four million men under arms as against the American 2.7 millions. Both have 25,000 bombers and more. Both have nuclear bombs. Russia's ICBMS are more advanced than those of America. The Americans have lost their sense of military superiority and the whole free world put together is in doubt whether they could successfully deal with Soviet mobilisation—what with their war-weariness and disabling differences and rivalries and mutual suspicions, as for instance between France and Germany.

Khrushchev demanded against this background an era of peace so that he could digest his immense territories and possibilities without scatter of his potential.

It was peace on his terms that he wants. The first term was that, no one should question the legitimacy of his authority throughout his immense territories from the middle of Germany in the West, to the Baltic States, North Sea and North Pole in the North to Kamschatka above the Sea of Japan in the East and to the Persian Gulf and South East Asia (in partnership with China) in the South (with Africa added). Even as China resents fiercely the Indian questioning of its conquest, repression and regimentation of Tibet, Soviet Russia resents any questioning of her authority over her immense empire. The ambitious dream of the Czars has at last been fulfilled under the Bolsheviks which constitutes a profound satisfaction to the core of Great Russians who form the seat of Power in the new dispensation.

To digest this area in peace, Khrushchev wants the Americans to disband their bases round her frontiers, disband the Nato set-up, give up the western plan of arming Western Germany with atomic warheads and nuclear bombs.

To remove the source of propaganda and unsettlement among East Germans, he wants the West to quit from West Berlin. West Berlin is a window to the West that is attracting thousands to escape to the free West. It is situated within the Soviet-controlled territory of East Germany with no land access to West Germany and the West. Hence his attempts to drive the West away from it through ultimatum.

Khrushchev is in a position to occupy the whole of West Europe (and even England perhaps) in a few weeks with the advance troops he has in Eastern and Central Europe—Poland, East Germany, Czechoslovakia, Roumania and Hungary. With his foothold in Albania, he can threaten the Mediterranean. The Nato divisions can only gain time for reinforcements to arrive from advanced bases and from home areas across the Atlantic ocean!

If America disbands her bases, she will not have enough manpower to conquer the Soviet forces in occupation of Europe and Asia and Africa! The dream of world communism will have come true! The whole world will pass into a dark dictatorship unprecedented in any savage or dark age in history or prehistory.

The degree of thaw and liberalisation that Khrushchev has been obliged to allow in his homeland and satellite countries is due to the fear of competition with the Free West. With this removed and with absolute and unfettered sway over the whole globe, the Soviet system will institute a tyranny that is unthinkable cruel, beside which the crimes of the Spanish slave drivers will appear infantile! This is the threat posed by Khrushchev, if not in so many words but by inevitable implication.

Khrushchev was confident that if only the West accepted his terms of peaceful co-existence and free trade, his bloc could overtake the West in every sphere of consumer goods (of meat and milk) as well as in scientific and military power. He wants trade in strategic goods too, so that he could build up power faster than the USA! He wants new machinery so that he could imitate them and multiply them without the time-lag of invention and discovery! The rivalry extends to every field of life and is crowned by the military dimension. He was earnest when he said: "We will bury you!" This is the crucial issue posed by Khrushchev so formidably:—World domination by Russia or world federation of free peoples!

China Wins the First Round

By M. N. Tholal

IN his famous masterpiece of humour, *Pickwick Papers*, Charles Dickens portrays a lady who had for long been angling for a proposal to marry her but when her heart's desire came to her from the victim of her attentions, she burst out saying, "Oh! But it is so sudden!" With the slight difference that we Indians have had to start a process—somewhat belated—of emotional disintegration with the Chinese, while the emotional integration in the case of the couple mentioned above was complete for the moment, Mr. Nehru's complaint of suddenness regarding the Chinese attitude relating to the borderline would appear to be as genuine as that of the wily dame in *Pickwick Papers*. Indeed, a closer examination of the situation would show that he too had been angling for it, albeit unwittingly, with his policy of non-alignment.

PRELIMINARY SKIRMISHES

The Chinese have always been showing 40,000 square miles of our territory as their own in their official maps—an act which was and is intolerable, to use Mr. Nehru's own word for it. They had been building a road right through Ladakh since 1954—perhaps to drive the coach and four of their Panch Sheel through it—as if to show that their claim in their maps was no empty boast and Mr.

Nehru had been keeping this still more intolerable act to himself. The road was completed in three years and Mr. Nehru was apparently none the wiser for the construction. Obviously, his policy of non-alignment forbade him to talk about it. Yet even after these preliminary skirmishes, diplomatic and military, Mr. Nehru complains that the very fact that this claim has been made "suddenly" came as a shock. Suspecting perhaps that this admission of the shocking nature of the Chinese claim looked like the "blackguardly" language of cold war, Mr. Nehru forthwith apologised, in his speech at the All-India Congress Committee meeting at Chandigarh, for his nervous system registering a shock, saying, "It is rather extraordinary, this type of behaviour between two countries, and if we are rather surprised and shocked over it, well, it is rather natural." Yes, indeed, it is rather extraordinary. The Chinese should have at least made the claim explicitly before occupying 5,000 square miles of our territory in Ladakh alone, without a soul in India except Mr. Nehru knowing about it.

Although this is by no means a record, what beats all records in the history of the world is that the occupation of 5,000 square miles of a democratic country's territory by a neighbouring country should not have been considered important enough

to be talked about either in public or in private and had therefore been kept a closely-guarded secret. And we are supposed to be a democratic country! Mr. Nehru has admitted his error. Quite true. But he should explain how this error continued for five years. Does he suffer from lapses of memory? Or did he think it was a trivial matter regarding which he need not bother the country or its Parliament? In either case he would be classed among idiots. But the truth is he withheld the information—until the newspapers made it impossible for him to do so any longer—because he knew it would be a death-blow to his policy of non-alignment which he expected would lead him to the summit. There is no national interest of any kind involved in this policy of non-alignment, if we bear in mind the fact that Communist China is our neighbour thirsting for expansion in all directions.

Like his master Gandhi, Nehru is pastmaster in the art of exploiting the inferiority complex of his countrymen. Several speakers had referred to the MacMahon Line during the debate in the AICC on the resolution relating to the border dispute. Referring to it as the "so-called MacMahon Line" Mr. Nehru said: "I wonder if all those who referred to it have any conception of it or ever tried to understand it on the map. I doubt it." I must admit, after nearly four decades spent in instructing the public mind—that is what a journalist does, after all—that I have not only not tried to understand it on the map but also fail to see what there is to understand about the borderline. Either it is there on the map or it isn't there. Mr. K. Hanumanthaiya had, according to Mr. Nehru, rightly asked, "why call it the MacMahon Line?" And all that Mr. Nehru could add by way of explanation of the MacMahon Line was: "It is our frontier and there the matter ends." Then why refer to it as the "so-called" MacMahon Line?

APOLOGISING FOR THE CHINESE

Unfortunately for the country, however, the matter does not look like ending there, at least so long as we stand firm on our policy of non-alignment, which means a policy of friendliness or isolation. We have been accustomed to blaming the British for everything for such a long time that it is surprising that it should have come so late—this discovery that a Britisher's name is responsible for all the trouble between two friendly countries now going on for years. Said Shri Hanumanthaiya: "The Chinese react to it as a bull would react to a red rag." There you are. Wasn't it a mistake to send the Army there—albeit with instructions to avoid a show of force—when the problem could have been easily solved by replacing the cursed word MacMahon by some Indian, preferably Hindi, word? And then even Congressmen would understand what the Line means. Simple isn't it? But Mr. Hanumanthaiya forgot that a part of the Chinese mainland is still under occupation of the British. Obviously, nothing

happens to the bull with that great red rag staring him in the face all the time. He also forgot that there is no such thing as the MacMahon Line on the borders of Kashmir and it is there that the Chinese have made the greatest incursion. This apologising for the Chinese atrocities by our leaders from Mr. Nehru downwards—sometimes by going to the extent of inverting the chronological order of events—is most amazing. I have explained the reasons for Mr. Nehru doing so, and the reasons for his followers following suit any one can find in the offices at his disposal. The Congress today is a hierarchy of traitors, as it has been ever since the Gandhian era began.

The words "so-called MacMahon Line" were followed on Mr. Nehru's lips by the "so-called White Paper". When a member asked, "Why so-called White Paper?" Mr. Nehru replied: "Well, because the word White Paper has a particular significance which I do not always appreciate. It has a particular meaning. I do not know why it should be called a White Paper." For once I feel inclined to agree with Mr. Nehru completely, although he was trying his best to be ridiculous. For, why should a paper be called white when it is a record of black deeds not of one but of two countries. I cannot imagine a blacker deed than this withholding by the Prime Minister of information from the country regarding the loss of thousands of square miles of her territory. It should have been called the Black Paper. But for those who, like Mr. Nehru, are opposed to using the "blackguardly language" of cold war even when foreign troops march into our territory—to say nothing of thinking of hot war—the use of the word black would be almost as dangerous as the use of the phrase "MacMahon Line." Perhaps Mr. Nehru will soon whitewash the whole thing by referring to the Chinese occupation of our territory as "so-called occupation." Maybe that is why he has not publicly admitted the true extent of the national humiliation.

VICTIMS OF MAKE-BELIEVE

Khan Abdul Ghaffar Khan of Punjab was another offender respecting the promotion of cold war between China and India at a time when we should be bending all our energies to restoring the imaginary friendship between the two countries. Saying that the Chinese attitude had wounded the hearts of the people of India, he recalled the affectionate slogan "Hindi-Chinese Bhai Bhai" which the Chinese attitude had, according to him, reduced to "Hindi-Cheenee bye-bye." But much as we would like to say bye-bye to them, regardless of producing the cold war atmosphere and offending Mr. Nehru, the Chinese unfortunately seem in no mood to return to their homeland and say "bye-bye" in turn to us.

Despite all that has happened, and despite the annexation by China of nearly 5,000 square miles of our territory in Ladakh, Mr. Nehru is against our developing a cold war attitude towards China.

This is very significant and bodes ill for India. The cold war, which Mr. Nehru always condemns, was started to resist the ruthless Soviet expansionism in Eastern Europe. Embodied in NATO it succeeded admirably in its purpose and halted the Communist advance. A similar ruthless desire to expand on the part of our northern neighbour is inevitably producing similar reactions in South-East Asia and has been responsible for the creation of SEATO. After living in a fool's paradise for ten years, we Indians are now the victims of what we have consistently refused to believe—the ruthless desire of Communist China to expand all round. The people of the country are feeling similar reactions to those of SEATO countries, but the Government headed by Mr. Nehru continues to refuse to believe what is staring it in the face. Almost all parties in the country, barring the Communists, are using the "black-guardly language" of cold war, and if Mr. Nehru is with the Communists in this respect, as he obviously is, he should be applauding the communist instead of condemning them. Is this condemnation of Indian Communists, one is entitled to ask, a smoke-screen? Is the use of the word "blackguardly" for patriots, who want to defend their country at all costs and to say as much, intended to smother the processes of thinking out things in those who feel for their country rather than for Mr. Nehru and do not pray for the latter's rise to the summit? Mr. Nehru should know that he has irretrievably receded from the height he had reached in his own imagination as a result of Khrushchev pulling his leg, and the summit, as far as he is concerned, is farther away than ever from him.

MR. NEHRU'S LEGACY

As usual, Mr. Nehru is standing on two stools—both of them three-legged—and posing. But truth is very difficult to hide—impossible for a man who must make speeches every day. What does Mr. Nehru mean by condemning the use of cold-war language as "blackguardly" when he himself has been referring to the inclusion of our territory in China in Chinese maps as "intolerable" and saying, as he did at the AICC session recently at Chandigarh:

"The falling out of two great Asian nations and their looking at each other with hostile eyes is a tragedy for both countries. It is not a good legacy to leave for the next generation. It is not the legacy that I should have liked to give to my people."

Were Mr. Nehru to make an honest analysis of the processes which have contributed to the falling out of two great nations—one of them his own—he would inevitably come to the conclusion that the fault has been entirely his own and that the falling out is the direct outcome of the puerile policy of non-alignment and emotional integration with the Communists, which he has been pursuing to reach the summit. Himself easily swayed by flattery, he thought, naturally perhaps, that the Communist leaders would respond similarly to his own flirta-

tions. There is no generosity in politics. This is an elementary political maxim. He sought to falsify it. He might as well have sought to falsify the laws of gravity. And if I say, as I have been saying for years, that he sought to do all this in the interests not of the country but of his own personal advancement, it is because non-alignment and emotional integration with the Communists are absolutely inconsistent with passionate devotion to democracy which he has been claiming for himself. No one who is a true democrat can honestly and persistently indulge in emotional integration with Communism or try to equate Communism with democracy.

This is not to say that he is a Communist at heart or even a fellow traveller. He is a purely selfish individual like his master Gandhi, trying to see that all is grist that comes to his mill. Like Gandhi he poses to be a moral avalanche, knowing as he does how well the pose paid his master in this country of ignorant and credulous people. And now that the great policy of non-alignment has proved a miserable failure, the honest among his followers are having heart attacks! But he persists in his policy and condemns all discussion of the border dispute in terms of communism and anti-communism, as if it is not Communism that has made all the difference between the China of the past ten years—which he deplores—and the China of thousands of years before those ten years with whom, as he himself has reminded us, we always lived at peace. But he can afford to fly at facts and lose his temper if they are mentioned in his presence because his countrymen are cowards or opportunists who dare not speak out their minds in his presence or even in private.

No wonder the Chinese Premier has written to Mr. Nehru that he would like the status quo to remain during negotiations. Mr. Nehru has already assured that much, for the intruding Chinese are not to be expelled by force. That means that the Chinese are to be allowed to consolidate their gains. China has obviously won the first round, without practically firing a shot, with the permission of Comrade Khrushchev on whose good offices we seem to depend for peace with China. Only a fool can believe that, as between China and India, Khrushchev can ever be really impartial. But it may and perhaps will suit our Prime Minister's personal strategy to believe so. We can now wait to see when the next big leap forward takes place. It is obvious from China's behaviour in the matter of the offshore islands that she does not want a world war. "Step by step"—to use the Chinese Premier's words—is her motto. And why should she risk a world war when she can gain possession of thousands of square miles of our territory without our Government having the courage for years to publicly condemn the aggression? And we too it seems, cannot risk a world war to save our territory because that would mean the end of non-

(Continued on page 9)

The "Innocent" Abroad--A New Version

By J. K. Dhairyawan

MARK TWAIN, the famous American author, has written a famous novel "Innocents Abroad," depicting with his usual flair for humour and delineation of character—the experiences of Americans on a tour abroad, gaping at the old world. Recently a new chapter of this novel was enacted when Nikita Krushchev, the head of Soviet Russia, paid a visit to the U.S.A. at the invitation of the American President Eisenhower. The Russian "Innocent Abroad" did not only gape at the country of the "Almighty Dollar" that is U.S.A., but also used the various functions and platforms for giving veiled and even open threats to the American people to behave themselves or else total annihilation was in store for them. He said in so many words: "Here I am the great leader of a great people the Russians, on terms of equality with the greatest nation in the world, on their soil and shoulder to shoulder with President Eisenhower".

Despite Nikita's attempts at fun and frolic and the exchange of a lot of pleasantries the communist in Nikita could not be curbed. A number of time he exhibited rudeness and arrogance, if not rank insolence. His arrogant reference to the sputnik and the rockets, and of the intercontinental ballistic missiles, which were on the assembly lines in the Russian plants, were all there to frighten the American people, and to threaten them to be careful not to rattle the Russian bear. His stupid offer of jobs to American capitalists, his hitting the American people at Hollywood and his threat to walk out of a press conference when an inconvenient question of the "Iron Curtain" was raised as to why American broadcasts and American literature were not allowed in Soviet Russia, highlight the congenital hatred and arrogance of the communist against the Western democratic nations of the world. He brushed aside the question as "interfering with the domestic affairs" of his country. His offer of jobs to American capitalists showed how much in contempt and derision he holds the class, which according to his communist conceptions are a pest of human vermins to be ex-

(Continued from page 8)

alignment and all that goes with it—I mean, Mr. Nehru's desire to reach the summit. Under alignment he can only play second fiddle. That should be obvious to the meanest intelligence. So in the result there we stand firm—on non-alignment!

terminated at the earliest opportunity to usher in the new heaven and earth of marxist ideology.

KRUSHCHEV'S GAINS

In all the calculations of President Eisenhower and the wishful thinking of the American statesmen and journalists, one fact seems to have been lost sight of. That is the visit of Krushchev is an end in itself. That he was invited by the great President of U.S.A., and was standing on the America soil by his side as his equal if not his superior, that is the point he wants to demonstrate to the Soviet people. And that point whatever the results of the visit, has been more than achieved. This, in the Soviet people's eyes, is enough to raise him as a greater idol than Stalin. That is the gain that Krushchev has obtained from his American visit.

Despite his manoeuvring to get rid of inconvenient rivals in Russia, Krushchev is not yet the idol that Stalin was in the eyes of the stupid, ignorant Russian people that Stalin had to deal with. Today the Russian people have a pretty good class of technicians, the educated and the artisans, who despite the "Iron Curtain", do know that all is not well with their country and their leaders. And a day may come when the Russian people would question the right of a single dictator to guide and rule them. It is here that Khrushchev was manoeuvring to get an invitation to visit U.S.A. and thus show to the Russian people, "See, what I have gained. Even the great Stalin could not get an invitation to a visit to U.S.A."

Soviet Russian rulers are more than convinced now that the Stalin methods of the expansion of their influence through mere terror, military might and double dealings are over. Today it is a battle for the possession of the minds of men in the West, and more specially in the East in countries like—India, Egypt, Burma and South-East Asian nations, who have come into independence after world war II.

BATTLE FOR THE POSSESSION OF MINDS

In this "battle for the possession of the minds of men" Soviet Russia is definitely winning. Here Western statesmen are confronted with a superior campaign, well-timed and well-led by Soviet Russia, for the possession of the mind of men. Despite the loudly announced schemes of development and planning, specially in India, the slow pace of industrialization and also haphazard planning have not been able to absorb the huge

number of technical men and Western educated intelligentsia in India and in other Asian countries. This frustrated and unemployed class of educated people are easy victims of communist claptrap and communist propaganda. And the rulers of Soviet Russia, as the senior partners in the communist conspiracy against Free World, is taking the fullest advantage of this state of affairs.

The only Western statesman, who had fully grasped the strategy and the objective of international communism was the late Mr. John Foster Dulles who successfully "contained communism" during his life-time. This U.S. Secretary of State having also seen the weakness in Western diplomacy in dealing with Soviet Russia stuck to his slogan:—"No surrender to communist blandishments or communist threats". It is to this strong attitude of Mr. J. F. Dulles that upset the communist game of capturing West Berlin, and the famous successful Berlin airlift. This has been a set-back to Soviet expansion in Europe. And if the late Mr. J. S. Dulles were to have a free hand in Poland and Hungary, international history would have taken entirely a new look. That opportunity has been lost for ever. It is the opinion of intelligent observers of events that that if Western statesmen had not wavered when the popular upsurge took place in Hungary, Hungary would have been saved for democracy and the Free World. But somehow Western statesmen developed cold feet at the crucial time in world history.

EISENHOWER'S MISCALCULATIONS

This recapitulation of current history is necessary to remind the readers that in extending an invitation to Krushchev to visit U.S.A., American leadership is indulging in wishful thinking. Perhaps, President Eisenhower honestly believed that after seeing Western democracy in action in America, Krushchev would change his opinion or modify his opinions about democracy and capitalism. But that was a miscalculation. Can a leopard change his spots? Certainly not; even so a communist dyed-in-the-wool as Krushchev is, he was not going to be changed, nor had he the least intention of objective study of economic or political conditions in U.S.A. Krushchev's inconsistencies and ideological mendacity, have been exhibited during his recent visit to U.S.A.

When the question of jamming and banning of U.S. broadcasts to Soviet Russia was put to Krushchev, he side-tracked the issue by saying "it was an internal affair of Soviet Russia." But when he fulminated against the American capitalists and against the U.S. rulers at Hollywood, he forgot that he could dare do so because U.S.A. and democratic countries have a tolerant and civilized code of conduct. In a word, the object and mission of Khrushchev was to blackmail and bludgeon the American people and the rulers of U.S.A. In that mission Krushchev has succeeded admirably.

RELENTLESS WAR ON U.S.A.

And what is the gain to U.S.A. or the Free

World? To intelligent observers it is practically nil. That Krushchev was not going to change, and had no intention to do so, is clear. As late as November 1957, Krushchev had given an insight into the changed strategy of Soviet Russia in fighting what he termed "Western imperialism" and "American Capitalism". He said, "We intend to declare a war upon you in the peaceful field of trade. We are relentless in this and it will show the superiority of our system." That was his boast and his pride. And true to this change of tactics, Soviet Russia has built the Bhilai steel plant in India, some promises of aid to Burma, Egypt, Indonesia and other countries in the East. With a vulgarity peculiar to communists, Soviet statesmen always refer to their "free" gift to India whenever an Indian visitor visits Russia. As against this solitary instance of Soviet Russian aid there are innumerable cases where U.S.A. has come to the rescue of India and her difficulties. The financial aid from U.S.A. to India is more than 100 times than that of Russia but the Indians never hear this being said by the Americans. As for steel plants in India besides Bhilai, the West Germans and the British have built steel plants at Rourkela and at Durgapor. But again, nobody hears either the Germans or the British beating the big drum about it. All these facts point out only to the changed tactics of Soviet Rulers but not to their changed objective. The objective is the world domination by communist Russia.

In view of the blank drawn by U.S.A. in the visit of Krushchev, it is time for statesmen of Free World to meet this new challenge and pincer-movement by Moscow in Asia and Africa—financial aid and infiltration and doctrination of Asian and African people, through the "national" communist parties in these countries. India is the show-window and show-piece of Democracy in an area of the world where either dictatorships or its new version "ordered democracies" are in existence, namely in Pakistan and in Indonesia, both Muslim nations. How far is India immune from the communist threat? Despite Prime Minister Nehru's swearing by democratic practices and democratic ideals, in practice, specially the domestic policies, like State Trading in foodgrains, the food zonal system, the nationalization of road transport in some of the States and lastly his "passionate desire" to go in for "co-operative" farming are ALL communist methods which nullify his democratic talk. His foreign policy of non-alignment between the democratic and the communist blocs, and his principle of "co-existence" of democratic and communist nations have been completely proved to be failures. The latest aggression by Red China on Indian borders and the rape of Tibet by Chinese are visible examples of the fact that a lamb and a tiger cannot expect to co-exist. The lamb can only co-exist in the stomach of the tiger. But in spite of the hostile attitude of Peking towards New Delhi, Prime

(Continued on page 11)

The Indian Libertarian

Economic Supplement

Marx's Theory of Value and Surplus-Value

By Prof. G. N. Lawande, M.A.

IN economic theory the term value occupies a central place. Economics can be described as a science of valuation. The importance of value in economic theory has been aptly described by Croce who says "a system of economics from which value is omitted, is like logic without a concept, ethics without duty, aesthetics without expression. It is economics. . . . cut off from its proper sphere". Thus the importance of value is very great in Economics. The whole theory of value of Karl Marx is derived from that of the classical school of British economists and there is nothing original in his monumental work—CAPITAL. According to the followers of Rodbertus, Marx had plagiarised from the works of their master, but whatever it is, it has been necessary to dwell at length upon Marx's theory of value and surplus value, because he regarded it, as do all Marxists, as the cornerstone of his system, though it only introduces an element of confusion. It is not a theory of value at all, and that his value and surplus value are mere abstractions. In fact, it is a theory of exploitation and not a theory of value, designed to show that the propertied class has always lived on the labour of the non-propertied class. According to Croce "The capitalist society studied by Marx, is not this or that society historically existing, in France or in England, nor the modern society of the most civilised nations that of Western Europe or America. It is an ideal of formal society, deduced from certain hypotheses which could indeed never have occurred as actual facts in the course of history." It is based on the assumption that the labour is the only value producing agency, but this assumption is not only false, but untenable, because it concentrates upon one single factor in a highly complex situation to the exclusion of others.

The theory of value that was propounded by Marx is known as Labour Theory of value. Up to a certain point this is merely a transplantation from Ricardo; but whereas Ricardo allowed for certain modifications in his theory, Marx pushed to its rigid and universal extreme. According to this theory, labour is the sole source of value. Ricardo did not attempt to prove the proposition, but Marx tried to give a rigorous and exact demonstration, and on this demonstration the whole superstructure of the three volumes of CAPITAL is based.

In volume I of Capital, Marx gives an impression

that he is trying to relate value to price, but according to Prof. Cole he never sought to establish such a relation, as he did not believe that value could be reduced to the normal price of the classical economists, much less to the market prices. All that Marx meant to convey was that two commodities embodying the same amount of labour would possess the same amount of exchange value, because he believed that labour itself did tend to sell at its real value. Whatever may be the intention of Marx, it must be said, that when Marx talks of value he does not mean price. His main concern is to discover the property that all commodities possess in virtue of which a given quantity of one is exchangeable against the other quantity of other. Now if a commodity is to possess value it must have two main characteristics. In the first place, the commodity must be useful i.e. somebody wants it and he is prepared to pay for it, and secondly it must have cost some labour to produce it. Every commodity will have value, if it possesses both these characteristics. If any of them is lacking, then the commodity will have no value. Air, for example, has the greatest utility, because without it no one can live, but it has no value because no labour has gone to produce it. On the other hand, a commodity may be produced with 100 days of labour, but if there is no demand for it, it will have no value. Economics, according to Prof. Robbins is a science of human behaviour that studies the relationship between the scarce means and ends. There is the important element of scarcity in relation to human desire. Economic problem arises because the means are scarce and the human wants are unlimited. The fact is that things may have value in proportion to the desires of men to possess them. Marx neglects the whole side of human demand. He approaches value from the side of supply alone. His demonstration is fallacious because resting on exhaustion, it obviously does not exhaust. Marx is compelled to recognise that any exchangeable commodity must be useful, but he refuses to admit utility into his definition of value and herein lies the main defect in his theory of value. "The idea of utility is inconvenient thing to have about the premises while he is establishing his main proposition, so he conveniently bundles it out at the front door. But when his labour theory of value has been proved, he gently opens the back door for its readmission" "Lastly" says Marx "nothing

can have value without being an object of utility". Here, then after the fair is over, is one overlooked factor common to things which have value. So Marx himself pours ice cold water over the super structure of his theory of value.

The only property he is prepared to accept as common to all commodities is that they are the result of labour. This was expressed long ago by Adam Smith and Ricardo, but Marx introduces a modification in the labour theory of his contemporaries. According to the classical school all actual prices were determined by the value of the commodity measured in terms of the number of labour hours required to produce it. It was pointed out that the employer was able to make agreement with his workers which were not determined by the number of hours they worked, and therefore the price of labour i.e.—wage did not correspond to value. But if the theory that labour was the sole cause of value did not apply to wages, might it not be, that it did not apply to other prices also? Marx came to the rescue of the labour theory with an ingenious notion that saved the theory from utter collapse for the time being. What the employer buys and pays for is, Marx pointed out, not labour hours but labour power and the value of this last is the average number of labour hours required by a worker to enable him to support life and reproduce his kind. The labour of Marx is not the actual labour but what he calls simple average labour to which all kinds of labour, skilled and unskilled are held to be reducible. This is a curious fiction which implies that there is labour which is neither the labour of tailor, nor the carpenter nor of any other specific worker. If there are different kinds of labour, which is a fact, then how are they to be expressed in terms of that underlying jelly to which labour is ultimately reducible? Unfortunately Marx has not stated clearly the coefficient of this reduction. He only says that it is arrived by "experience" and that there is a "social process" the nature of which he does not define which determines that a skilled worker should get so much more than a day labourer. This is nothing but arguing in the most vicious of circles, for this mysterious social process that goes on behind the backs of the producers is nothing else than the rude determination of the market place. We are told that the value of a commodity depends upon the amount of simple average labour embodied in it, but what this amount is, cannot be determined until we know the value at which the commodity is exchanged.

On the basis of this view that labour is the sole cause of value, Marx has put forward his pet theory of surplus value which is a mass of metaphysical subtlety. His theory of surplus value is regarded as his main contribution to the economic theory. The problem of surplus value is to ascertain where-in lies the secret source of the increase of capital. At this point the so-called Marxists must remember the fact that the theory of surplus value is not the

original contribution of Marx. It was stated by Adam Smith in his book in 1777. He says "the value which the workers add to their materials resolve itself into two parts of which one pays their wages and the other is the profit of the employer". What Marx did was to call this second of these parts "surplus value" and to represent it as fraudulent." Marx makes much play with the two formulae representing the circulation of commodities, $C-M-C$ where commodity is exchanged for money and subsequently reconverted into a commodity and the alternative circuit $M-C-M$ in which money purchases a commodity which is again transmuted into money or since the capitalist is marked by a boundless greed after riches, the formula should properly be $M-C-M^1$ where $M^1=M+SM$. In the first formula there can be no increase because equivalents are exchanged for equivalents; in a sentence which sums up the perverseness of the Marxian theory of value, "the value of a commodity is expressed in its price before it goes into circulation and is therefore a precedent condition of circulation, not its result." Nor can a surplus emerge from circulation of commodities merely by selling them above their value; for in that case what one gains other loses. After further refinements, Marx concludes that the source of increase of wealth must be sought in the first portion of $M-C-M$ thought not in the value of the commodity bought, which is indeed paid at its full value. The source must lie in its use-value. There must be somewhere in the market a mysterious commodity "whose use value possesses the peculiar property of being a source of value, whose actual consumption, therefore, is itself an embodiment of labour and consequently a creation of value" (Marx Vol. I 186). This mysterious commodity is labour-power which according to him "is a source not only of value, but of more value than it has itself."

This labour power Marx calls it "variable capital." The capitalist buys and sets to work on the various means of production like raw materials, machinery which he calls "constant capital". Now according to him the labour has the unique property of producing more than is required for its subsistence and replacement. The worker receives wages only what is sufficient to maintain himself and if it took whole day's work to produce this, the question of surplus value would not arise at all. In such a case it would not be to the advantage of the employer to employ such a kind of labour. What in fact happens is, that a man works for 8 hours in a day and in the first four hours which Marx calls "socially necessary labour" he produces all the value that he is to get as wages. Of the value produced in the remaining period, he gets nothing and it is stolen away from him by the employer. The difference between the value created during the period of socially necessary labour and that created during the period in excess of it what Marx calls "surplus value" and is the measure of the exploitation of worker. Thus the value produced by the worker far exceeds the value of his means of sub-

sistence, that is the value of his labour power which he receives from the capitalists as wages. Variable capital i.e. labour according to Marx alone produces value and constant capital produces none. Machinery is nothing but a "stored up labour" i.e. something upon which the labour has already been expended. Modern economic theory teaches us that the production of anything that has value requires the cooperation of four agents of production, namely land, labour, capital and enterprise. Each of these agents receives a share from the product in the form of rent, wage, interest and profit. Marx rejects this view and isolates labour from other factors of production. It alone is the source of value and is alone entitled to the value it is alleged to create. Marx argues that the profits are created solely by surplus value and as labour is the sole value producing agent the rate of profit will depend upon the proportion of labour (variable capital) to machinery (constant capital) which he calls the organic composition of capitals employed in an undertaking and will thus tend to fall in proportion as technological improvements lead to the employment of less labour. Although this conclusion followed from his premises, yet it does not hold in practice. Marx (not the present so called marxists) was aware of this difficulty to which he refers in a letter to Engels of August 1862. Luckily Marx did not face this difficulty and matter rested till 1883 when he died. At this point it must be stated that there can be no surplus value unless it is realised by the sale of the commodities. Surplus value exists only in so far as it is realised and thereby is measurable. Productive labour is one which produces surplus value which produces commodities for sale at a profit for an employer. Who are the producers of surplus value in an establishment? Surplus value does not ooze out in measurable quantities out of the finger tips of the men tending the machines. We do not know how much surplus value is created unless it is realised. This is impossible without the services of clerks, salesmen, government etc.

Marx's demonstration, according to Joan Robinson amounts to tautology, that if wages are constant, the rate of profit will fall as capital per man increases.

What, after all this, left of the labour theory of value? We are asked to believe that there is an abstract property called value which belonged to any labour-produced commodity and which purporting to be its exchange value does not in fact correspond to its price or even to its average price. Secondly we are asked to believe that there is a second abstraction called surplus value which determines in general but not profits in particular. At first Marx says that the value of a commodity is equal to the amount of labour put into it and if he had stuck to this position at least he would have made clear in what sense he was using the term. But then he goes to call this value as exchange value and spends many pages of his book to describe how the value of one commodity is expressed in terms of the other, thus inevitably suggesting that

they actually tend to exchange in accordance with the relative amounts of labour required to produce them. He then confesses that in fact they do not exchange in this manner and only would do so, but if the same proportions of capital and labour were employed in their production and thus he ends by confusing himself and his readers. At last he is compelled to admit that exchange value is governed by the market i.e. by the laws of demand and supply which make nonsense of his theory that value is derived from labour only.

The Marxist argument that capital produces value only when labour is applied to it, is childish like that of medieval Schoolmen. Labour without capital is unproductive.

The defects of the foregoing analysis are sufficiently clear. In the first place, Marx entirely ignores the element of time which Marshall emphasises in his PRINCIPLES. He also fails to mention the importance of direction and managerial functions. Apart from these two difficulties the explanation offered by Marx suffers from two inherent contradictions, from which it never escaped and on which it made finally shipwreck in the third volume. In the first place if all profits spring from labour i.e. variable capital and none from machinery then it is height of folly to introduce machinery and it is a poor explanation to suggest that the capitalist does not know what he is doing. The other flaw is more fatal. If profits spring only from labour employed and not from the constant capital, then the rate of profit in different industries will vary, according as the proportions of variable capital is high or low. When there is much variable capital in agriculture the rate of profit should have been very high, but unfortunately to Marx and Marxists the profits tend to be very low. In industries, on the other hand, the profits are very high in spite of the fact that the proportion of constant capital to variable capital is greater. Marx admitted with praiseworthy frankness that the observed facts were in glaring contradictions with the law so ascertained. "For the solution of this apparent contradiction many intermediate terms are as yet wanted, as from the standpoint of elementary algebra many intermediate terms are wanted to understand that % may represent an actual magnitude." Marx remains as one of the riddles of the 19th century. His theory of value and surplus value according to Beer have rather the significance of a political and social slogan than of an economic truth. Prof. Laski dismisses the theory of value as one that has not stood the test of criticism as out of harmony with the facts and as far from self-consistent. Marx is a legend; he is in a Sorelian sense promulgator of myths where truth is a secondary consideration, so long as the myth embodies what one wishes to believe and so long as the belief has power to inspire action.

According to Popper the whole of Marx's theory of value is redundant. If we assume a free market in which there is always a greater supply of labour than there is demand for it; the law of demand
(Continued on page IV)

Prof. Shenoy on German Recovery

ACCORDING to the Governor of the Reserve Bank of India, Erhard's policy of market economy is not suitable to India because the conditions in India and Germany are divergent. It was regarded as a sort of gamble and its success was mainly due to discipline and hard work of the German people. In India it would be worse than a gamble but Prof. Shenoy has logically and conclusively proved in his article (Times of India, 25 September) that the safest and best formula for the economic policy for India is free social market economy, plus planning and plus zero inflation. He is of the opinion that it is not State control and intervention alone is the most suitable policy for India." The test and measure of economic development is in the curve of production. For this curve to rise steeply the two basic needs are firstly, full and sustained effort on the part of every individual in the field most congenial to his nature and secondly maximisation of the economic surpluses to strengthen the capital base of the economy, so that output per individual (and production curve) may keep rising continually. This process of expansion would be endowed with stability if the effort to produce and the urge to save are the result of free will and choice of individuals. Erhard's free market economy answered the conditions eminently. The regime of controls and governmental regulations harassed enterprise closed the springs of production. Planned development (in the sense of total plan) as experience has shown detracts from a maximisation of the national product to a given supply of resources, as it produces internal conflicts and resistance, leads to wastage, which attend the inevitable errors of judgement on the distribution of resources and has built in biases against quality, efficiency and due care of equipment".

Prof. Shenoy argues that of the need for free market policies is particularly great in underdeveloped countries where income being close to the margin of subsistence, increased savings are unpractical without stepping up production; this renders it imperative that every possible care be taken

(Continued from page III)

and supply becomes sufficient to explain all the phenomena of "increasing misery" without bringing value into it.

Keynes has described Capital as "obsolete economic text—not only scientifically erroneous but without interest or application of the modern world."

In conclusion we can say in the words of Prof. Gray that "nowhere is there in print such a miracle of confusion, such a supreme example of how not to reason. If at the end of the end of the volume Marx has gained the assent of his readers, it is assuredly the assent of despair and weariness and not the assent of enlightenment."

to avoid administrative and policy measures which may dampen efforts and enterprise, even as in area of scarce water supply prudence demands due care and attention of the few cases provided by nature."

"Our economic policies" according to Prof. Shenoy "are moving more and more in the direction of German policies when Erhard took over and like them are tending to have a wet blanket effect on enterprise and output. In the field of agriculture which accounted for 45 to 51% of Indian national income to the already existing legislation is threatened to be added other measures of similar character. These factors have detracted from sustained and intensive effort; increased agricultural output depends more than ever on weather conditions. In the field of industry, too, we have a wide range of hampering governmental intervention and regulations."

"In the context of the official view exchange control and inflation are, so to speak, the inevitable attributes of developing economy, it is interesting to hear Erhard say that exchange control is the "worst form of disorder" that it is "utterly ridiculous" to speak of its being necessary to maintain "order" and whoever may rescue Europe from it "will have done more for Europe than all politicians, statesmen, M.Ps. businessmen and civil servants put together". The fundamental "disorder" caused by two decades of exchange control in India in the field of production, prices, exports, concealments of income, anti-socialistic shifts in income distribution and black marketing confirm this."

"In underdeveloped economies private capital may not be readily attracted into basic industries in the early stages of development because of low returns and long gestation period. To ensure unhampered and speedy growth of the economy, it becomes necessary for the State to provide these basic needs in socio-economic overheads. This would not, however involve any tampering with the free market forces. It is also the responsibility of the State to prevent monopolies, trusts and cartels, as they are abhorrent to the rules of free market economy."

The only conclusion that Prof. Shenoy has drawn from the present economic scene of India is that only market economy and not controlled economy will lead to rapid economic development of the country. This view he has expressed in a beautiful sentence "the safest and best formula for an economic policy for India is free social market economy, plus planning, plus zero inflation". In other words we have to turn to West Germany and not to Russia for solving our present economic ills. Planning in India has actually become a path to poverty; to make it a path to prosperity we should adopt Free market economy and Prof. Shenoy is perfectly right.

G. N. Lawande

Case of Comrade Krishna Menon

By "Democrat"

THE recent Defence Ministry crisis and the Parliamentary debate and comments in the press and the public at large following it, showed firstly, that there is deep discontent in the armed forces against the Defence Minister and, secondly, that there is wide distrust among Parliament members of the bona fides of Mr. Krishna Menon. It is true that by his usual persuasive methods, the Prime Minister has succeeded in averting a crisis which would otherwise have been very serious. But it must be said in fairness to the nation that in shielding Mr. Krishna Menon, Mr. Nehru has not averted the threat to India's security, which Mr. Krishna Menon as Defence Minister constitutes. In fact, the immediate task of the Government of India is, as Manchester Guardian aptly put it, "to defend India from its Defence Minister."

The immediate causes that precipitated the crisis are that the Defence Minister interfered too much in the day-to-day administration of services, that he showed scant regard for the advice, experience and susceptibilities of the top officers of the three wings of the armed forces viz. the army, navy and air force, that he planted his own favourites at strategic positions in the Services and maintained direct contact with them over the heads of Service Chiefs, that he was motivated by political considerations in promoting officers in the Services and

(Contd. from page 10)

Minister Nehru still pins his hope on negotiations with Red China. The mistake that Mr. Nehru is making is also a mistake that Mr. Eisenhower has committed in inviting Khrushchev to U.S.A. If Khrushchev's visit to U.S.A. has any meaning to Free World, and specially to U.S.A. and India, it is to come closer to each other, and have a joint plan for Asia and Europe, which can counter the pincer-movements from Moscow and Peking. Both Mr. Eisenhower and Mr. Nehru should forget the fact there can be "co-existence" between two incompatible political ideologies. Free World may wish that it can be left free to go its own way BUT the communist nations do not believe in it. And that is the rub in the thinking of statesmen like Mr. Eisenhower and Mr. Nehru. If the leaders of U.S.A. and India do not learn by the latest fulminations of Khrushchev, public opinion in both countries should bring pressure on them to reorient their policies towards Moscow and Peking. That is the lesson both American and Indian public have to learn from the visit of Not-So-Innocent Abroad—Nikita Khrushchev.

that he constantly encroached upon the spheres of powers, rights and privileges of the Service Chiefs.

But there are deeper causes for the loss of confidence of the public in Mr. Krishna Menon, which Mr. Nehru in spite of being aware of, has left unanswered. These are that Mr. Krishna Menon is an active sympathiser and propagandist of international communism, ardent fellow-traveller and would do anything which would advance the cause of communism. This impression about Mr. Krishna Menon is irrefutably buttressed by the fact that while many a Congressman in Parliament, in his private conversation and lobby talks, expressed serious concern over his political affiliations and his mishandling of the Defence Ministry, the communist Members of Parliament, to a man, rallied behind him to rescue him from his distress.

This was, however, not for the first time that the communists lent their support to Mr. Krishna Menon. As a matter of fact, the Indian communists are very devoted to Mr. Menon. Prior to the General Election in 1957, Mr. A. K. Gopalan, the communist leader, declared that if Mr. Krishna Menon had stood for Parliament from any constituency in Kerala, the Communist Party would not only have pledged him its whole-hearted support but would have also seen that he got elected unopposed. Mr. Gopalan even added that had Mr. Menon contested from his own constituency, he would have willingly withdrawn in his favour. In spite of being a constituent unit of the Samyukta Maharashtra Samiti, communists in Bombay openly helped Mr. Menon to win in the General Election and defeat the Samiti candidate who opposed him. "New Age," the Communist Party organ, came out in open support of Mr. Krishna Menon. This glaring inconsistency of the Communist Party in support of Mr. Menon was regarded by supporters of Samiti as betrayal of the Samiti and they made no secret of their strong resentment against communist opposition. While Indian communist leaders have attacked every Minister in the Union Cabinet, including Mr. Nehru, they have not only spared Mr. Krishna Menon but helped to build his stock.

It is a well-known fact that Mr. Krishna Menon has been for a long time an active sympathiser and spokesman of the communist countries. While in England, he was closely associated with the communists since 1936. As a member of the British Labour Party, he was conspicuous by his devotion and attachment to its fellow-travelling group. It was due to his efforts, that many members of the notorious communist front, the League Against Imperialism, were elected to the Executive Com-

mittee of the India League. When, on being ordered, he refused to disassociate himself from the communists, the Labour Party which had selected him as its candidate for Dundee in the General Elections, had to reject his candidature. During the Second World War, Mr. Krishna Menon followed the communist line. At first, the War was "an imperialist war", but as soon as Hitler attacked Russia, it became a "people's war" with the result that he became extremely critical of Congress opposition to the War. The India League, of which he was the moving spirit, even refused to endorse the "Quit-India" resolution adopted by the All-India Congress Committee on August 8, 1942. Those Indians who did not like Mr. Menon's anti-national activities resigned from India League and founded Swaraj House. Mr. Menon's associations with the British Communist Party were so deep, that when India became independent, the Ailee Government was reluctant to agree to his appointment as India's High Commissioner in Britain; it was persuaded to agree only under considerable pressure.

Nominated to represent India at United Nations General Assembly since 1947, Mr. Menon has consistently taken a pro-Soviet stand often to the consternation of his colleagues in U.N. and of the public at home. There has never been an occasion when he has not blatantly attacked the West and insulted Western diplomats on the floor of the U.N. On issue after issue, he has used his position and prestige as India's delegate in emphasising the communist point of view and explaining away the communist crimes. During the Korean war, Mr. Menon wanted Korean prisoners to be handed over to the communists without giving them a chance to choose where they wanted to go! At the time of the Hungarian revolution in October 1956, Mr. Menon was anxious to prove the innocence of the Russians while they were brutally killing thousands of brave Hungarians by means of tanks and guns and destroying the newly-gained independence of the small country. He described the Hungarian uprising as nothing more than a minor riot similar to that, which had taken place in Ahmedabad then. In U.N. debate on Hungary, instead of abstaining as instructed by the Government of India, Mr. Menon voted with the Soviet bloc. Mr. Menon's crass violation of Government of India's stand on Hungary shocked Indian people so much that men like Mr. Jayaprakash Narayan demanded his immediate withdrawal from the U.N. Again Mr. Menon tried to justify the Chinese seizure of Tibet. Contrary to history, he declared that Tibet was a part of China for the last, 4,000 years.

For the services rendered to the communist bloc, Mr. Menon received warm praise from the late Mr. Vyshinski. The wily Soviet diplomat described Mr. Menon as an "honest man." And what do the communists mean by the word "honest"? Here is what Vyshinski himself says "A real internationalist is one who brings his sympathy and recognition upto the point of practical and maximum help to the

U.S.S.R. in support and defence of the U.S.S.R. by every means and in every possible form. This is the holy duty of every honest man everywhere and not only of the citizens of the U.S.S.R."

It is no secret that Mr. Krishna Menon helped the communists in Kerala to come to power. Chosen by the All-India Congress Committee to maintain liaison on behalf of Congress with the Kerala Pradesh Congress Committee, he from the outset opposed any understanding or electoral arrangement between Kerala Congress and other democratic parties in the State like the Praja Socialist Party and the Muslim League, thereby ensuring the emergence of the communists as the majority party in the Kerala Assembly. After the communists assumed power, they found in him a very useful ally. Whenever, due to their slender majority in the Assembly, the Communist Government in Kerala faced the possibility of being out of power, Mr. Krishna Menon came to their rescue. He put every possible hindrance in the way of the Congress campaign in the by-election. He prevented Congressmen from referring in their speeches to the atrocities committed by the Soviet and the Chinese Communist Governments and to the complete lack of freedom in countries ruled by them. He did not allow them to quote the events in Hungary, Poznan and East Berlin, where the people had risen in revolt against communist tyranny. He did not even permit them to refer to the well-known link between Indian Communists and Moscow and Peking. He directed Congressmen to confine themselves only to local affairs.

Thus, deprived of most effective arguments against communists, the Congress Party in Kerala was made to lose the by-election so that communists could continue in power. Even when there was intense agitation and mass upsurge against the Communist Ministry which ultimately led to its dismissal by the President, Mr. Menon never opened his lips even to refer, let alone condemn, the communist atrocities in that southern-most part of India! Whenever he was in Bombay in recent weeks, he was consistently asked by Congress workers themselves to express his views on the Chinese massacre of countless Tibetans, the misdeeds of the Communist Ministry in Kerala and the threat the Chinese border manoeuvres constitute to India's security. Mr. Krishna Menon refused to answer the first two questions while he remained delightfully vague on the last! Also in Bombay, Congress workers who have been conducting the INTUC-affiliated and recognised Indian Naval Dockyard Workers' Union found themselves in a quandary when Mr. Krishna Menon instructed the local Naval Officers to give all facilities and preferential treatment to the communist-dominated, unrecognised Indian Naval Dockyard Employees' Union. Congress Trade Unionists in Bombay are afraid that Mr. Menon is trying to build up the communist union even though it does not command the loyalty of any appreciable percentage of workers.

(Continued on page 13)

Mr. Menon Poses a Problem

(From Our Correspondent)

THE General Secretary of the Samyukta Maharashtra Samiti, Mr. S. M. Joshi, deserves the congratulations of the country on having taken the Press into his confidence regarding his intention to make a strong appeal to Mr. Nehru during his visit to Bombay to condemn publicly and in unequivocal language the Communist campaign against the Army Chief of Staff and the latter's villification as a stooge of Anglo-Americans and capitalists, particularly as the Army Chief is not in a position to reply and the campaign is likely to have grave repercussions among the rank and file of the Army. The proffered resignation of the Army Chief on account of temperamental differences with Defence Minister Menon has already created a stir in the Defence services. A straw shows the direction of the wind and the Government cannot afford to ignore the Secunderabad function at which Minister Menon rose to speak in pin-drop silence while the Army Chief of Staff, who rose after him, was greeted with thunderous applause.

LOYAL TO NEHRU

It would be a very sad state of affairs for the country if the divergence between the civil and military authorities is allowed to develop at a time when the greatest harmony should prevail between the two. It has been front-paged in almost all dailies without contradiction that the Chiefs of Staffs of the Air Force and the Navy would have followed the Army Chief, had the latter's resignation been accepted, and many front-rank officers of the Defence services would

(Continued on page 12)

All these facts point to one thing: that Mr. Krishna Menon cannot be relied upon to carry on major national responsibilities. No fellow-traveller of the communists can be loyal to his own country.

So far as the Defence Ministry is concerned, it would be dangerous to keep Mr. Menon at its helm. Since Mr. Menon became Defence Minister, all has not been well in the Defence Ministry. There is much discontent against him in all the three wings of the armed forces; this discontent will stand in the way of effective functioning of the Services at a time when they must be at the top of their morale. Further, Mr. Menon's "temperamental" behaviour cannot be a good asset when the country's security is at stake.

—Freedom First

have followed in their footsteps. It has also been published without contradiction that Mr. Menon has been in the habit of ringing up the Army Chief at all odd hours of the night. The implications of such conduct are clear for any intelligent mind, but Mr. Nehru's favourites have always believed with very good reasons that they can do anything they like with impunity so far as Mr. Nehru is concerned, so long as they are loyal to him.

In the National Herald over whose destinies Mr. Nehru presided 20 years ago, the Managing Director bungled seriously and Mr. Nehru declared at a meeting of the Board of Directors that the Managing Director hadn't even the brain of a village *patwari*. We on the editorial side thought the remark involved the exit of the Managing Director and said as much to Rafi Kidwai, who was also a director. "But how can he go?" asked Rafi, adding, "He is loyal to the Nehru family." Kidwai was right. The man who hadn't the brain of a village *patwari* remained managing director of the Company and went on mismanaging it. I am reminded of this in connection with the conduct of Defence Minister Menon. Now Mr. Nehru is operating on a much larger plane, but the *modus operandi* remains the same. What does it matter what happens to the country, so long as Mr. Menon is loyal to Mr. Nehru? And Mr. Menon recently declared at a meeting of the Congress Parliamentary Party that he is and is going to remain loyal to Mr. Nehru.

DIFFERENCE BETWEEN PAKISTAN AND INDIA

There is a difference between the results of alignment and non-alignment which has been made obvious by the recent behaviour of our neighbour, Pakistan. The Chinese troops come and occupy thousands of square miles of our territory and the Prime Minister is, as it were, struck dumb. At least for years he says to himself, "Mum's the word!"—until the newspapers of the country make it impossible for him to keep the aggression a secret any longer. Foreign aircraft flies over Pakistan and the Pakistan Government at once issues a communique and sends notes to Governments possibly concerned warning the owners of the aircraft concerned of the grave consequences likely to follow such violations of Pakistan air space. The aircraft came from the direction of Afghanistan, Russia and China and notes of warning have been addressed to all these three states. Perhaps this is "blackguardly language" of cold war, which gentlemen like Mr. Nehru can never use, and India has there-

fore no alternative to submitting to aggression. Indeed, in our own case, the Prime Minister even refuses to send our aircraft over our own territory lest it is shot down by the Chinese and he is, as a result, tempted to use cold war language at least to keep up appearances. Why take unnecessary risks? seems to be his logic.

Nearly three hundred miles of the northern part of Kashmir now in the occupation of Pakistan is included in the Chinese maps as Chinese territory. Some journalists here are prepared to take any bet that the Chinese will never dare violate Pakistan territory for fear of instant retaliation by Pakistan forces. A bully is a bully only with cowards; face to face with brave men, who are not prepared to stand any nonsense, he is a perfect gentleman. Cowards make bullies what they are. Of course, if China is afraid of Pakistan, it is on account of her military alliance; and greatest the objection to military alliance in India seems to be that it will, first and foremost, make India safe. But that goes right against the grain and our ancient and cherished traditions of slavery. That is obvious from the support to non-alignment forthcoming from all parties in the country.

MR. MENON'S LOGIC

Mr. Krishna Menon is reported to have blurted out at a Press Conference in Bombay that if the whole of our Army is engaged in far-off mountainous jungle border areas, a neighbouring country might take advantage of it to invade our territories. This is, of course, quite true, and has set people thinking furiously in the Capital. But, it is argued, if that neighbouring country is so minded it can take advantage of the situation and enter into a pact with China to invade India simultaneously as Hitler did with Stalin against Poland. When Suhrawardy visited China a few years ago, as Prime Minister of Pakistan, he was reported to have offered Ladakh to China on the basis of division of Kashmir between China and Pakistan. True or false, this report might have been spread by the Chinese, as it suited their purpose. It may well be that it was this piece of information or this fear which was at the bottom of the Indian Government keeping mum while the Chinese built a road right through Ladakh from 1954 to 1957. If so, it is being asked, is this to be a precedent for inaction against the Chinese around the MacMahon Line? Is our Army just enough, or almost enough, to look after our 2,500-mile long border with China? If so, we must do our best to increase its strength as fast as we can and as much as we can. This has to be done in any case, considering the size of the Chinese Army.

But the serious problem posed by Mr. Menon demands a solution. It is obvious, it is being emphasised here, that we cannot fight both Pakistan and China, however powerful our defence forces may become within a measurable distance of time. For, in that case, neither Russia nor the western

powers will come to our aid. We have to choose between the two. We have to decide which of the two we can be friendly with, which of the two is the more ruthless foe, which of the two can be relied upon, either on its own suation or as a result of pressure of friends, to keep its word if and when a peaceful settlement is made with it. There can now be no doubt in any honest mind regarding the answers to these questions, particularly now that it is transparently clear that China has double-crossed us.

This leads us to the proposition that we should patch up our differences with Pakistan and settle our quarrel over Kashmir. We were of course in an unassailable position when Kashmir acceded to India and we sent our troops to defend Kashmir against the invaders. But, it is being publicly asked now—so far it had only been whispered in private—Did our position in Kashmir remain unassailable when we invaded Hyderabad? We annexed Kashmir on its Hindu ruler's invitation to do so, and we annexed Hyderabad on its Hindu population's invitation. In Kashmir the ruler acceded to India, in Hyderabad the people. That is what it comes to—heads I win, tails you lose!

STANDING ON PRESTIGE

The situation, it is being emphasised over and over again, is too desperate for the country to stand on prestige. National dishonesty often leads to wars: today it is the greatest asset of international communism. Since we were never afraid of Pakistan, we have been indulging in it. But the time would appear to have come, it is being underlined here in realistic circles, to give it up to save the country from its friends like Mr. Menon. The need of a defence system from Burma to Pakistan is obvious, if the three countries are to stand successfully the challenge of Communist China. After all, the territories shown as Chinese on Chinese maps belong to all the three countries. We can go on indulging in make-believe or we can offer a united front to an enemy too big for any or even all of us. That automatically leads us to alliance with the western powers.

We should therefore grasp the hand of friendship extended by Gen. Ayub Khan, agreeing with him that otherwise we shall be defeated in detail. That of course presupposes that we are prepared to recognise our main enemy as our enemy, which we do not at present seem inclined to do. To say that our forces cannot be deployed on the northern frontier for fear of Pakistan pouring her troops from the western frontier is to play the Communist game, unless we at the same time try to come to terms with Pakistan. To raise the bogey of Pakistan is to play the Chinese game. What we have now to do, and do as soon as we possibly can, is to join hands with Pakistan to prevent war with China. Wars, and more so aggression, should be prevented rather than risked, parti-

cularly as we do not seem to be in a position to use force to drive out the aggressors.

How long is India to base her foreign policy on the fear of being called "American stooge" by interested parties, like the Communists? Is it wisdom on the part of any country to frame its foreign policy on the basis not of security but of an offensive phrase used by a power or its agents to prevent her to make alliances, with the only bloc which can ensure her safety? To do so is to play the game of the powers which seek to devour us, as they seek to devour other countries. We should seek to fathom the main process at work, rather than look at one or two incidents as if they were isolated and not interconnected, and say: "Thank God, the worst is over!" The worst will not be over till the "liberation" is complete. Offensive words and phrases are not used in a mood of absentmindedness. They are calculated to gain an objective. In our case the calculation proved correct, as our Prime Minister was well-known to be not only highly sensitive but also ego-centric. But is it not time, in all conscience, when the country's existence itself is at stake, to revise the whole basis of our foreign policy and scrap it altogether in favour of alignment and what goes with it—security? So far our foreign policy has been ensuring only insecurity for the country. That is now obvious to every one, except Mr. Nehru and Mr. Menon.

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Book Reviews

PROSPERITY THROUGH COMPETITION by Ludwig Erhard. Published by Asia Publishing House. Price Rs. 15/-.

Professor Ludwig Erhard, rightly known as "the wizard of Germany" narrates the successful story of the German miracle, in his book "Prosperity through Competition," which first being published in 1957, has gone into several editions.

Germany was shaken to the bones after World War II, her industrial centres blown up, her economy ruined by an unprecedented inflation. Yet, in less than 12 years, Germany (West) has emerged as one of the most powerful nations with an impressive prosperity. There was nothing mystical about the secret of her success, says Prof. Erhard. "The most successful means for the achievement and retention of prosperity is competition. Only by competition can an economy expand to serve all people, especially in their capacity as consumers and dissolve all advantages that do not result directly from higher performance. Free competition thus leads to progress and profits the whole of the social order." Professor Erhard has no beliefs in controls, rationing and licencing which cannot serve any useful purposes except as purely war-time or expeditionary measures. The government, by al-

lowing and enforcing fair and free competition can achieve a virile, advancing and a more productive economy, whereas by setting up restrictions and interferences with the market forces it will only discourage initiative and tend to an equalizing of performance at about the level of the drones and incompetents. Professor Erhard has proved by deeds that he is not a mere visionary or a pedant. The economic consequences of Professor Erhard's policies in Germany are clearly visible: Germany today is the third largest producer of steel in the world and a major exporter of engineering chemical and light industrial products. In Germany, unemployment is almost negligible and the worker's real wages have advanced by 60% since 1950. Exports have risen from 5.2% of the gross national income in 1949 to 16% in 1956.

These results are a challenge to the rest of the world whose economy is backward like India. If free economy can restore the balance to the war-torn economy of Germany, there is no plausible reason why the same principle cannot be profitably applied to secure prosperity to a country like ours, especially when it is aided by a flow of foreign capital.

But the whole lesson of Germany seems to have been lost on our leaders, who are bent upon playing down the German miracle—for obvious reasons. Being unable to retrieve the Indian economy from the chaotic muddle that their own lop-sided Five Year Plans have induced, they find it convenient to shift the blame on private enterprise for the ills of the country. Thus we find Pandit Nehru revivilling at free economy, equating it with the "jungle law" and the economic "experts" of the Planning Commission saying amen to this piece of naivete. But economic problems can hardly be settled by polemics.

THE ROLE OF JOINT STOCK COMPANIES IN INDIA'S ECONOMIC PROGRESS—A Collection of Authoritative Essays published by Jaico Publishing House 125, Mahatma Gandhi Road Bombay 1. Price Rs. 2/- nett.

At the present moment our leaders are urging the people to apply the cooperative principle in economic activity in order to achieve rapid economic development of the country, but the joint stock companies which offer a fine example of cooperation are completely ignored in our country even though they played an important part in India's economic development and will play an important role in future too provided a proper climate is created in their growth. As it is, our Industrial policy is detrimental to their growth and those who really wish to know how the present fiscal and industrial policies are retarding the progress of these industries should read this small book, which contains nine essays written by eminent persons and who are authorities in their fields of work. It is a book that will help not only the students of economics but it is highly valuable to directors and executives

of companies who really wish to know the present aspect of India's economic life.

At present there are about 35,000 companies which are mainly responsible for the industrial and economic development of our country. As a matter of fact they legislate the standards of living of the people. They represent economic democracy in action and provide the useful countervailing forces in society which no democracy can survive." These essays were the lectures delivered by the authors under the auspices of FORUM OF FREE ENTERPRISE—an institution which renders a great service to the country by publishing those "beautiful pamphlets" which our Prime Minister referred to while attacking private enterprise.

We cannot develop an underdeveloped country like ours unless there is freedom in enterprise as well as in management. At present our businessmen are behaving like cowards and they are afraid to express their frank opinion as regards the inroads of Government into business. It is the duty of the Government to create a confidence in the capital market if it is planning for the welfare of the people but the present taxation policy is certainly detrimental to create that climate which is essential for the growth of our economy. At present power of the State is increasing and it is extremely dangerous for the power of State to grow in the economic sphere. "State capitalism makes the State a powerful weapon and a prize which people will fight over sometimes with unscrupulous and unconstitutional means. It is only by having economic power evenly distributed over a large section of the population of the country can democracy be easily preserved. In this context the role of private limited companies which are conducive both to economic advancement and expression of individual initiative and enterprise becomes significance in our young democracy." At present companies and shareholders are poorly treated by our national Government, but in spite of this callous treatment they have preserved and continued to strive for the growth of the country and that is a sure sign of great nationalism and patriotic zeal of the companies which form the backbone of free enterprise in India and of the shareholders who come from the ranks of the common man. If the Government really wants our country to industrialise our country within a short period, then it is essential that a fair deal should be given to the companies and to their shareholders. At present the companies are unable to bear the heavy burden of the taxation on load that is imposed upon on the recommendations of Dr. Kaldor. As a result of this, the companies have no incentives to expand their activities with the result that unemployment is increasing.

Our aim is to eradicate poverty but this can be achieved by proper cooperation between the Government and the private enterprise. By emphasizing heavy industries at the cost of consumer goods industries, we are generating inflation in our coun-

try which is certainly detrimental from the point of economic progress. Government can control wealth and reduce income in order to achieve an egalitarian society but it is beyond the power of the State to control or reduce the intellect. It is natural that some people should lead and others follow them. "We should achieve a state in which no workman is exploited but every worker gives his best efforts and gets his adequate rewards in proportion to his efforts; a society in which there are no parasites and where every man is given full opportunity and in turn contributes his full share to the development of our country. Let us work in that direction and our country will certainly achieve a rapid progress provided our government will not fail us in our hopes and frustrate our ambitions.

ENGLISH IS STILL BENEFICIAL

The propagandists must therefore stick to their weeks ago raised the hopes of those who oppose the early adoption of Hindi as the official language; but the Home Minister's speech at the end of the debate lowered them again to a point scarcely above where they were before. There is no general agreement; the subject is still alive.

The propagandists must therefore stick to their job, and one is glad to see Mr. Ranganathan join their ranks.* He writes in a temperate style; he embellishes his discourse with telling and pleasing historical references, and he is not content to repeat in different words what others have said before him.

His central point is that education in English has been beneficial, not merely in some particular directions but on the whole; it has helped, not stunted, the Indian languages, for example; and there has been no such great change that we can decide that that phase in the national life has come to an end. Neither Hindi nor any of the other Indian languages is yet fit to replace English, for administration or for higher education, and it will be a long time before they become fit.

The right policy therefore is to keep English where it is for the present. Mr. Ranganathan condemns not only the Hindi enthusiasts but the Tamils, who have decided to get rid of English as the medium of instruction in the colleges of Madras State four years from now.

He sweeps aside the proposal that foreign books should be translated, but is scarcely severe enough on it. For education the proper policy is to teach English more widely than has been done in the past. It is a matter of common experience that this policy would be popular: there is very strong demand, even among poor parents, for English education for their children. Moreover it is still a practical policy, though if present trends continue it will soon cease to be, for the number of teachers

* English or Linguistic Chaos, by A. Ranganathan (Libertarian Social Institute, Bombay. Price 25 nP.).

who can teach English will soon begin to fall.

This eloquent pamphlet ends with a statement which may cause offence, but is very hard to dispute: "The future of modern democratic India depends on the choice we make between Hindi and English. Hindi sentiment would take us into a mediæval backwater; all round progress in the modern world can be sustained only if we continue to use and spread English."

—Mysindia

NEWS DIGEST

AFGHANISTAN AS RUSSIA'S GATE-WAY TO INDIA, PAKISTAN, IRAN

In an editorial on "Cold Wind Through The Khyber" the Sydney Morning Herald (September 1) writes:

The U.S. State Department's assessment of the extent of Russian penetration of Afghanistan is at once a reminder that danger in Asia does not come from Chinese expansionism alone and an acknowledgment of an American defeat. Strategically, Afghanistan could be to Russia what Tibet is to China—a bridgehead from which to exert political and military pressure on neighbouring Asian States. The Americas figures, which square with Pakistani evaluations, suggest that Afghanistan's freedom of action has already been whittled away past the point of no return, and that she is well on the road to becoming as helpless a puppet of Russia as Tibet is of China.

The stage of Russian military occupation has not yet been reached, but the way has been thoroughly prepared for it, and it could be carried out with no difficulty, perhaps under the form of a "mutual defence treaty," whenever Moscow judged the time ripe. Meanwhile, the process of binding Afghanistan hand and foot to Russia continues at an accelerating pace. Ten years ago, only 10 per cent of Afghan foreign trade was with Russia; four years ago the figure had risen to 18 per cent; today, a series of long-term barter deals on the familiar Soviet pattern has brought it up to 50 per cent. Of the remaining half, a considerable proportion has been diverted from its normal outlets through Pakistan to Russian ports.

Russian economic aid during the past four years is estimated at £85 million, with an additional £25 million in direct military aid. The Afghan Army and Air Force are Russian-equipped and Russian-trained, and consequently entirely dependent on Russian supplies and replacements. Afghanistan, in short, provides a classic example of the success of a policy of peaceful penetration—a success the more remarkable because it was achieved in the face of strong American competition.

Russia's primary object in extending her influence into Afghanistan is presumably to open the way to Pakistan. One of the many constants of Russian foreign policy, whether under the Czars or the commissars, has been to secure a warm-water port on the Indian Ocean, and the threat of a Russian attack from the north haunted the British administrators of India for a century. It was therefore British policy to preserve Afghanistan as a buffer State. That buffer is now crumbling, and Pakistan can already feel the cold wind blowing across the northern passes. But it is not only Pakistan which is threatened. Russian penetration of Afghanistan must be a matter of hardly less concern to Persia and to India, for to both these States it represents the second jaw of Communist pincers. Whether the Asian policies of Russia and China are concerted or in secret competition, the threat their policies pose to their neighbours is coming increasingly into the open.

PORTUGAL'S CASE AGAINST INDIA ARGUMENT AT THE HAGUE

Hague: Portugal told the International Court of Justice here that this was the first time in history that there had been a denial of her sovereignty in her Indian enclaves.

"That treaty," he added, "expressly legitimated the right of passage necessary for occupation—Reuter.

U.S. AID FOR CANAL PACT

Washington: Douglas Dillon, United States Under Secretary of State, said here today that negotiations between India and Pakistan on the waters of the Indus basin "have progressed to the point where ultimate success now appears to be in sight."

"Accordingly, the Government of the United States has informed the Bank that it is prepared to consider participation in financial assistance to the Indus waters project.

POOR MAN'S PARTY

Here is another proof that has incidentally come out of the Congress being the poor man's party.

As per the balance sheet of a mill in Coimbatore, for the year ended December 31, 1958, the com-

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pany had incurred a loss of Rs. 1,27,403 before providing for depreciation. Nevertheless, a donation of Rs. 10,000 has been given to the Congress funds.

CHINA'S REPLY TO INDIA'S REASONABLENESS

How India's hope to settle the Indo-Chinese border disputes and incidents is welcomed by China is indicated by the following:—

1. China has decided not to participate in the World Agricultural Fair at New Delhi from December 11, cancelling their earlier booking of 70,000 square feet.
2. They have singled out India for non-invitation at their celebrations.

SWATANTRA PARTY

MESSAGE FROM LIBERAL INTERNATIONAL

A resolution welcoming the formation of the Swatantra (Freedom) Party in India and expressing the hope that it would prove a staunch upholder of the ideas and ideals of liberalism was one of the features of the IXth Congress of the Liberal International at Gardone, Italy, from October 1 to 4.

The adoption of this resolution was preceded by the perusal of a message of greetings to the International from Professor Ranga, Chairman of the newly-formed Indian party and an exposition of its principles and objectives by Mr. M. R. Masani, who was last year elected one of the patrons of the Liberal International. The hope was expressed that this would be the beginning of a closer association between liberals in India and in other countries.

The message expressed the hope that "the Swatantra (Freedom) Party will prove a staunch and successful upholder of the values and policies of liberals, which are so necessary for the development of good life, for friendly relations between the peoples of the East and the West and essential for the peace of the world."

PRESIDENT'S SON-IN-LAW LEADS SWATANTRA PARTY IN BIHAR

Sri Jaleshwar Prasad, a leading lawyer of Patna and son-in-law of Dr. Rajendra Prasad, President of India, has become the convener of the Bihar branch of the Swatantra Party. Sri Rajeshwar Prasad is expected to be followed by some other prominent members of the Indian President's family, who are strongly opposed to the Congress decision to introduce co-operative farming. In this connection it is recalled in political circles that President Prasad is also against co-operative farming, and he had made his views known to the Prime Minister in a personal letter some time ago.

POONA SWATANTRA PARTY

Poona: A nine-member provisional committee to organise the Poona unit of the Swatantra Party

was formed here today at an informal meeting of the sympathisers of the new party.

Prof. N. G. Ranga, President of the Swatantra Party, and Mr. G. P. Hutheesing, Secretary of the Bombay unit of the Party, specially came to Poona to organise the provincial committee, which has been empowered to co-opt more members if necessary.

When formed, the Poona Swatantra Party will be its unit in Maharashtra.

SWATRANTRA PARTY

Ambala: Pandit Shri Ram Sharma, the Leader of the Opposition in the Punjab Vidhan Sabha, in an interview today, said that about a dozen M.L.A.s would form the nucleus of the Swatantra Party in the Punjab Vidhan Sabha and become the largest single Opposition group in the House.

He expressed the hope that about half a dozen more Opposition legislators would join the group in course of time.

RIGHTLY SERVED

Nine men were chargesheeted before military court in Karachi for printing and circulating a hand bill under the heading: "Miss Fatima Jinnah, mother of the nation, has decided to leave Pakistan due to the atrocities committed by the present Government." It is certainly wrong to call Miss Jinnah, a maid, MOTHER of the nation. She can at most be called PHU-PHU of the nation, considering her relation to Mr. Jinnah.

Karachi: The Government of Pakistan has put into practice a new scheme which it calls "section officer's scheme" in a bid to "streamline" the administration. Under the scheme, files will move "downwards."

Under this scheme, posts of deputy secretaries, assistant secretaries, and superintendents have been done away with. Below the post of secretary, there will be only section officers and clerks. This scheme has resulted in the retrenchment of 7,000 employees.

DECISION TO JOIN SWATANTRA PARTY BACKING BY 29 ANDHRA MLA'S

Vijawada, October 8.—The Democratic wing of the Andhra Pradesh Socialist Democratic Party today decided to join the Swatantra Party.

This decision was taken unanimously at a meeting of the Executive and Legislature members of the former Democratic Party which met here this evening under the presidentship of Dr. M. Chenna Reddi.

Dr. Chenna Reddi told pressmen at the end of the meeting that of the 28 M.L.A.'s belonging to

the Democratic wing of the SDP, Mr. T. Hayagreevachari had resigned from the party and joined the Congress. Two members of the State Assembly, namely, Mr. Kunda Ramayya of Cuddapah District and Challa Subharayudu from Anantapur District had decided to join his party. Therefore, a total of 29 M.L.A.'s would join the Swatantra Party he said.

Mr. Reddi said 20 members of the Executive and of the legislature attended today's meeting. The remaining M.L.A.'s have signified their consent by agreeing to abide by the decision of the meeting, he said.—P.T.I.

PROF. GAITONDE ON JOINT COOPERATIVE FARMING

"It is utopian to think that joint co-operative farming will succeed where joint family system, the closest thing we have had in India to socialism, is disintegrating," observed Prof. P. R. Gaitonde, Head of the Department of Economics at K. C. College and an authority on co-operative farming, in Bombay on Monday, October 5, 1959.

Speaking on the subject under the auspices of the Forum of Free Enterprise, he said that introduction of joint co-operative farming would lead to "bossism" in our countryside and lead to substitution of old intermediaries by "new intermediaries" loyal to the party in power.

Prof Gaitonde, analysing all arguments in favour of joint co-operative farming, said that in theory they were excellent but failed miserably in practical application.

He said that even Poland, Yugoslavia and other countries had gone back on joint co-operatives as they had not succeeded in increasing food production because land unlike machinery required individual care. Administrative costs took work hours valued up to 41% in Soviet Russia.

He said that food production would go up if the same facilities as were given to joint co-operatives were made available to individual cultivators. He said that mechanisation, which big farms would facilitate, was unsuited to Indian conditions because the top-soil in our country was thin.

He pleaded with Indian Socialists to redefine their attitude towards small peasants proprietor, and help him to increase production through better facilities.

Presiding over the meeting, Mr. S. V. Rayan said that unless compulsion was applied, joint co-operative farming would not succeed. Co-operative farming had failed in Italy and production suffered. Therefore, they had to give them up, he added.

OUR SOCIALISTIC STRUCTURE

The BIG TAMASHA of the Congress—the annual jamboree—will be held in January 1960 near Bangalore. The 200-acre plot selected for this FIELD OF THE CLOTH OF GOLD consists of private agricultural holdings. A magic city will spring up there overnight. Ten miles of new roads will be laid in the area while local bodies and the

Mysore Government have been ordered to lay approach roads to the rulers meet from all directions. Railway Ram will have a railway siding, one mile long from the nearest railway station—Vimana-puram. The Mysore Congress Committee will overtly spend Rs. 20 lakhs for the jamboree, but the Mysore State Government and the Government of India will spend much more in laying water pipes, providing the dream city with post, telegraph and telephone exchange facilities, and arranging for sanitation. "Security measures" for the protection of the V.I.P.'s will cost several lakhs. Pick-pockets from all over India will do roaring business in this congregation of very rich people from all over the country.

It has not yet been decided what animals will lead the procession in honour of the Prime Minister's daughter. Uchchingra had elephants in (Pragjyotishpur) Gauhati, there were bullocks in (Abhanyankarnagar) Nagpur. There may be peacocks in Bangalore.

An outlandish name has yet to be devised for the miracle city to impress our hoi polloi and the foreign press reporters. Pragjyotishpur had 14 letters, Abhayankarnagar had 15; our suggestion is MAHISHMARDININAGAR which has 18 letters and is quite appropriate for two reasons which we leave our readers to guess.

The great rulers will be lolling on divans provided with big bolsters to support their embonpoint. Loudspeakers will blare out the virtues of the Nagpur tripod-Co-operative farming, State trading in food grains and ceiling on land. The subjects of the Welfare State will be asked to practise austerity, tighten their belts till they look like hour glasses, do without anything of which there is a shortage, pay all taxes and yet save enough to invest handsomely in State loans, bonds and certificates. The third five year plan is going to be on a far, far bigger scale than the second one, for which rejoice and be exceeding glad.

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