

Symposium/ Praja Socialist

From Plan-Frame to a Popular Plan

Asoka Mehta

Prof. Mahalanobis has correctly described the basic strategy of the next Plan. The only flaw in it lies in basing the success of the Plan on planning! The political, organisational and institutional problems involved in working out the "feed-back process" of matching planned demand with planned production are left out from his calculations.

Statisticians and economists can collect the tools of planning; the subtle something needed to make a successful plan can come only from politicians—and partly from administrators.

AT the recent meeting of the Land Reforms Panel, a member complained about the lower position assigned to agriculture in the second Five-Year Plan. Promptly Sir V. T. Krishnamachari said, "What Plan, there is no such Plan yet." Someone intervened and said that the Plan-frame had allotted 17.1 per cent of net investment in the economy to agriculture. "Oh, the plan-frame" said Sir V. T., "that is not the plan"—and the characteristic gesture followed.

This little incident should make us adopt a tentative approach towards the Plan-frame. Even the frame seems to be a loose one: the programme has not been phased on annual basis and a lot of detailing remains to be done. The Plan-frame should, therefore, be looked at as a broad and general formulation deserving similar criticism and improvements.

Unarticulated Major Premise

Prof. Shenoy has done a useful service by dissenting from his colleagues in the Economists' Panel and raising in his Note some fundamental issues. Must democratic planning be slow? Must rapid tempo of development inevitably result in the erosion of liberties of the people? Must we first assess the resources and then plan the course of development within their limits or can we count upon their elasticity, depend on the utilization of slacks in the economy, known as well as unknown, mainly through the enthusiasm of the people? As the authors of the United Nations' publication, *Processes and Problems of Industrialisation in Under-developed Countries*, emphasise, in under-developed countries, it is mainly the Government that develops accelerating forces in the economy against institutional inertia and stubborn obstacles and rigidities. Is there thus an inescapable dilemma between growth of etatism, bureaucracy and en-

croachment on liberties and economic stagnation? Time has come when the unarticulated major premise of our thinking on planning and development is brought out in the open and discussed.

The juxtaposition or contradiction to my mind is unreal. Democratic planning, without the development of appropriate devices to draw in the informed co-operation of the people, cannot achieve desired results. It is unfortunate that little attention has been given to the working out of these devices. An aspect of the question I have tried to discuss in my brochure, *Politics of Planned Economy*, published in 1953,

Dissemination of full information about the Plan to the people, decentralisation of initiative and execution, fostering the habit of joint work are among the desiderata to be overcome. I am glad that, though belatedly, attention is turning to the growth of the organisational potential in our society. But a democratic growth of the potential has not been clearly thought out. The Economists' Panel deserves credit for uncovering the institutional implications of the Plan. There is, however, need for deeper and more incisive thinking.

Basic Strategy of Planning

The Plan-frame suggests a bigger and bolder plan. The pride of place in it, will be given to industry and construction. In industry, the heavy or basic sector will receive preponderant consideration. I believe Prof. Mahalanobis has correctly described the basic strategy of the next Plan: "The basic strategy would be to increase purchasing power through investments in heavy Industries in the public sector and through expenditure on health, education, and social services; and to meet the increasing demand for consumer goods by a planned supply of such goods so that there would be no undesirable inflationary pressures.

Planning would be thus essentially a feed-back process of matching continuously increasing (planned) demand by a continuously increasing (planned) production giving rise to a steadily expanding economy".

This, of course, is a welcome strategy, the only flaw in it lies in basing the success of the Plan on planning! The political, organisational and institutional problems involved in working out the "feed-back process of matching" planned demand with planned production are left out of the statistical sieve of Prof. Mahalanobis. It only proves that statisticians and economists can collect the tools of planning, the subtle something needed to make a successful Plan can come only from politicians—and partly from administrators.

It has been suggested that even in the private sector, entrepreneurs should be induced to develop factory production in construction industries, the consumption sector being reserved for small enterprises and fuller utilisation of unused capacity. The pioneering and entrepreneurial spirit will therefore have to emerge among small producers: the established firms will either rationalise their work programme in the established factories or become the factotum of the State in developing heavy industries. Those whose role is to mark time cannot claim the rewards of "captains of industry."

There is general welcome to the socialistic orientation that the next Plan is expected to receive. But the fundamental step in the direction remains timid. It is surprising to come across the following passage in the Tentative Framework. "Conspicuous consumption by the more well-to-do classes must be checked. In a poor country trying to lift itself by the boot-straps, the self-denial and the labour of the poor must provide directly or indirectly the major part of the re-

sources for development. But such self-denial and effort cannot be justified in the midst of glaring inequalities. Conspicuous consumption by a few persons also serves to dissipate the habit of thrift in others who follow suit in some measure for reasons of social prestige. Curbing of conspicuous consumption requires a fairly stiff system of taxes on luxuries. But, basically, the solution is reducing expendable income through direct taxation.

"The Taxation Enquiry Commission has recommended that there should be a ceiling on net personal incomes after tax which, generally speaking, should not exceed approximately 30 times the prevailing average per family in the country. This recommendation is intended to be implemented by steps over a period of time; but a few steps must be taken in this direction in the second plan." In all other directions, our attitude is to be bigger and bolder including our demands on the common people—but in curtailing conspicuous consumption by "a few persons", only a few steps in the desired direction are to be taken! British experience shows that stiff taxation does not control consumption until the loop-holes provided by the use of property for that purpose are also plugged. If we want to galvanise our people, as we have at last come round to the idea of a ceiling on land holdings, so must we come round to an early realisation of a ceiling on income accompanied by a substantial capital levy, as the only means of achieving the desired approximation to economic equality.

The Economists' Panel has drawn attention to a number of significant problems and thrown out a set of fecund suggestions.

The Depressed Areas

The need to give special attention to depressed areas and depressed sections of the people deserves full attention and response. The suggestion of a works programme is full of rich possibilities. If in depressed areas people are invited to draw up, with the technical assistance needed, a varied works programme and if it is quickly implemented, a new social ethos can emerge. The Civil Works Administration that President Roosevelt set up under Harry Hopkins in just three and a half months built or improved 40,000 schools, laid 12,000,000 feet of sewer pipe, built or improved 998 air fields, built or improved 255,000 miles of road, employed 50,000 teachers to

teach adults or keep open rural schools and constructed 3,700 playgrounds or athletic fields. It found work for 4.264 million people, including 3,000 writers and artists under the Federal Arts Programme. When Pandit Nehru gets as fascinated by the problems of economic development as he is by foreign affairs, he will seek a Hopkins to match his valued Menon.

How to Decentralise

To help depressed areas and distressed people, the Economists' Panel suggests the organisation of a National Labour Force. It is a brilliant but vague suggestion. Perhaps the idea receives the needed concreteness when the Force is thought of as a Food Army, long demanded by the Socialist Party. Another valuable suggestion made by the Economists' Panel is about the need for administrative and organisational decentralisation. In the course of its

Memorandum, it is stated, "Planning of small-scale industries, consumption goods industries, and processing industries involves the intelligent co-operation and participation of many thousands of people and can only be undertaken at the district level: the Centre can help with finance and technical aid, but the Initiative and planning must come from the people of the districts and regions concerned in the country."

My Parliamentary constituency is a little bigger than a district and I have seen there popularly elected Janapad Sabhas starved for funds and the bureaucratically run community projects in the area famishing and languishing from lack of popular interest. But not a single effort has been made so far to develop a community project through the medium of a Janapad Sabha. We have at present 39 lakhs of persons employed in Government administration and in the Second Plan their number will be augmented by 5 to 6 lakhs. In this plethora of red-tape, no one is interested in working out ideas of administrative decentralisation: no cell or panel or bureau or committee in any Secretariat is engaged on this problem,

Looking for Jobs in Wrong Places

When the first Plan was on the tapis, I was privileged to point out its lack of employment-awareness. In response to my criticism a chapter on employment was hurriedly tagged on to the Plan at the end of the Report! I am happy that on this occasion the employment aspect is sought to be made integral to the Plan. The creation of additional ten million jobs in the sectors of economy which at present employ 40 million persons appears to be more of an ideal ambition than practical politics. Here again, great employment potentiality lies in the Food Army and in the Works Projects Administration than in swelling the ranks of over-crowded retail traders. If the task of democratic articulation of our society is seriously taken up, the organisational and educational efforts would open up a new and vitally useful terrain of tertiary activity.

The Plan-frame thus needs to be subjected to serious criticism—preferably uninhibited criticism. What the Economists' Panel has begun, let other groups continue. These eddies will lead to a flood of popular articulation and then will the Plan-frame achieve its measure of a real popular plan.

Just Out

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