

The Economic Weekly

A Journal of Current Economic and Political Affairs

THIRTEENTH YEAR of PUBLICATION

August 12, 1961

Volume XIII No. 32

Price 50 Naye Paise

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Hesitating at the Frontier

CO MUCH has already been written about the Third Five-Year Plan that comments on the final report, published this week, run the risk of being merely repetitive. In respect of sectoral outlays, resources for the public sector, output and employment targets and such other quantitative elements in the Plan, the present report differs little from what was already known. There are, of course, minor adjustments in some of these; but these are not such as to warrant a re-assessment of the basic approach to development incorporated in the Third Plan. It is right that it should be so since in the matter of size and general pattern, the Draft Outline had based itself on generally accepted canons. What one hoped to find in the final report was, therefore, a clearer picture of the instruments for attaining the objectives set forth in the earlier Outline.

On a first glance, at any rate, the Planning Commission's report falls well short of expectations in this regard. This is not to say that it leaves everything in the form in which it had been set out in the Draft Outline. There is a wealth of detail in this voluminous report on the schemes and projects to be executed in the next five years, on achievements under the earlier Plans, on aspects of the current economic situation and on a variety of problems that face the country — all of which do credit to the Planning Commission. One has to admire the patience and strenuous effort which the Commission has brought to bear on this task. But the fact remains that the final report leaves unresolved very many of the questions that were raised by the Draft Outline.

Indeed, some of these issues have been further complicated by the desire of the Commission to make the report mean all things to all men. To rouse popular enthusiasm, it dwells at length on the 'good life' that is assured to the common man in the long run. It paints a glowing picture of the socialist order that is being ushered in — an order in which equality of station and of opportunity will prevail in all fields of human activity. It theorises on the way in which sustained industrial progress will lead to full employment and higher standards of consumption. While doing all this, however, it glosses over the mundane matter of meshing the means for attaining these several objectives into a cogent strategy for action at present.

The essence of the problem is that the attainment of all or many of the objectives of the Third Plan is dependent on major changes in the fabric of social and economic relationships. We seek, for instance, a rate of growth in national income of the order of 30 per cent in the five-year period. We seek at the same time a major change in the pattern of distribution of income as well as of economic power. If both of these are to be simultaneously achieved in a mixed economy such as ours, there is little doubt that some of the rows considered sacred until now will have to be sacrificed. The Third Plan recognises this and states very boldly that "existing social and economic institutions have to be appraised from time to time in relation to their role in the nation's development. To the extent that they do not

THE ECONOMIC WEEKLY
65, Apollo Street, Fort,
Bombay.

Telephone : 253406

Annual Subscription: Rs 24

August 12, 1961

adequately fulfil the social purpose or fail to secure the economic aims of planned development, they have to be replaced or transformed."

How, one may ask, has this unexceptionable principle been applied in securing the objective of distribution of economic power? A 'decisive instrument' for this purpose is, according to the Plan, the rapid expansion of the public sector. As long as one does not, like Mahatma Gandhi, hold that the concentration of economic power in the hands of the State is a remedy worse than the disease, this is surely a right step to take. But when we look at the extension of the public sector envisaged in the Third Plan we find this 'decisive instrument' blunted by an unwillingness to disturb existing arrangements in a variety of fields—by and large, it is in the fields of power, transport and organised industry that the Government sector will grow in size. Even if all that is planned for public enterprises in these sectors is achieved. Government will, at the end of five years, have under its direct control a smaller segment of the economy than the private sector. Not, of course, smaller than at present but relatively to what the private sector will be five years hence. This is not only because agriculture will remain in the private sector. The bulk of trade, industry, construction and finance will still be in private hands, and the extension of the public sector will not by itself curb the forces making for concentration of economic power in these areas.

The Planning Commission is, of course, aware of 'his problem. And it goes on to say that redistribution of economic power within the fields of activity entrusted to the private sector should be brought about by ensuring broadbased ownership in industry, diffusion of enterprise and liberal facilities for new entrants and growth of co-operative organisations. It adds' blandly that the means for achieving these objectives are already there; they only need to be employed more purposefully and with greater co-ordination than in recent years. But this is the main point. What has, in fact, prevented these means from being used to greater purpose? Why is it that, despite fifty years or more of support to the co-operative movement, co-operative

enterprise lids not taken more different shapes? Why have all the special efforts made to disperse industry been unsuccessful in preventing existing agglomerations from getting bigger? Has the programme for developing small-scale industrial units in reality contributed to a redistribution of economic power? A host of such questions arise when one reviews the trends so far; and if one probes into these questions, it will be easily seen that the reason for the ineffectiveness of the means already adopted is that many of the attitudes and institutions which work against the transfer of economic and social power to the small man, whether he is in agriculture or industry or trade remain unaffected by ten years of planning. And as far as one can see, few, if any, of these will be replaced or transformed in the near future by deliberate action.

Take the programme for co-operatives, which are considered to be 'one of the principal means for bringing about changes of a fundamental nature within the economy' (p 200.) It would be a travesty of fact to say that the co-operative movement is, in its present shape, fulfilling its purpose. Yet; the Plan report scarcely pauses to examine the elements in our society or economy which have transmogrified the co-operative movement into something very much like a vested interest. Instead of seeking out the 'institutions'—using that term in the fundamental sense of organisations or relationships sanctified by law, custom or religion—which have tended to make co-operatives subservient to the interests of the already strong and suggesting ways and means of replacing or transforming them, the Plan proceeds to lay down a programme for doing more of the same old things. All that needs to be done, apparently, is to provide more funds and more training facilities to co-operators; the rest is left to emerge as 'the processes of economic and social change gather force and the rural community attains higher levels of skill and productivity' (p 201). Which, then, is to be the instrument and which the outcome?

Instances such as this, where attention is focussed on polishing the shell rather than on trying to alter what is contained within, may

be found in plenty in the Plan. It is taken for granted, for example, that our structure of direct taxes is already fashioned adequately to ensure both growth and social justice; what remains is merely a matter of checking evasion and avoidance of taxes. No question is raised about the appropriateness in a socialist order of the philosophy of incentives underlying the policy for direct taxation. Further increases in direct taxation are presumably to be avoided to the extent possible so as to avoid adverse effects on private incentive and effort. One would have liked to see an emphasis in this context on the need to transform the operative incentives. Elsewhere in the Report, in the chapter on Labour Policy, the Commission has this to say, "Economic activity has not to be conceived of solely in terms of output and return; the principal test of this would be the good of all those who are engaged in it, the quality and growth of the individual human being and the service and happiness of the entire community. The surpluses that are generated are a social product, to which neither the employer nor the working class can lay any exclusive claim: then distribution has to be according to the worth of the contribution of each, subject to the requirements of further development and the interests of all sections of society, in particular, the satisfaction of the basic needs of all its members", flow are these tests applied to the payers of direct taxes? Are present levels of post-tax income of wealth to be taken as adequate measurements of the 'worth of the contribution of each' to the social product?

On questions such as these, the final report throws no more light than the Draft Outline did, which is a great pity. Time and again, the report is frank enough to admit that the success achieved by various policy measures in removing the long-established features of a traditional society' inimical to dynamic growth has been less than hoped for. The Commission has stopped short of taking the next logical steps. Whatever may have been the immediate pressures on the Commission to hold itself back, this is certainly not a tactic that fits into the grand strategy of socialist development