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DISPEL THE ILLUSION; THE CONSTITUTION IS NOT DEAD

C. RAJAGOPALACHARI

READER, HAVE YOU reflected on what has happened to our Constitution, which was framed after great deliberation by able leaders who loved the motherland and wished its welfare and progress? Have you realized that it has been psychologically murdered?

The enforcement of the Permit-Licence-Raj and the unbroken enjoyment by the Government of the powers and opportunities flowing from that Raj during the last twenty-five years have created an illusion that everything in India belongs to the State and that citizens enjoy what they do only by permission and not in their own right and by force of the guarantees specifically and definitely provided and inscribed in the Constitution. It seems the people have in the present confusion of mind forgotten the Constitution. Forgetting is killing when a contrary illusion has taken the place of the rights guaranteed in the Constitution. Every manufacturer, every wholesale dealer, every retail shopkeeper has come to think he functions because the State has permitted him to do so. He has accepted the notion that his work can be legitimately restricted and curbed arbitrarily by those in power at the top of parliamentary democracy.

Laissez faire has been condemned. The serf-mentality that has taken its place is thought to be good in every way and to deserve strengthening instead of being dispelled as an illegitimite, unconstitutional illusion. A father has been killed and a tyrant step-father has taken his place without violence or upheaval of any kind.

The Constitution has thus vitally changed by mere illusion. Is this to be permitted and become reality? Have we lost the power to restore the Constitution? Is it too late? Let us dispel the illusion—the Constitution is not dead.

Take the case of the nationalization of the big banks. The Act that was struck down by the Supreme Court has been replaced by another Act which, no doubt, surrenders to the direction of the Court as to compensation. But it seeks to maintain the illusion that all the banking concerns are a single unit under the presumed wise management of the State, and all deposits in all the banks are treated as falling within the total authority of the State to hold in trust on behalf of every depositor whether he consents to it or not. There is no visible inclination among citizens to question the correctness of the Supreme Court's views on this aspect of the case. Overwhelmed by the importance of the compensation issue, I feel and say with all respect that the Supreme Court has erred in respect of the depositors' rights. We have won on the compensation issue; let us take no risks with a new writ petition by questioning the direction of the ten judges of the Supreme Court on other aspects of the matter—this is the attitude of lawyers, who though trained to think clearly yield to what they consider to be expediency. "Australia has decided as you say," they tell me, "the citizen cannot be compelled to accept the trusteeship of the State when he had chosen to put his savings under the trusteeship of a bank of his choice. The US Supreme Court may accept your argument, but why should we test it before a new bench of the Supreme Court of India about which we do not feel sure?" This is what I have had from one of our clearest thinkers. Sri Palkhiwala does not suffer from any illusion about what is right and what is wrong; but he seems to be inclined to give way to what is considered expedient. Is this line of action or rather inaction not a surrender to the illusion that all banks are all already nationalized, Act or no Act? The illusion is accepted that all banks are one business and the State can control its running.

We should stand up for the Constitution, which has not sanctioned Statism but directs steady progress towards a Welfare State, which is a State wherein the Government is the servant of the people, and not a State wherein the citizens are serfs living and working under the authority of the dictatorship of the State.

Let us not fail to do what we should do, out of a fear that we may fail in our attempt. Success and failure should not guide us, but principles and courage. The conclusions of the Supreme Court where they have gone wrong must be brought up for review irrespective of a fear of failure. Inaction is our greatest enemy and biggest danger. The Gita is a great guide for men of action. It is not a book for recluses.

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।
मा कर्मफलहेतुर्भूर्मा ते
सङ्गोऽस्त्वकर्मणि ॥ ४७ ॥

योगस्थः कुरु कर्माणि सङ्गं त्यक्त्वा धनंजय ।
सिद्ध्यसिद्ध्योः समो भूत्वा समत्वं
योग उच्यते ॥ ४८ ॥

Sri R. C. Cooper who filed the writ petition before the Supreme Court and got the old Bank Nationalization Act struck down was mainly a representative of the bankers, although he was also a depositor and argued the case for depositors. But the depositors who have formed a regular all-India organization of their own should file a writ petition questioning the legality of the new Act mainly from the point of view of the depositors and get the Supreme Court to review the previous judgment's conclusions on that aspect of the case.

Notions of expediency from a particular angle should not lead us to run away from the main battle. From the point of view of depositors nationalization is an interference with the rights associated with property as guaranteed by the Constitution. Banks are primarily trustees. They are not merely business concerns of the shareholders who can be compensated and appeased, ignoring the aspect of the banks' trusteeship of depositors' funds.

The illusions should be dispelled. The Constitution should be resuscitated.

PARLIAMENTARY DIARY

A SPECIAL CORRESPONDENT

NEW DELHI, April 7: The Home Minister's reply to the debate on the Home grant always draws a large attendance, though the reply is no more than an extended version of policies enunciated on other occasions. Though Mr Lobo Prabhu (Swat.) had made an unscheduled intervention on the Mahajan Commission's Report, asking whether the Commission was not appointed at the instance of Maharashtra; whether it did not consider and reject the basis of the new proposals sought to be introduced; and whether it would not be fair to offer Mysore a *quid pro quo*, Mr Chavan dismissed the questions with the reply that his Minister of State had already answered them. There were derisive cries of "Make-up man!" because the border question interests the whole House.

Similarly, avoiding another inconvenient question in the speech of the Swatantra spokesman, Mr C. C. Desai, he said nothing about downgrading the service conditions of the ICS. He only spoke at length on the Governors, taking the predictable line that none of them had gone against the spirit or letter of the Constitution. He however conceded that the last three years have provided new situations which have tested the Constitution in practice. No change may be expected from the ossified routine of the Home Ministry.

A disquieting feature of the Home grant and other debates was the attack on the judiciary. Towards the end of his speech Mr Chavan mentioned that the judges holding shares or accounts in the nationalized banks had declared them and were permitted to continue on the Bench by the Attorney-General on behalf of Government. Communist members however insisted that the judges should be impeached. A few days later, a report that the judges had offered to resign occasioned another slanging match between the Communists and those members who believe in the sanctity of the Constitution and the importance of the Supreme Court and its judges as custodians of the Constitution.

It is a pity that the text of the Chief Justice's letter was not read out or laid on the table. It pointed out that the judges held only two or three shares not worth more than a few hundred rupees. To suggest that the highest judicial body in the country could pervert a judgment in which crores were involved because of a personal stake in its outcome is ridiculous.

Another episode involving the courts was a summons issued to the ex-Speaker of the Lok Sabha and some other members for alleged remarks on the Jagadguru of Puri. For once, the Speaker seemed to have the support of all sections when he directed the Members not to answer the summons, as it infringed a clearly defined privilege of the House.

One of the most interesting short-notice questions of the week was tabled by the PSP members, Messrs Kundu and Samar Guha, on the privileges of the ICS. Both merrily attacked the "heaven-born service", with vocal support from other members. Some of the hot air and vague thinking on the subject were dispelled when Mr Lobo Prabhu asked the Home Minister in what specific way the privileges of this Service were different, and whether any advantage was taken of them. He also pointed out that the Constitution itself made provision for alterations in changed circumstances, and that the ICS had come in, not by anyone's favour, but by the stiffest competitive examination in the world. For once, Mr Chavan was rattled by an incomplete brief, as he could not answer on the question of special privileges, except to say that no member of the ICS can be compulsorily retired. Then Mr Madhu Limaye, whose Bill on this subject is being considered, demanded that the differences should be elucidated! That a member should move a Bill for the abolition of privileges about which he is himself in the dark is a sad commentary on the political motivation of his Bill.

In the Upper House there was a calling attention notice on the use of money in the recent Rajya Sabha elections. However, it quickly got bogged down in procedural wrangles arising from the mention of names of people who are not members of either House. Obviously perturbed by the heat generated, Government took the line that no case of corruption had been brought to its notice and deferred a full-dress debate.

The most dramatic episode of the week was an adjournment motion which mustered the most respectable Opposition vote yet. The occasion was a clash between police and SSP demonstrators outside Parliament House, in which several MPs were alleged to have been mercilessly beaten. When members of that party entered waving the blood-stained clothes of their colleagues, there were cries of "Shame, shame" from an Opposition speaking for once with unanimity. A DMK member asked for a suspension of the rules so that the matter could be discussed at once. Perhaps the surprise speech of the debate was Professor Ranga's passionate advocacy of the demonstrators, as the Swatantra Party is known to stand by law and order. He denounced what he felt was a conspiracy to throttle the rights of the Opposition parties, carried out with a ruthlessness which might have made the British blench. Dr Ram Subhag Singh recalled that when the Prime Minister's ruffians slapped Mrs Tarakeswari Sinha, the trouble-makers were allowed to escape with impunity. Towards the end, the Parliamentary Affairs Minister did an efficient job of persuading "friendly" parties to discreetly disappear, but with the voting score still standing at 150-odd to 116, Government promised a judicial inquiry. The following day, news of one demonstrator's death, and of injuries to the MPs, forced it also to concede a reference to the Privileges Committee, on how far physical violence against MPs affected the privilege of the House. For the Prime Minister, it would appear that these are storm signals of danger ahead.

REVISED PLAN AND PUBLIC SECTOR

DR NIRANJAN DHAR

GANDHIJI SPOKE of the importance of self-control in the national life. But Gandhi is almost anathema to us in independent India. We remember him on ceremonial occasions as a matter of routine. So far as his teachings are concerned, they are honoured more in the breach than in the observance. The national emphasis has shifted from self-control to State control.

Recently the Fourth Five-Year Plan has been revised. In the revised Plan far greater importance has been attached to the public sector than to the private. It is done in the name of promoting socialism, and obviously it has the unstinted support of all the socialists in the country. Even some liberal intellectuals lend support to the straitjacket economy, on the supposition that in an underdeveloped country the State must have a big role to play in economic development and raising the living standard of the people. The example of the Soviet Union is cited to make them think in this way.

Both these socialists and liberal thinkers however betray a lack of understanding of the logic of the situation. What is needed in an underdeveloped country is more production. In the face of adequate production the problem of distribution loses its urgency. Nobody is much concerned about the distribution of a super-abundant good. Air is universally required, but still it poses no problem because of its easy availability.

The problem of distribution was a problem of the 19th century, when productivity was only beginning to expand. With the unprecedented technological advances of the twentieth century the problem of distribution has receded into the background and has lost its old significance. It still agitates the minds only of those who look at everything through coloured glasses.

In view of the paramount importance of production, an expanding public sector is certainly a luxury which an underdeveloped country cannot afford. In such a country resources are scarce and require to be most efficiently organized to give the maximum result. A public sector, as we all now know, is mostly inefficient and thus fritters away scarce resources. This is exactly what is happening in India today. Almost all the undertakings belonging to the public sector are being run at huge losses. They virtually constitute a bottomless pit into which the nation's capital-resources are being poured. To allot more money for this sector may satisfy the socialist conscience of our theatrical leaders, but surely it is the way to economic disaster.

The cause of production is served better by a free economy than by a controlled one. The most valuable possession of a nation is the totality of the skills and wills of its members. A free economy can harness them in the most efficient way. There each individual is induced to give his best in pursuance of his own interest, and the voluntary activities of millions of individuals are co-ordinated through the mechanism of the market. The free economy has thus a vitality the like of which is almost totally absent from a controlled economy impelled by Government fiats.

I we look back, we find that a dramatic increase in the production of wealth and in the standard of living of the people occurred in the countries of Western Europe, the USA and Japan in the course of the 19th century, and this was all done under the auspices of private enterprise. In more recent times we see the same rapid growth of the countries under free economy, as against the stagnant economy of those under controlled economy. Since the Second World War countries like Israel, Formosa and Greece have rendered a most creditable account of themselves in the economic sphere, while the performance of India, Indonesia and some communist countries is much poorer.

So far as the Soviet Union is concerned, it is a myth that hers is an example of outstanding economic achievement. She is, no doubt, a great country today. But this national greatness does not include a rapid rise in the *per capita* real income of her teeming millions. It rather consists in spectacular items like dams, steel mills, sputniks and military might. The controlled economy has enabled her leaders to extract resources from the people and utilize them for their own political purposes. Their achievements in this respect are essentially analogous to the monument-building of the old world. The pyramids of Egypt and the Taj Mahal of India have certainly added to the national glory of these countries. But this did not mean the production of goods and services for ordinary men and women. On the contrary, these monuments were a drain on their resources and rendered them all the more impoverished.

U.P. LETTER:

REGIONAL DEVELOPMENT

LUCKNOW, April 5: Uttar Pradesh has several backward pockets, which vie with each other in parading their backwardness and making a virtue of it. The local leaders demand measures to remedy the backwardness, and often these are implemented without proper assessment. When they prove a flop everything is forgotten, and after some time similar demands are again put forth.

What is known as a regional development conference has just been held in Faizabad to draw up plans for the development of the division, which consists of six districts. One of the demands was that the region should be industrialized. This is quite all right, but the members forgot what had been done before. In Basti, one of the districts in Faizabad division, an industrial colony was set up some years back, but very few entrepreneurs took advantage of it. Most of the plots remained vacant, and a few who ventured to take plots left after some time. Plots in industrial estates are expected to be taken up by small entrepreneurs, who depend on the local area for raw materials, and if raw materials are not available they cannot survive. Nothing useful was found in Basti and no further progress could be made. But the participants in the regional development conference put forth similar demands.

It passes one's comprehension what Mr Dinesh Singh, Foreign Minister, has to do with it, except that he hails from a district in the division. Presiding over the conference, he made a political speech on behalf of the Congress (R). Socialism formed the main theme of all the speakers. Press reporters were taken there and they faithfully covered the political speeches, which completely ignored developmental activities. Not a single speaker discussed the causes of the region's backwardness, or the failure of the steps taken before.

A similar conference is to be held shortly in Rae Bareli, and the Prime Minister is to attend. An intelligent reporter can cover the conference without going there, because there will be nothing but political speeches. Thus the make-believe of regional development is kept up. In UP there is no follow-up of developmental activities. After the initial fanfare no interest is focussed on the success or failure of the plans. Neither does the press make any probe by sending reporters.

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The Chief Minister, Mr Charan Singh, has issued a lengthy directive to government employees. He has sternly warned them not to approach legislators to get transfer orders cancelled, or to bring any kind of pressure on the Government for their personal benefit. While UP politicians have worked havoc with the permanent services, the services have been taking full advantage of it. In UP in fact it has been a two-way traffic. Mr Charan Singh has a good hold on his own party, but when the Congress (R) joins the coalition it is doubtful how far the directive can be effective.

His directive also told them not to drink in public or give the impression that they are addicted to drink. He has also reversed the earlier policy and enforced Prohibition in some of the hill areas. There is a demand in other hill areas also for Prohibition. The hills are the most backward region in the State and there is no reason why the entire hill area should not go dry. In the plains he proposes to ban display of liquor advertisements in public thoroughfares. Once Mrs Vijayalakshmi Pandit remarked that she became familiar with the names of more liquor brands in Lucknow than in the US! In one respect at least the Chief Minister has made definite progress, and if he succeeds in toning up the administration there is no reason why his Prohibition scheme should not succeed.

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The Congress (O) in UP is observing National Week as "Save Democrack Week". One of the interesting posters that have appeared in Lucknow says: "Land for the millions and not millionaires". Evidently a hit at some members of the Congress (R) who have successfully circumvented the ceiling law!

RAJASTHAN LETTER:

A GOVERNOR'S INDISCRETION?

JAIPUR, April 8: For the first time an adjournment motion to discuss the conduct of the Governor, Sardar Hukam Singh, was sought to be moved in the Assembly, but the Speaker would not admit it. The motion related to the Governor's speech at Chandigarh on March 29, in which he was stated to have commented on the Centre's award, that the city had gone to Punjab after Sant Fateh Singh had agreed to pay a heavy price. According to BKD, SSP and CPI members, the Governor should not have made any remark on the Centre's decision. Prof. Kedar Nath (SSP) said Sardar Hukam Singh when he was the Speaker of the Lok Sabha had gone to Chandigarh as a mediator on behalf of the Centre. It was due to his intervention that Sant Fateh Singh agreed to break his fast. The comments of the Governor on the subject were, therefore, very significant, and the question was whether he was competent to make such comments.

Disallowing the adjournment motion, the Speaker, Sri N. N. Acharya, said the Governor had no intention to involve himself in the issue of Chandigarh. His conduct could not be discussed by the House in the same manner as that of the Speaker or Deputy Speaker. There were other ways to discuss the Governor's conduct, but not through an adjournment motion. However, members were not satisfied and continued to put questions, suggesting that the Governor had spoken against the Union Government's policy, and even that he had violated the Constitution. The Speaker made no response.

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On the night of March 28, three workers of the Atomic Power Station being erected at Rawatbhata, near Kotah, were killed in clashes between rival labour groups. In the clashes about 800 labourers were involved. They were the result of the formation of an association by the employees to challenge the hold of the INTUC. Forty-five persons were injured, and the condition of five of them is still critical. Ninety-five have been arrested. Some time ago work on this atomic power station was held up by fire.

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The decision of the State Government to take disciplinary action against Sri J. P. Singha, who was Superintendent of Police at Jaipur when the police resorted to firing there on March 7, 1967, killing nine persons, will not satisfy anybody. The inquiry report of Justice Beri is yet to be fully implemented. Justice Beri found that the firing was wholly unjustified, and passed strictures against many officers, including Sri Singha. The Government has now asked Sri S. C. Misra, a retired police officer of Uttar Pradesh, to inquire into the charges against Sri Singha. The Government order says that Sri Singha left Johri Bazar immediately after he heard that the prohibitory orders under Section 144, Cr.P.C. had been withdrawn. He should have issued some instructions before leaving Johri Bazar. Further, he did not return to Johri Bazar even when he had been told that the police had resorted to firing. All the charges against him have been accepted by Justice Beri. The appointment of Sri Misra is therefore unnecessary.

FOR AN EMPLOYMENT - ORIENTED PLAN

VIRENDRA AGARWALA

THE PRIME MINISTER has tried to create the impression that the business community are only interested in fattening their already huge profits, and have set a formula, "Scrap the plan and the economy will improve; reduce the taxes and the revenue will increase"; while the Budget has set out the direction in which the Government wants the country to move. Increased outlay in the public sector, opportunities for small entrepreneurs, and the bank take-over are some indications of the direction. It is to be seen how this policy will either revive the economy or promote social justice.

Planning is considered essential either to set the priorities for better exploitation of scarce resources or to achieve distributive justice. Confiscatory tax rates on higher income groups and expansion of basic industries in the public sector constitute the Government's technique for checking the growing social tension and creating more employment. In practice, this policy has brought virtual stagnation, which gives no material relief to any section, least of all to the lowest income groups, while resources continue to be diverted from productive to non-productive areas and thus squandered on prestigeous projects, while their impact on employment and prices remains harmful to the economy. Planning is a must for a developing economy, but it needs to employ resources in such areas that they bring the best results in terms of goods and services of good quality at reasonable prices. If the economy today is not showing signs of recovery, it is not because of planning but because of the wrong priorities set in planning, which has distributed poverty rather than prosperity.

The crucial question for the planners is how to absorb 28 million unemployed by the end of the Fifth Plan. The only way to increase employment is to increase production. The policy which increases the production of goods and services at the maximum rate is the policy which leads to the maximum employment. Many public sector units have been set up in Bihar and Madhya Pradesh, but they have not absorbed the unemployed in these States. It is naive to assume that employment is created by allocating funds in a budget. Provision of doles to the unemployed will simply create a nation of beggars. An industrial magnate has recently declared that if the Government scraps its negative policy he can set up so many industrial units that all the unemployed of West Bengal can secure gainful employment.

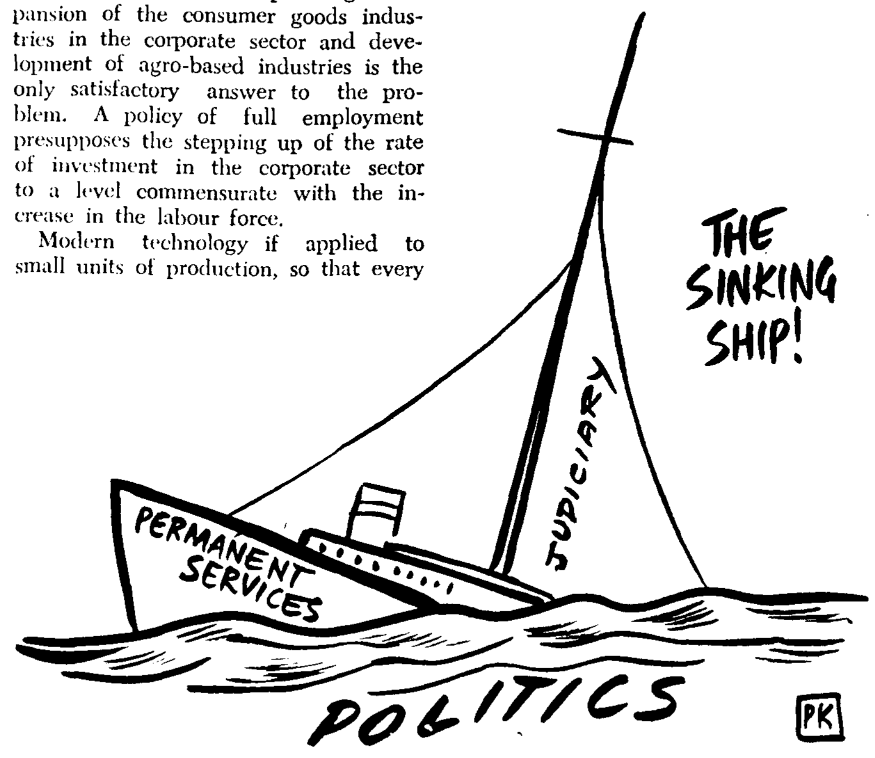
The unemployed are the focal point of tension today. It is estimated that more than 25 million will be added to the existing labour force of 190 millions during the Fourth Plan period. The Fourth Plan is expected to generate 18.5 to 19 million new jobs, i.e., unemployment will increase by 6 to 7 million. Added to the present backlog it will make a total unemployed force of 16 to 17 million. Another estimate is that the unemployed will reach 27 million by the end of 1970, and 60 million by the end of 1979. According to the figures of the employment exchanges, there were 8.75 lakhs of matriculates, 1.86 lakh graduates and 53.118 engineers unemployed in June 1969.

The Prime Minister has recently commended the revised Fourth Plan (1969-74), which has set forth the minimum tasks to be done. It is a wrong assumption that a larger outlay, about Rs 24,882 crores, to meet the financial requirements of the Fourth Plan, and an increase of Rs 400 crores in the outlay for the new year to expand basic industries in the public sector, can either raise the growth rate or ensure price stability.

The question is whether the public sector outlay, which has now been raised to Rs 15,902 crores in the Fourth Plan, can absorb 50,000 unemployed engineers. The joblessness among engineering graduates is an unanswerable indictment of our planning. Expansion of the consumer goods industries in the corporate sector and development of agro-based industries is the only satisfactory answer to the problem. A policy of full employment presupposes the stepping up of the rate of investment in the corporate sector to a level commensurate with the increase in the labour force.

Modern technology if applied to small units of production, so that every house is converted into a workshop, can compete and meet the problem, but it needs close and effective coordination between the big and small sectors of industry. Japan offers an inspiring example of a country surmounting all obstacles to industrial growth by adopting an economic technique adapted to its conditions. The Soviet-style planning pursued in India today will continue to compel the lower and middle-class families to shoulder heavy burdens in the form of punitive taxes on personal incomes as well as excise duties on essential items of consumption, while their savings will continue to be mopped up so that they cannot engage themselves in productive activities. The situation has already become so explosive that India's traditional soil has become a fertile ground for the growth of Communism. The economic policy followed hitherto can never provide enough jobs, nor does it allow the people to engage themselves in gainful employment.

The twin problems of unemployment and inflation can be solved only through rapid economic growth. The public sector has no record of efficiency to boast of, nor has the private sector done anything which goes against the national interest. Let them clearly demarcate the areas to be allotted to the two sides, and the FICCI session should provide an opportunity to discuss those items where consensus has yet to be reached. That can be a surer way not only to larger employment but to an increase in the purchasing capacity of the people.



BENGAL LETTER:

MR. DHAVAN'S FIRM REPLY

CALCUTTA, April 8: The Governor of West Bengal, Mr Shanti Swarup Dhavan, who invited on himself criticism from Parliament and from the people of the State for his unwarranted tribute to the former United Front ministry in his radio broadcast, is now showing better judgment.

During the three weeks he has been executive head after the imposition of President's Rule, Mr Dhavan has visited Burdwan and Tribeni, the two trouble-spots where people were murdered during the Bengal Bundh organized by the CPI-M on March 17, and has taken action against the offending district officials of Burdwan for their dereliction of duty, restoring confidence in the people that law and order would be maintained during President's Rule. He has also given a fitting reply to the accusation of Mr Harekrishna Konar, former CPI-M minister, against him.

For one who has not had much experience in administration, unlike his predecessor Mr Dharma Vira, Mr Dhavan's performance so far has been creditable. He has also shaken off some of his leftist leanings.

Mr Dhavan's reaction to the apprehended labour strikes he had to handle this week is worth noting. Referring to the strike by the muster-roll workers at the Central Dairy, who forced many of Calcutta's homes, hospitals and restaurants to go without milk, Mr Dhavan pointed out that this was a strike in an essential service organized by the CPI-M dominated union and the demands of the workers were so inadmissible that even the former Deputy Chief Minister, Mr Jyoti Basu, had turned them down. Then, referring to the 'go-slow' tactics resorted to by the workers at the Farakka Barrage on the issue of making them permanent even after the completion of the project, the Governor said that the demand was unreasonable in so far as there was to be no "retrenchment" as such, but once the project was completed, those engaged in its construction work had to seek jobs elsewhere. They could not be made permanent. Mr Dhavan cited an example and asked reporters: "Suppose you employ some fifty people to build a house for you and after its completion those fifty men insist that they should be permanently employed in the house What will you do?" The Governor said that if this trend continued "no one will come to Bengal". He was, in fact, echoing the feelings of businessmen and industrialists who hesitate to invest capital in the State in view of unreasonable labour demands.

Mr Dhavan gave a fitting reply to Mr Harekrishna Konar for his intemperate letters on the Burdwan issue. He had earlier silenced Mr Jyoti Basu when he said that his party had not asked for a judicial inquiry into the murders at the Kesoram Rayon Factory at Tribeni. The Governor confronted Mr Basu with the statements made by his own party men, and Mr Basu has not chosen to reply.

Perhaps the CPI-M thought that the controversy Mr Konar was carrying on with the Governor over his visit to Burdwan and his alleged "partisan" observations would serve the party purpose. Mr Dhavan, in his latest letter, said he wondered what Mr Konar meant by the word "people" and said that he could not concede the claim of any single party to be the sole representative of the people. He was not concerned if, in the bitter controversy raging between the opposing parties, they called one another "anti-people", but if the same epithet was used against him, "I must repudiate it."

Mr Dhavan also bluntly told the CPI-M leader that he could not equate any single party with the people nor agree that that party alone was entitled to make political demands in the name of the people to the exclusion of other parties.

THE DILEMMA OF SOCIALISM

H. R. VEDANTA IENGAR

One of the main attractions of socialism to tub-thumping socialists and careerists is the prospect of their being able to gain control of public corporations through nationalization and exploit them for personal or partisan ends under the plausible guise of safeguarding public interest or of promoting social good.

A minority of intellectually honest believers in 'democratic socialism' may however sincerely feel persuaded that public ownership of the means of production enables society, acting through public authority and Parliament, to shape the policy and decisions of public corporations to achieve socially desirable objectives. But both the honest believers in democratic socialism and the political opportunists appear to be oblivious of the fact that in what John Kenneth Galbraith calls the New Industrial State, to which all economic systems, be they capitalist or socialist or communist, ultimately approximate and converge, it is not the top echelons, not the Government or Parliament or the Legislature that really wields power or takes decisions in the conduct of undertakings whether under public or private ownership. The ultimate decision-makers are—quite rightly and appropriately—the Technostructure (as Galbraith describes them) consisting of committees or a complex of committees of engineers, chemists, designers, market researchers and other functionaries who are part of the staff of the undertakings.

In a modern capitalist State, control of the large business firms and industrial corporations no longer vests in the shareholders except notionally or legally. Power is no longer concentrated in the hands of those who provide capital. It has gravitated towards and has descended down to teams of scientists, engineers and other specialists and trained employees. Decisions are no longer taken by individuals however highly placed in the hierarchy, be they chairmen or managing directors or managers or other top brass, except in a very formal and unimportant sense, in much the same way as Government orders are issued in the name of the President of the Indian Union or a State Governor, though the decisions are really taken by cabinets or ministers assisted and advised by a large body of secretaries, deputy secretaries, etc., possessing the needed knowledge and expertise. An industry's decisions in modern corporations are really collective or group decisions of the Technostructure. Decisions which ignore or run counter to the viewpoints of those who constitute the technostructure can and do result in inefficiency and serious harm to the undertaking. The imperatives and the complexity of modern technology and planning have transferred the centre of gravity of power, control and function of taking decisions, which are inseparable from one another, to those among the body of employees who contribute to the making of group decisions, by dint of their talent, experience, specialized knowledge or training, though legally the power vests in the owners of the corporations. This goes further than what is called the managerial revolution. It is the technostructural revolution.

When therefore socialists come to realize that ideologies do not make any difference to the paramount need for granting autonomy in decision-making to the technostructure of all kinds of large undertakings without interference from owners of capital, whether they are shareholders under private enterprise or Government or legislature under public ownership, nationalization will be seen in its true perspective, and the gilt comes off the gingerbread. Democratic socialism will then be shorn of its main attraction to socialists who will find that it is not after all worth having under those conditions.

The Labour Government in Great Britain introduced democratic socialism, or socialism under the auspices of the British Parliament, by nationalizing coal, electricity, gas, transport, airlines, etc., expecting that this would usher in the socialist millennium. It was not long before it was realized that parliamentary or ministerial intervention by way of even simple parliamentary questions on the working of these public corporations had undesirable effects on their being run competently; consequently, grant of full autonomy covering both minor decisions and major decisions on policy, became necessary and inevitable. It was found that only committees or a complex of committees comprising scientific, technical, economic and planning personnel equipped with the requisite knowledge, training and experience could make correct judgments in respect of matters relating to the concerned enterprise, not Parliament nor the ministry.

Mr C. A. R. Crosland, a prominent member of the British Cabinet and the Labour Party, confessed that public corporations of the nationalized industries in Britain are not in practice accountable to Parliament, that they function as "remote, irresponsible bodies immune from public scrutiny or democratic control", Parliament's functions being limited to "fitful, fragmentary and largely ineffective *ex post facto* criticism". Socialists in Britain have thus come to realize that freedom from parliamentary or other external control or interference and the grant of really meaningful autonomy are the price democratic socialism has to pay for the successful and efficient conduct of corporations under public ownership. But since the whole purpose and *raison d'etre* as well as the main attraction of democratic socialism to socialists was the social control of productive enterprises through Parliament or legislature, and since such control was incompatible with the need for autonomy for the successful running of these enterprises, disillusionment and disenchantment overtook the British socialists. The late Aneurin Bevan tried to restore a measure of parliamentary control, but when he realized that such control could only be exercised by sacrificing efficiency, the fight for nationalization was practically given up, with the result that socialism in Britain has now "come to mean government by socialists who have learned that socialism, as anciently understood, is impractical".

This autonomous exercise of power by the technostructure is an indispensable condition for the success and efficiency of any large corporation, whether under private or public ownership. Differences in ideology or economic system do not make any difference to this condition. The capitalist or private entrepreneur is subject to the same disability in this regard in relation to the enterprise he owns, as the State or Parliament in respect of nationalized undertakings. One of the chief reasons why public sector projects in India, on which several thousand crores of tax-payers' money has been spent, are with a few exceptions, colossal failures is that this need for autonomy to their technostructure has been but imperfectly recognized and the temptation to exercise control by external agencies has been found hard to resist.

Even Russian industry, whose autonomy had been diluted by interference by the omnipresent Communist Party representative and the Central Planning authority, i.e., Gosplan, has been chafing at external bureaucratic meddling and pleading for greater delegation, decentralization and devolution of power. The result is that increasingly large and progressively growing autonomy is being accorded to Soviet enterprises in order to remove alibis for inefficiency and failure to attain targets, though the pretence that the people and the Communist Party are paramount is being kept up. In East European countries also under the communist umbra and penumbra, the same trend is discernible, of greater authority being accorded to the enterprise over vital questions such as fixation of prices, wages, production targets, investment of earnings, etc. As the London *Times* has said, "in both Russia and America, technology has taken on a life of its own, relegating to the scrap-heap both socialism and orthodox capitalism".

The real dilemma, therefore, before champions of democratic socialism in India as elsewhere is —success without nationalization and social control, or, social control and nationalization without success. If socialism means nationalization and public ownership and control of industrial enterprises, is it worthwhile spending large sums of tax-payers' money for payment of compensation for acquisition of private enterprises if real, effective, power continues (as it ought to continue) to reside in the technostructure? If social control is sought to be effectively exercised over nationalized undertakings by providing for parliamentary and ministerial interference in their day to day affairs and if, in the bargain, financial losses go on snowballing, as they must, by this denial of autonomy, should the Indian tax-payer indefinitely continue to find the money to cover these recurring losses? It is clear as daylight that the *sine qua non* of success of the modern large-scale business enterprise, whether under private or public ownership, is *autonomy*. If control is the aim, the game of nationalization is hardly worth the candle. Yet the country is being dragooned by purblind socialists acting under the spell of a spent slogan into ideological adventures. By the time the folly of these adventures is realized (as it must be in the not too distant future) and nationalization and re-nationalization are inevitably followed by de-nationalization, the present Indian tax-payer would have quite needlessly and gratuitously been mulcted of a pretty penny as the price of wild experiments.

KERALA LETTER:

MR. N. K. SESHAN RESIGNS

KOTTAYAM, April 5: Mr N. K. Seshan has bowed out of the Achuta Menon Cabinet, following the Chief Minister's single-sentence letter to him: "I request the Finance Minister to resign from the Cabinet immediately". In his later talk to the pressmen, the Chief Minister explained that this step was necessitated by the failure of his attempts to bring together the two factions of the ISP. There was no difference of opinion between Mr Seshan and other members of the Cabinet, and the administration was going on with the best of comradeship, said the Chief Minister. But, in a coalition government, if a party leader says he withdraws his party's representative in the Cabinet, it is difficult to retain him.

The CM's conduct seems above reproach. The common man in our democracy has no right other than to vote for some candidate or other. The public are ignorant as to why the ISP wanted Mr Seshan to resign at all. The public think that personal rivalry between Mr Seshan and Mr P. R. Kurup is at the bottom of all this upheaval.

As coalitions are likely to be the political picture of the country for some years to come, public opinion should assert itself to prevent political parties acting without principle. Collective responsibility of the cabinet and the interests of the administration require that the Chief Minister should have a free hand in the selection and appointment of his colleagues, party organizations not being allowed to interfere.

The Kerala High Court has stayed the operation of Section 85 of the Kerala Land Reforms Act as regards some petitioners before it. This section enjoins the filing of statements of holders of land in excess of the ceiling area before March 31, 1970 and Sec. 118 (1) prescribes a maximum fine of Rs 200 in case of failure to do so. Sec. 118 (2) prescribes a fine of Rs 50 for each day of continuing offence after conviction under Sec. 118 (1).

On March 28 Mr K. T. Jacob, the Revenue Minister, warned that failure to submit statements of excess lands will be visited with governmental action including prosecution. He said that the stay granted by the High Court is applicable only to the concerned petitioners. He also stated that it will not be possible to extend the date without amending the law.

Legal opinion is that there is no scope for imprisonment for failure to submit statements.

Sri M. K. Stephen, President of the Kerala unit of the Swatantra Party, in a statement on March 30 (*Malayala Manorama*, March 31) says that there is no need to file statements before March 31 as enjoined by Section 85 of the Land Reforms Act. He appeals to the Government to pass orders for a general exemption from liability to file the statements even though the stay granted by the High Court operates only in favour of some petitioners before it.

THE EROSION OF PRIVATE PROPERTY

SUBASH J. RELE

MUCH MUGGINESS surrounds the right to private property. The recent judgment of the Supreme Court striking down the Bank Nationalization Act has once again brought the problem to the fore. It has annoyed the advocates of socialism, who now clamour for an immediate amendment of the Constitution with a view to removing the right to property from the list of Fundamental Rights. No convincing economic argument has been advanced by them. A dangerous trend in economic adventurism is evident in this demand. The champions of socialism are not in a mood to take into account the likely long-term repercussions of such a drastic measure. They seem to think that abolishing the right to property is the only way to obviate the situation created by the recent Supreme Court judgment striking down the Bank Nationalization Act. This kind of talk is irresponsible.

The right to property is one of the six rights contained in Part III of our Constitution declared as fundamental, in the sense that it is the base of every other right. It is the foundation of liberty. It is essential for living a full and rich life. It is a means of self-expression. It fosters a feeling of security and a sense of responsibility. The power to amend the right would mean the power to amend other fundamental rights having no relation to property.

The Constitution prohibits expropriation of property by the State. It stipulates compensation in the event of compulsory acquisition of property for a public purpose. For compensation it provides that

> "no property shall be compulsorily acquired or requisitioned save for a public purpose and save by authority of a law which provides for compensation for the property so acquired or requisitioned and either fixes the amount of the compensation or specifies the principles on which, and the manner in which, the compensation is to be determined and given; and no such law shall be called in question in any court on the ground that the compensation provided by that law is not adequate."

The Economic Policy Resolution adopted by the Ruling Congress at its session in Bombay includes the early implementation of the programme for imposing a ceiling on the ownership of urban property. This is another example of misplaced priorities. The Government has not yet struck upon a suitable formula for fixing a reasonable ceiling. The objective of the proposal, it is said, is to avoid concentration of income and wealth and to make available land at reasonable rates. Hurdles beset the implementation of such a proposal. The main hurdle is that of the valuation, which is a highly technical affair. The value of property varies from State to State, from city to city in the same State and between different locations within the city. It would be difficult to maintain an assessment machinery, which would prove expensive. Again, valuations are subject to variations from year to year. Any ceiling on urban property can be fixed only by the States because the Seventh Schedule of the Constitution clearly lists "land, that is rights in or over land" as one of the 18 items within State jurisdiction. The Centre can bring forward legislation if two or more States delegate to it under Art. 252 the power to legislate on the subject. But such legislation will apply only to the States that opt for it: it cannot be forced on other States by the Centre. It is a pity that this aspect of the proposal has not attracted the attention it deserves. It is wrong to presume that a ceiling would bring in a large amount of unaccounted wealth. The Government should adopt a cautious attitude because any hasty action is bound to be challenged in a court of law. As a matter of fact, it is pertinent to ask whether this lopsided importance attached to the ceiling on urban property is not irrelevant in the economic situation obtaining in the country today. There is little coherent thinking in the Government.

Mrs Indira Gandhi very recently stated that Constitutional hurdles would not be permitted to come in the way of "progressive measures". This was followed by the announcement that the Government would support Mr Nath Pai's Bill to restore to Parliament the right to amend the Constitution. The Supreme Court in its judgment in the Golak Nath case in 1967 held that the fundamental rights cannot be whittled down by amendment. Nath Pai's Bill seeks to establish the supremacy of Parliament under the Constitution. Its principal objective is to undo the effect of the decision of the Supreme Court in the Golak Nath case. The Supreme Court is the protector and guarantor of Fundamental Rights. If the Bill is passed into law, it will cease to be so.

The Bill is ill-considered and ill-conceived. If it is passed a dominant group of legislators will get the sanction to pass any legislation, irrespective of whether it is beneficial to the country or not. There are inherent dangers in making Parliament the final arbiter. Political pulls and pressures operating at various levels have already made mincemeat of Indian democracy. It is true that the sovereign power is vested in the people but it is futile to equate the will of Parliament with the will of the people.

WHY WEST BENGAL IS AILING

B. C. NAG

WHEN GOVERNOR Dharma Vira swore in Dr P. C. Ghosh as chief minister of West Bengal after dismissing the first United Front ministry in November 1967, he said: "I am placing a crown of thorns on your head." Within three months Mr Dharma Vira under President's Rule had himself to wear that "crown"! With what disastrous result he did it the mid-term poll a year later showed.

The second United Front government has now collapsed and the State has been placed under President's Rule again. But politically, the problems the present Governor Shanti Swarup Dhavan has to face are radically different from those that his predecessor had to face. The Front crumbled under the strain of dissensions in its own ranks. The massive majority it secured in the mid-term poll last year could not save it. Rather, the sense of security this unexpected success bred spurred it to inter-party quarrels, clashes and murders, with complete breakdown of law and order, in which Naxalites also benefited. Violence breeds violence. An abortive attempt on the life of Marxist leader and former deputy chief minister Jyoti Basu at Patna is a symptom of the virus of violence introduced in Indian politics of late.

However, from the reaction of the people it is clear that President's Rule has come to them as a deliverance. As a matter of fact, some of the Front leaders themselves have described it as such. Even the CPM, which had been vehemently opposed to it, accepted it as a lesser evil than a mini-front ministry formed with direct or indirect support from the new Congress of Mrs Gandhi's supporters.

The present complexion of the State Assembly permits many alternatives in forming another ministry. Two of the major parties, the CPI and the Forward Bloc, feel that the distribution of portfolios is the main problem. The working of the two departments, home and general administration, held by Mr Jyoti Basu, proved the legendary Pandora's Box. But now Marxists say that they will be prepared to part with the two controversial portfolios, provided the other parties agree to Mr Basu's becoming the chief minister. But they have rejected the offer.

Why is West Bengal politics so unstable? The causes are many. The refugee problem still continues to be serious in West Bengal, though it has long been solved in the Punjab. If this small State did not have to bear the burden of over four million refugees, registered as such, besides several hundreds of thousands of other East Bengal Hindus who were working in the State before Independence and stayed on, the plight of West Bengal might not have been so serious. There cannot be anything more blatantly discriminatory than the treatment meted out to these East Pakistan refugees in comparison with those from West Pakistan. The West Pakistan refugees have been compensated for their properties left in Pakistan, but not so their counterparts from East Pakistan.

The middle class unemployment problem has reached dangerous proportions in the State. Circumstances have influenced a large number of these people to go over to the extreme left. Not merely is the slackened growth of industry responsible for this. In their home State Bengalis are finding it difficult to get employment, because others are being brought from other States to fill vacancies. Industries in West Bengal are mostly in the hands of non-Bengalis. After Independence, many British firms have passed into their hands.

Nearly 600,000 people live on the pavements of Calcutta without shelter of any kind. The slums of this metropolis claim almost half the total population. Workers in West Bengal are paid the lowest wages in comparison with those in other industrial cities. The number of educated unemployed is the highest. There are 961,793 beggars in India and Calcutta claims the largest number citywise, though through the Calcutta port more than 50 per cent of overseas trade passes and more than 50 per cent of foreign capital plus a sizable Indian capital is invested in its industrial belt.

If under the President's Rule these and allied problems are effectively tackled, a real dent can be made in the hold of the CPM on the people. Otherwise, violence and counter-violence will continue to be the order of the day.

THE MENACE OF POWERLOOMS

PRAGADA KOTAIAH, M.L.A.

THE CENTRAL and State Governments have been proclaiming that those engaged in the handloom industry, which has to contend with the competition of the textile mills and powerlooms, should be ensured continuous employment with reasonable remuneration. These self-employed people are 20 million in number. The industrial and fiscal policies pursued by the Governments are actually causing irreparable damage to the handloom industry in which, next to agriculture, the largest number of people are employed.

The existing three millions of handlooms in the country together with the two lakhs of powerlooms and automatic looms in the mills can produce over 11,000 million yards of cloth a year—enough for both internal consumption and anticipated exports, even on the basis of the increased population in 1970. But the State and Central Governments have not only regularized the 1.45 lakhs of unauthorized powerlooms outside the mills but have also been issuing licences for installation of 1.10 lakhs more powerlooms during the Fourth Plan period. Thus, the Fourth Plan seems to have been framed to increase the number of powerlooms, either working in the mills or outside, to five lakhs.

Knowing that the handlooms must perforce pay a higher price for yarn required by them than the composite mills, which produce their required yarn in their own spinning sections, the Central Government seems to be deliberately levying excise duties at increased rates from year to year on yarns made available to handlooms! Besides this, the Central and State Governments are levying sales tax on yarn used by handlooms, and the very purpose for which excise duties are imposed on mill cloth is being indirectly defeated.

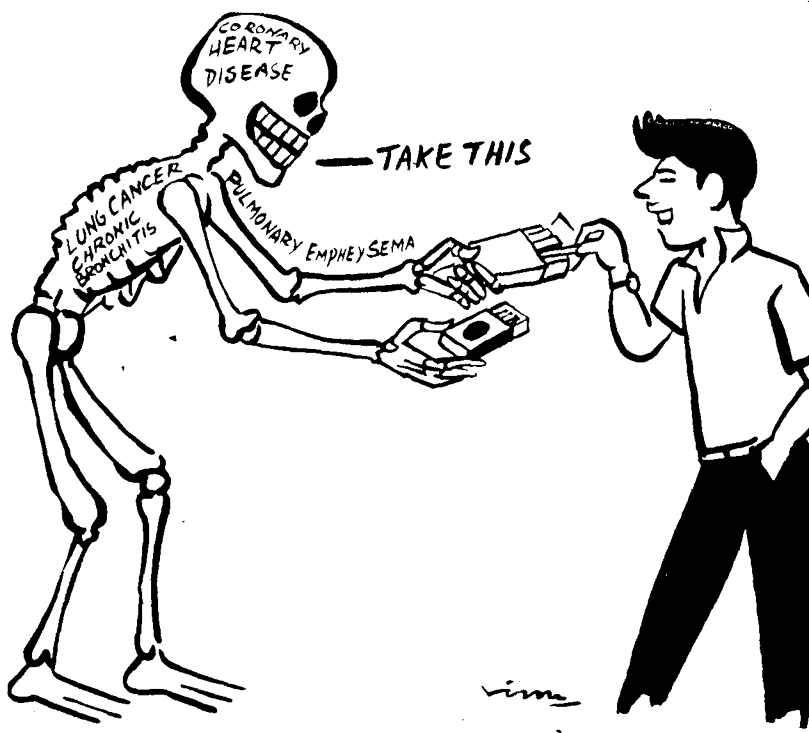
Having pegged the production of *dhoties* by the mills at the 1963 level and having reserved the production of *sarees* both yarn-dyed and piece-dyed exclusively for handlooms, as a measure of protection to the handloom industry against the competition of the long protected textile mills and powerlooms, the Central and State Governments are not taking any action against the mills and powerlooms which are openly violating the rules of reservation and are selling these varieties of cloth in competition with those produced by the handlooms.

The mill-made cloth in the form of fents and cut-pieces, subjected to concessional rates of excise duties, and the powerloom cloth, totally exempt from excise duties, are free from levy of sales tax by State Governments, but the handloom cloth in many States like West Bengal, Mysore, Maharashtra, Delhi, etc., is subjected to levy of heavy sales tax.

Sufficient cotton is not available in our country to feed the textile mills and so 9 to 10 lakhs of bales of cotton are being imported every year. On the direction of the Textile Commissioner, Government of India, the Indian Cotton Mills' Federation, Bombay, has been collecting premium at the rate of Rs 250 to Rs 500 per bale of cotton imports. Thus more than Rs 25 crores are being collected as premia every year and the entire amount is being utilized by them in the name of promotion of the textile mill industry.

It is a well-known fact that the handlooms in this country have been utilizing a major portion of the yarn spun out of the imported cotton, paying higher prices for the yarn to cover the premia collected on imports of cotton. The handloom weavers have been repeatedly requesting the Government of India to set apart a portion of the premia for the promotion of the handloom industry, on the basis of consumption of yarn spun out of the imported cotton, but nothing has been done so far.

The Andhra Pradesh Government defaulted in reimbursing the rebate due to weavers' cooperatives to the extent of over Rs 65 lakhs and it has kept in abeyance the scheme of allowing rebate on sale of handloom cloth by weavers' cooperatives since 1st June, 1967, though the Central Government placed the required grants at its disposal for the purpose. The Government of India have not questioned the State Government why so much rebate was kept in



CARTOON REPEATED IN VIEW OF UPSURGE OF CIGARETTE ADVERTISEMENTS arrears, and why the scheme of allowing rebate to consumers on sale of handloom cloth was stopped without indicating how the State Government proposes to utilize the funds to be provided hereafter by the Government of India for the development of the handloom industry.

As a result of these industrial and fiscal policies pursued both by Central and State Governments, the handloom industry in Andhra Pradesh is now facing a serious crisis, involving large-scale underemployment and unemployment of handloom weavers. Andhra Pradesh has more than 5 lakhs of working handlooms, out of which more than 2.70 lakhs have joined the weavers' cooperatives. Perhaps Andhra Pradesh is the State where the largest number of handlooms have joined the cooperatives in the hope of securing full and remunerative employment. But their hopes have been belied.

Shri Pragada Kotaiah is the General Secretary of the Andhra Pradesh Weavers' Congress.

> Dictators ride to and fro upon tigers which they dare not dismount. And the tigers are getting hungry.
>
> —WINSTON CHURCHILL in *While England Slept*

FROM THE CAPITAL:

OPPOSITION'S WAITING GAME

SENTINEL

NEW DELHI, April 8: The Ruling Congress is far from secure at the Centre, and the Opposition parties are setting their sights on the 1972 elections. They are not keen to replace it now, it seems. The Budget session so far has not led to any major voting challenge to the Government, though the Government is vulnerable. The Ruling Congress has not added to its strength in the Lok Sabha which remains at 212. Its minority character will not change. The strength of the Congress (O) also remains at 62. Other parties remain where they were in the last session.

Smt. Indira Gandhi relies on the informal but definite support of the left parties and the DMK. There is, however, this difference that she cannot count on the support of the CPM in the same way as before. After the displacement of the CPM-dominated ministry in West Bengal and imposition of President's Rule there, the CPM is more inclined to stay neutral and may even oppose the Government on some issues. The Akali support is no longer there because of her party's role in siding with Gurnam Singh in the last ministerial crisis. And the Independents are an indeterminate quantity.

That the odds are against her and in favour of the Opposition is a fact generally conceded and yet no major threat has developed to her minority Government, because the Opposition parties do not combine. Excepting the Congress (O), Swatantra and the Jan Sangh who have made clear their aims, other parties are suffering divided counsels on the issue of replacing the present Government. This is particularly so in the case of the PSP and the SSP. Among the parties that are firmly committed to replace the present ruling party, there is not organizational alertness, which accounts for the absence of members on votings on important subjects or amendments.

The Lok Sabha is debating grants. The passage of the Home Ministry's demand by a voice vote came as a surprise. That was the first demand put to vote. All cut motions were rejected by voice vote and the main demand was also passed by voice vote. The Lok Sabha had already passed the Railway Budget. After the Congress split, it was expected that the Government would have an uncomfortable time during the grants, but the Opposition members are mostly absent during the grants. The attitude of the DMK and the CPI is already known. The CPM is tending to be neutral. So the Government whips have not to be running about.

The voting strength of the Government has certainly diminished after recent developments. There are many more grants to be passed and there is the Finance Bill. The Opposition parties are losing no chance to embarrass the Government on the many issues coming up but they have yet to build up a tempo that could go into the voting field. The lack of it may be due to some clever moves by the Ruling Party to create confusion. Vague rumours are set afloat about some vague desire for unity of the two Congresses. There is absolutely no basis for such reports, and if anything there is more disenchantment in the Ruling circles about the policies and programmes. Yet such rumours get circulated and have the effect of confusing members. In this situation to talk of 1972 would only encourage the Prime Minister and the Ruling Congress to persist with their tactics of confusing the Opposition.

We have had debates on the External Affairs ministry before but at no time did the attitude and role of the Soviet Union come in for such close examination and sharp comments as during the discussion on demands for grants for that Ministry. In his inimitable debating style Mr Piloo Mody exposed the foreign policy (or the utter lack of it?) for what it was really worth. The description and definition of our foreign policy by him cannot be improved for that is what it really is and it has landed our country in quite a mess. He quoted extensively from the annual report of the External Affairs Ministry and described its conclusion as "inane platitudes masquerading in the garb of a foreign policy". Mr Modi went on, against each country the Report had claimed "close and friendly relations" and with others "economic cooperation". Was it worth wasting all this money to produce such a report, he asked.

Mr Mody charged the Government and the Ruling Congress of having maintained itself in power with the flagrant use of Soviet money and having worked itself into a position of impotency in its relationship with the Soviet Union. While other countries were waiting and watching with caution, India had, for the first time, recognized the Soviet Union as an Asian Power and even accepted and propagated the so-called Brezhnev Doctrine of collective security. Thereby she had paved the way for Soviet presence in the Indian Ocean instead of quietly working towards filling the vacuum itself. Mr Mody roundly condemned the Government for reducing India to the status of a Soviet satellite.

How correct was the analysis of Mr Mody was borne out the next day when the Defence Minister, Mr Swaran Singh, told the Lok Sabha that Government was continuing to impress on the Soviet Union about the serious repercussions of the supply of tanks and military equipment to Pakistan which was to the detriment of India. The Government has been conveying the concern for quite some time but without any results. Mr Swaran Singh disclosed that 150 tanks from USSR had been received by Pakistan. And our foreign policy report harps on close and friendly relations!

TWO UNITED FRONTS: 1967 AND 1969

SAMIR KUMAR GANGULY

West Bengal has been delivered from the thirteen-month-old rule of the Marxist-dominated United Front. While the future is still not clear, one conclusion is inescapable. Although there have been 636 murders, including more than 100 admitted to be political by Sri Jyoti Basu, the UF Deputy Chief Minister, and more than 170 closures of factories involving retrenchment of thousands according to Sri Krishnapada Ghosh, the Marxist Labour Minister, the thirteen-month rule has been only a poor dress-rehearsal for the widely apprehended civil war. There has been a reign of terror by the CPI(M), but revolution has remained a far cry in the eyes of that party's disillusioned followers. They are still unappeased, and a force to be reckoned with.

The chief cause of the collapse of the UF elected by such an overwhelming majority in 1969 was its gradual erosion from within. The UF was born on 24th February 1967, after the elections, when the late Humayun Kabir, heading the PULF group, invited Sri Jyoti Basu of the ULF group to join in an attempt to forestall the Congress Party in forming a Government. With Kabir, it was only anti-Congressism that guided his actions, as he had not yet forgotten the insult of being eliminated from the Union Cabinet in 1966. Sri Ajoy Mukherjee, the other leader of the PULF, agreed to lead a UF Government in which he would hold the Police portfolio, although he was apprehensive of the Marxists' intentions. What was his undoing at that time was his reliance on the CPI, which has always acted as a repository of his conscience. Regrettably, however, there was no effort on the part of either Kabir or Sri Ajoy Mukherjee to place their ideology and programme clearly before the people. While the two leaders accused each other of betrayal, West Bengal was slipping into chaos under the influence of the Marxists. Kabir grew impatient, and on the 2nd November 1967 withdrew his 17 MLAs from the UF in order to break it up. People in the State saw in this a conspiracy hatched by the Centre in connivance with its local agents, Dr P. C. Ghosh, Governor Dharma Vira, and Kabir. Until today, unfortunately, no effort has been made to explain that the UF in 1967 was created by a merger of the ULF and PULF after the elections, and if the 17 MLAs were accused of defection from the Front in November 1967, they, with their leaders, including Sri Ajoy Mukherjee, were already guilty of defection from their election pledges when they joined the ULF.

The UF of 1969 was completely different. It was born out of convulsions of hatred against the Centre, the Congress Party, and its patrons among non-Bengali big business in Calcutta, who were accused of conniving at the dismissal of the first UF Government. The second UF, therefore, was indicative of the protest of the whole of Bengal against the intervention of the Centre and the domination of West Bengal by outside interests. The Marxists utilized the elections for virulent propaganda of class-war, in which, however, the other constituents also took part. Although the nebulous 32-point programme was considered to be the meeting ground of all the constituents, who were and are socialistic in their outlook, their emphasis on the class-war was of different intensity. It remains a question whether it was the general banner of the UF that brought in 80 Marxist MLAs to the newly elected Assembly, or the superior organization and militancy of the Marxists that accounted for the success of the UF. But it was clear that a perverted theory of class-struggle had gripped the mind of the average Bengali and propelled him towards destruction of the established order, which he regarded as a kind of colonial rule inflicted on West Bengal by the reactionary Centre.

Contributions are welcomed but they should not exceed 900 words in length. The Editor will be grateful if they are typewritten with double space and on one side only.

Since the installation of the second UF Government, and perhaps even before, the fears of the non-Marxist parties about the strength of the CPI(M) have been evident. Although the ministry making was held up over the allotment of the Police portfolio, which ultimately went to Sri Jyoti Basu, and although seven other important portfolios, Land Revenue, Education, Labour, etc., were conceded to the CPI(M), the non-Marxist parties, aware of the constitutional importance of the Chief Ministership, insisted on retaining it and were prepared to make this a breaking point. That their calculation was right has been proved by the dissolution of the UF on Sri Ajoy Mukherjee's resignation.

However, the speed with which the CPI(M) penetrated into the different spheres, particularly labour, which had hitherto been the monopoly of the CPI, confirmed the fears of the non-Marxist leaders. After the split of the Congress in August 1969 the CPI drew courage from the blessings of Mrs Gandhi, who allowed the installation of a mini-front government under Sri Achyuta Menon in Kerala, and hoped that they could weather the storm. Yet their leaders were not at ease. The CPI, with the covert blessings of the Centre, egged on Sri Ajoy Mukherjee and the Bangla Congress to conduct a State-wide protest fast against the violence of the CPI(M), which according to Sri Sushil Dhara had already claimed hundreds of lives. It should be stated that the CPI(M) was not alone responsible for the breakdown of law and order. The CPI, Forward Bloc, SUC, etc., also made use of their limited party machines to loot and plunder where they were strong. The CPI(M), however, scored the most spectacular success among Labour and the white-collar unions, where they smashed up the rival party unions, particularly those of the CPI, and swung the majority of workers to their side by achieving significant wage increases in the jute, tea, textile and other industries, even through methods of terror. Thus it became clear that the other constituents of the UF were losing the race in implementing the class-war, which took on the form of a reign of terror. The other parties refused to follow up Sri Ajoy Mukherjee's mass action, started earlier in the winter of 1969, because they feared that they might get isolated from the masses. Sri Mukherjee, betrayed by the CPI and the Centre, learnt belated wisdom, and decided to break up the Government by resigning on 16th March, 1970.

The politics of West Bengal will continue to be paradoxical. To the average Bengali, who still nurses a grievance against the Centre, identified with big business in this State, a vote for socialism may still mean a vote for the CPI(M). The vast numbers of unemployed may still be convinced by the CPI(M) that it was a conspiracy of big business with Sri Ajoy Mukherjee which has resulted in closures, lockouts and mass unemployment. The promise of Mrs Gandhi's Government at the Centre is entangled with the possibility of a political alignment including the CPI, Bangla Congress, Congress (R), etc., which might not fare better than the undivided Congress Party in the 1969 mid-term elections.

This poses a challenge to the Centre and the business community in Calcutta who wish to maintain the integrity of India. While it is a fact that the persecution mania of the Bengali is largely the product of a tormented mind, it is also a fact that he has not received just treatment. West Bengal's share in the divisible financial pool has remained meagre although her contribution to it is the largest; the six million refugees who have paid the price of Indian Independence continue to be West Bengal's headache; and 90 per cent of Birla's local employees continue to be imported from outside the State.

WHAT PRICE PROGRESS?

A. K. SEN

At the Bombay session of the requisitionists' Congress eloquent denunciations of the so-called monopoly houses were made. Yet within a week of the close of that session the Government had granted the licence for the Goa fertilizer factory to one of the biggest "monopolies", the house of Birla, against whom serious allegations of unfair business practices had been made, particularly by the Young Turks. In reply to their outraged cries of betrayal, it was explained that the grant of the licence was without prejudice to any future inquiries into Birlas' misdeeds. But the fertilizer licence is a *fait accompli*. Many things may happen by the time election year, 1972, rolls round, when all feuds will be buried in the overriding interest of election funds!

A similar ambivalence, of raising the roof with perfervid denunciations of monopolists while dealing with them under the counter, seems to have gone into the making of the Union Budget. This first truly socialist budget of the Brave New Congress has not been greeted by business circles with anything like the howl of protest that heralded the budgets of that old reactionary, Morarji Desai. Whether this is due to pervasive fear of Government or because the monopolists had expected the worst from the present PM, and braced themselves for it, we need not consider now. But stock exchange reaction was described as "mixed", which means that while dutifully keeping up pained noises, big business had heaved a sigh of relief. And, indeed, there seems to be some cause for relief. Despite a steep increase in direct personal taxation above the slab of Rs 40,000 per annum—a figure designed to exclude the over-the-counter earnings of ministers, forgetful or otherwise—corporate taxation has been left severely alone, barring marginal harassments like the withdrawal of exemption for business entertainment, which do not count for much.

Figures tell their own story. Despite the steep increases in rates of income, wealth and urban property taxation, the nett increase in revenue from direct taxation, making no allowances for increased evasion, is expected to be in the region of Rs 5 crores in 1970-71; in 1971-72, always provided assessees do not answer force with fraud, the yield will rise to Rs 23 crores, according to Mrs Indira Gandhi's own figures. The socialist content of Mrs Gandhi's thinking would therefore appear to be all sound and fury—signifying nothing!

The real bite of Mrs Gandhi's imposts has been reserved for the mass of consumers. Indirect taxation, as much as Rs 135 crores of it, has been specifically directed against consumer commodities used by a broad cross-section of the public, who again will have to pay increased rents on accommodation from the spread-effect of urban property taxation. Much of the indirect taxation will be realized from articles of common consumption like sugar, khandsari, tea, cigarettes, kerosene oil, etc., the first two alone accounting to Rs 28.50 crores.

The stock excuse of "socialist" finance ministers for picking consumers' pockets is that it will serve to restrict "conspicuous" consumption. But consumption is not curbed by high prices under conditions of inflation, which the uncovered deficit of Rs 225 crores, probably an underestimate, will ensure. There is therefore a built-in guarantee of rising prices with windfall profits in depreciated currency to large-scale producers and traders.

So the common man, none other than Mrs Gandhi's mythical 95 per cent following, will continue to be ground between the upper and nether millstones of taxation and inflation while "monopoly" will enjoy the dubious benefits of inflationary price rises. The battle for growth with equality will be led from the rear.

THE NEW LAND CEILING

PROFESSOR C. S. MAHADEVAN

The old dictum that "the magic of private property converts sand into gold" has now been flagrantly defied by the proposed land ceiling measure of the Tamil Nad Government. Some of our politicians, intoxicated by power and the desire to hold on to it, go out of their way to adopt pseudo-socialistic measures, which instead of creating an egalitarian society will only accentuate disparities. Socialism has become a fad with the ruling classes. It is a slogan which is used as an instrument for achieving political privileges. Twenty years of dabbling in socialism has ruined the nation, and it is a pity that the people continue to have faith in the vote-catching formulas put forward by the governing sections.

The Tamil Nad Land Ceilings Opposition Conference, held recently at Thiruvarur, rightly observed that the proposed measure, "by still further reducing the income of the farmers, will necessarily act as a disincentive and lead to diminution in output". The decision of the Government to reduce the ceiling to 15 standard acres will practically wipe out the incentive of the farmer to invest any further capital in land. The measure has already created apprehension among those who are above as well as below the proposed ceiling, that this may be the first of further measures of reduction, which will prove detrimental to increased agricultural production. As pointed out by Mr Chester Bowles, "the government of a developing nation that discourages and discredits private initiative will fail in its objective of rapid economic growth".

To lower the ceiling on agricultural land would be economically unsound, legally unjust and ethically wrong. The present ceiling of 30 standard acres itself has not been helpful to agricultural betterment. Profitable cultivation of high-yielding varieties and the use of modern implements like the tractor require fairly large-scale farming. Already our holdings are hopelessly subdivided. The average size of a holding is very low. Over 70 per cent of the people own less than 3 acres. A further lowering of the ceiling will prove harmful to the economic interests of Tamil Nad. A 15-acre farm will not yield more than Rs 3,000 a year, hardly enough for a farmer and his family to make both ends meet, let alone adopt improved methods. Young men will not take to agriculture when it cannot give them an income adequate to maintain themselves at a reasonable standard of living.

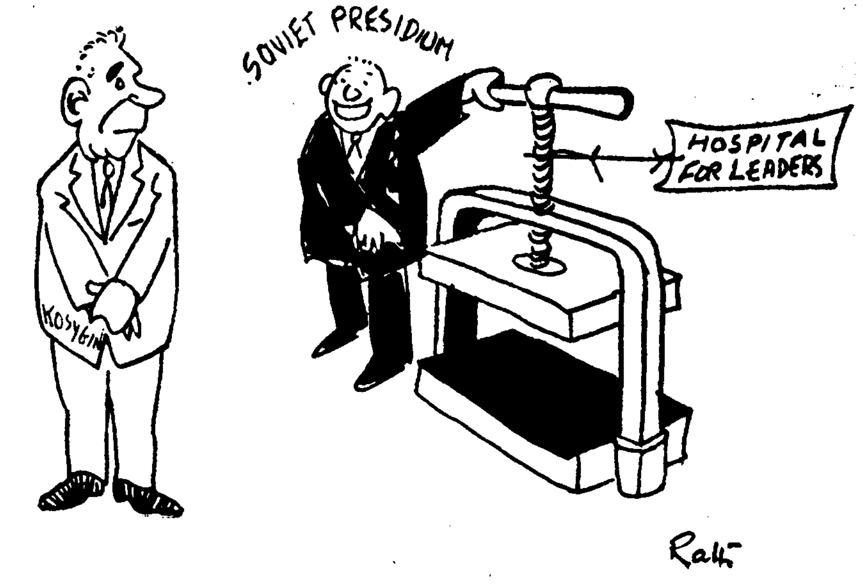
The Tamil Nad Government has made commitments to such lending agencies as the World Bank, the Agricultural Refinance Corporation, etc., on the basis of the *status quo*. Credit in the economic markets should be considered before the Government lowers the ceiling. Otherwise it would affect the capacity of the Government to command credit in the future.

The standard acre was calculated on the basis of land revenue, and yield was only one aspect. Water rates on land revenue had been levied separately. There will be many anomalies and these will make the measure inequitable.

There are legal complications too. The right to property is a fundamental right, and it is not unlikely that the Supreme Court will declare the measure null and void. Even if it is not so, the Government will have to pay the market value, which might run to several crores of rupees. In fact since the implementation of the previous Act many individuals have improved their lands and third party rights have been created.

The measure will make the middle class section of the farming community discontented. A discontented peasantry will prove an obstacle to economic progress. Again, when one section becomes discontented, it will have a bad moral effect on other sections. A feeling of frustration will be produced among the people and this may lead to disastrous consequences.

Finally, there is the administrative problem of redistribution of surplus land. As Mr K. Santhanam rightly observed, the fixation of the land ceiling at 30 standard acres by the Congress Government created uncertainty and led to manipulations and redistribution, which occupied the attention of the landowners more than the national interest of maximizing production. Though the 1961 Act was circumvented in most cases, the Government was left with some thousands of acres of land. It is well known how equitably the Government distributed this land to the landless, and how beneficial it has been in increasing



production! Despite the lapse of nine years, some of the surplus land is yet to be distributed.

We are passing through the "Green Revolution". What is required is to hasten its progress. If this is not done, our objective of a higher growth-rate will not be achieved. A measure of the kind contemplated will prove a bane to the progress of agriculture and to the development of the economy on sound lines. It should be abandoned.

GUJARAT LETTER:

A GREAT CAREER

RAJKOT, April 4: Gujarat was plunged into grief at the demise of Sri Bhailalbhai Dahyabhai Patel, popularly known as Bhaikaka. A veteran political leader, educationist and engineer, Bhaikaka was the pioneer of the Gujarat Swatantra Party. He died in the civil hospital, Ahmedabad, where he was admitted for treatment on the 31st March. He was 82. He died in political harness, as he remained present in the Vidhan Sabha during the week and cast his vote in the Rajya Sabha election. As the news of his death spread political leaders, leading citizens and educationalists thronged to the hospital. The Governor visited the hospital to lay a wreath on the body. The Chief Minister and other ministers, Sri Jaideepsinhji, Leader of the Opposition, Sri Vajubhai Shah, President of the GPCC, the Mayor of Ahmedabad, and other leaders of various political parties went to the hospital to pay their homage. The body was taken to the Swatantra Party office, where party men and citizens paid their tributes to him. Later the body was taken to Vallabh Vidyanagar, where the last rites were performed. He is survived by two sons, Sri Chimanbhai and Sri Ramanbhai, and a daughter, Smt. Subhadraben.

Bhaikaka was an able engineer, eminent scholar and dedicated educationist. He was one those distinguished Indians who were promoted to posts reserved for Britishers in the British regime. As Executive Engineer in Sind he executed the Sukkur Barrage ahead of the scheduled time. At the instance of Sardar Patel he retired at the age of 50 to devote himself to the service of the rural community. Vallabh Vidyapith, a rural university, and Vallabh Vidyanagar, the modern township around it, are the cherished inheritance that he has left to the State. He jumped into prominence with the translation of his dream into brick and mortar.

When differences of opinion grew with the Congressmen who took a hand in the Vidyapith, Bhaikaka resigned from the Vice-Chancellorship to turn to politics. Congressmen have never ceased repenting prodding him into politics. Having organized the Lok Paksha he later merged it with the Swatantra Party, which he pioneered in the State. By his devotion to his party work Bhaikaka secured 24 Vidhan Sabha seats in the 1962 general election, within two years of the party's birth in the State. In the 1967 general elections he set out to capture power and won 64 Vidhan Sabha seats, with two more Swatantra-supported independents on his side. In a house of 168 he missed the goal by inches. All lovers of democracy are indebted to him for achieving the polarization of public opinion in Gujarat: by incessant efforts he put Swatantra in the position of the largest opposition party. The departure of Bhaikaka has left a void in the State Party which it will be difficult to fill for a long time to come. May God give his soul peace.

* * *

The Rajya Sabha elections saw 100 per cent voting. Sri Manubhai Shah (Cong. O), Sri S. R. Vasavada (Cong. O), Sri Dahyabhai Patel (Swat.) and Sri Devdatt Patel (Ind.) were elected. Sri Manubhai got 45 votes, Dahyabhai 43, and Vasavada got 40 votes at the first count, while Devdatt Patel (Ind.) got his 28 at the second count. The defeated candidates, Sri Dungarshi Patel (Cong.) got 8, Sri Barai received 2, G. G. Mehta and Chinay, independents, got 1 each. Afraid of defeat even in one of its two secure seats, the Congress (O) apparently left its third, Adivasi, candidate in the lurch by allocating over 40 vates each to its first two candidates, leaving only 6 for its third candidate.

The Opposition wrested one Rajya Sabha seat from the Congress (O), showing that it was united in the midst of turbulent happenings in the Vidhan Sabha. On the other hand the ruling party lost its nerve and moved to adjourn the Vidhan Sabha, *sine die*, 10 days ahead of the scheduled time, following the recommendation of the Business Advisory Committee. The Opposition was greatly perturbed and made unsuccessful efforts to stall the adjournment by raising objections. A no confidence motion was moved against the ministry. Pandemonium broke out as the Speaker disallowed it. He said he had rejected it because the Opposition had recent opportunities during the budget discussions and the Government had survived through the Appropriation Bill.

Another constitutional hitch was created by Sri Manoharsinhji Jadeja (Ind.), who questioned the competence of the Business Advisory Committee to recommend adjournment of the House. In a speech that will go down as one of the best in the history of the Vidhan Sabha, he argued that if its competence was endorsed, other committees of the House would be reduced to a subordinate position, and that if the House were allowed to be adjourned *sine die* it would mean a denial of the rights of the minority members whose bills had been admitted. He also pointed out that though it was laid down that some time would be allocated each week for private bills, the Opposition had generously forgone its rights so as to allow the Government to quickly finish its budget, and had let it postpone all the private bills to the last phase of the session. The Speaker, however, ruled out the objection.

The Opposition pursued the matter further, and four Opposition MLAs, Sri Narendrasinh Jhala (Swat.), Manoharsinhji Jadeja (Ind.), Chhabildas Mehta (Cong. R), and Sanat Mehta (PSP), filed a writ petition in the High Court challenging the validity of the *sine die* adjournment of the Vidhan Sabha. The petitioners contended that it was beyond the scope of the Business Advisory Committee to recommend adjournment. The Speaker could not admit and place such a recommendation before the House. Under Rule 9 of the Assembly Rules, the power to adjourn the House was conferred only on the Speaker, and no other authority, even the Assembly itself, had power to adjourn the House *sine die*. The petitioners further argued that the adjournment has rendered the provisions of Article 174 of the Constitution nugatory. It was challenged on the ground that it was premature, and contrary to the terms of the motion which said that the House would be adjourned *sine die* after the day's business was over: but the House was adjourned *sine die* when the Finance Bill of 1970-71 and other business was pending. The petitioners also contended that the adjournment violated the right of the members to have their private bills moved in the House. The petitioners sought a declaration that the recommendation of the Business Advisory Committee and the decision of the Assembly thereon to adjourn the House *sine die* are void, and further prayed for a direction to the Assembly to continue its sitting.

The High Court after hearing both sides issued a rule nisi against the Speaker and the Government. The High Court wanted to fix an early date for the hearing, but the Advocate-General asked for three weeks' time. The hearing is now fixed for the 20th April.

Dear Reader —

Sri G. K. Reddy's report in the *Hindu* of April 10 that "the PM is not missing any opportunity to make it quite clear to the Chief Ministers that she cannot be a party to their perverse theory of political reciprocity and mutuality in Centre-State relations", is good news if true. Improper tactics cannot last long but it is not easy, though desirable, to get out of entanglements in which one has involved oneself in a power game simply because one is tired of it.

★

The *Indian Express* of April 9 has this in the first item on its first page in bold type:

> Chief Minister Karunanidhi told the Assembly on Wednesday that the Government would not hesitate to bring in a more drastic legislation if the Bill which seeks to reduce land ceiling to 15 standard acres was struck down in court.

If the Chief Minister of Tamil Nad spoke as thus reported, it would amount to pressure on the judiciary in anticipation, in order to deter it from striking down the land ceiling legislation. This would be most improper, to put it mildly.

★

"Circulation to elicit public opinion" is a technical phrase and the Secretariat has a list of organizations to which a bill should be sent if the Assembly adopts an amendment for "circulation to elicit public opinion". That public opinion in a loose sense has already been expressed in the press and otherwise is not an answer to a dilatory motion formally moved for "circulation to elicit public opinion".

★

Legislation interfering with and restricting the rights of property in land, and the guarantees inscribed in the Constitution, was passed in Tamil Nad after two brief sittings in the Lower House lasting about seven hours and a couple of hours in the Upper House immediately thereafter, curtailing the holding of land from the 30 acres limit now in force to 15 acres as from February 15 this year.

The Assembly consists of 232 members, but those who were present and voted for the legislation were 93. Only about 100 people participated in the proceedings. It is an astonishingly thin figure for legislation of this grave nature. That the legislation is denominated as an "amendment" of an existing Act makes no difference in the unconstitutional and exceptional character of the law. That a previous Government got a law passed laying down a ceiling of 30 acres is no justification for reducing it to 15 acres by "amendment". This further infringement of fundamental rights should have been given greater care and thought. It is no satisfaction to know that the measure is a mere party gimmick to retain power against the resuscitating strength of the Congress. The law must be challenged and got struck down as contrary to the express provisions of the Constitution, and to its spirit.

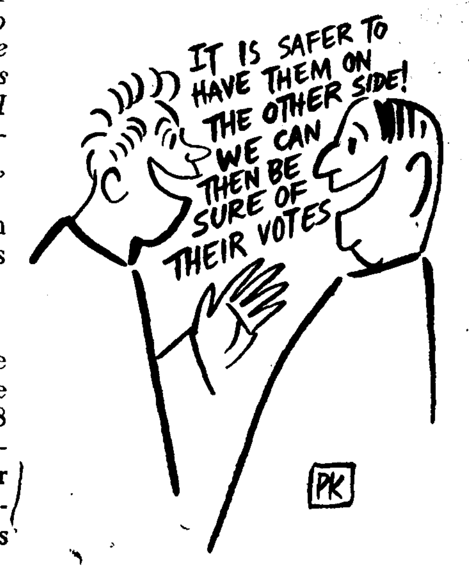
★

The following telegram of 8th April from the President about the lotteries was received by me on Thursday (April 9) morning after Swarajya had been printed as usual on Monday:

> *Your letter of 1st April regarding State lotteries. As advice of Government on this subject is contained in Home Minister's letter dated 13/14 November 1968 addressed to you, I hope you will appreciate the position. Regarding press release of correspondence I leave the matter to your discretion. Kindest regards. V. V. Giri, President.*

The Home Minister's letter of 13th November 1968 referred to in this telegram is as follows:

> My dear Rajaji,
>
> The President and the Prime Minister had passed on to me your letter of 26th August 1968 about the States holding lotteries for augmenting their finances. I have also read carefully your article "State Raffles for Revenue" published in the Swarajya in its issue of August 31, 1968, of which you had been good enough to send me an advance copy.
>
> The legal and constitutional position regarding regulation of State lotteries/raffles is somewhat anomalous. We are advised that 'betting and gambling', which includes lotteries, is within the State field (item 34 of the State List). A State Government is, therefore, competent to organize State lotteries or permit private individuals to do so. The lotteries organized by a State are, it is true, subject, in view of item 40 of the Union List, to the legislative and executive control of the Central Government. At present there is, however, no law regulating lotteries organized by the State Governments, as Section 294-A, IPC, only punishes lotteries organized by private individuals without authorization from a State Government.
>
> After considering all aspects of the matter including the division of opinion that exists about lotteries we felt that it would be advisable to leave the States to decide for themselves the propriety of organizing lotteries. In order, however, to protect States who are opposed to lotteries/raffles, it is proposed to amend Section 294-A of the IPC so as to make the sale of tickets of a lottery organized by a State Government in any other State an offence unless the sale is



made with the approval of the Government of the latter State.

In the circumstances explained above, it is not necessary to approach the Supreme Court for an advisory opinion.

With regards,

Yours sincerely,

(Sd.) Y. B. Chavan

The Home Minister's letter refers to Item 34 of the State List. It must be clear to any reader, be he a lawyer or layman, that the authority given in that item to the State Governments is with reference to betting and gambling by persons and organizations other than the State and the power is given to the State to deal with such betting and gambling. The inference of the Home Minister that "a State Government is therefore competent to organize State lotteries" is quite erroneous.

It is distressing that the revered President believes that his power under the Constitution, and therefore his duty, to obtain an authoritative opinion from the Supreme Court on the constitutional validity of State lotteries have lapsed by reason of the untenable views expressed in the Home Minister's letter to me of 13th November 1968 printed above.

★

THE DESIRE of the present Government of Tamil Nad to have the Hindu temples open to non-Hindu tourists and visitors so that the beauties of the sculpture and architecture in these ancient temples may be seen and appreciated by outsiders, makes one reflect on some fundamental matters. Did Religion produce this art? If so, there is in Religion some force which gives birth to this creativity. Shall we discard this precious mother of art? Is there anything in India drawing men and women of taste from the outer world except the great mountains and the rivers and the art to which Hinduism and Islam gave life and form?

I do not believe any pious Hindu, Mussulman, Buddhist or Jain objects to outsiders visiting the temples, provided worship is not disturbed and the places of worship are not converted into mere museums but respected as places of worship.

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THE FOLLOWING has appeared in the *Hindu* of April 10. I congratulate the 40 members of the Ruling Congress Party on the action they have taken:

New Delhi, April 9

Over 40 members of Parliament belonging to the Ruling Congress have appealed to the Prime Minister to refer to the Supreme Court the memorial submitted by the Princes Concord on the issue of privy purse abolition.

It is learnt that barring two, the other signatories to the appeal are not rulers. The appeal follows the reported decision of the Internal Affairs Committee of the Union Cabinet to go ahead with the proposed abolition of privy purse.

In this letter to the Prime Minister, the MPs are understood to have stated that the decision of the Government not to refer the princes' memorial to the Supreme Court was "not only unjust but would appear to the people as pure and simple denial of justice to its citizens by a democratic and a socialistic Government".

In their view, the Princes have no other course open to them except under Article 143 of the Constitution and the memorial should be referred to the Supreme Court for the reason that not only should justice be done but should seem to be done. This is the least the Princes can legitimately expect, the MPs are reported to have told the Prime Minister.

★

THE FOLLOWING passage from *Insight* of April 6 lays emphasis on a very important point which all Swatantra workers should remember:

"The values of freedom which constitute the credo of the Swatantra Party should exercise a stronger appeal to the young than the leftist philosophies of other political parties which all imply a degree of Statist regimentation abhorrent to the free spirit of youth."

★

LIFE UNDER a total dictatorship of any kind has some advantages; the ordinary citizen, particularly the rural citizen, leads his life without any political rights but he is saved from the political pulls, tensions and strains of life under the rule of a parliamentary democracy which do not help longevity.

The story is told by the Soviet press that Hirin Gassanov of Azerbaijan is 153 and that rising at six in the morning he attends to his plot of land and his cows. *Tass* tells us that Gassanov is an abstainer from alcohol and tobacco and that his diet is mainly milk and vegetables. It is said he was 100 at the time of the Bolshevik Revolution in 1917 and is therefore 153 now. Not a little of this miracle may be due to the fact that he lives not in a congested city like Moscow or Tokyo or New York but in Azerbaijan and abstains from alcohol and tobacco.

C. R.

CENTRE-STATE FINANCIAL RELATIONS

S. P. MEHRA

THE CONSTITUTION allots separate resources to the Centre and the States. It has often been said that the Centre has elastic and productive resources while the States find it difficult to expand their income in face of the rising demand for development expenditure. Of late, because of fear of opposition, the States have shown reluctance to levy new taxes. They have sometimes deliberately shown deficit budgets so as to get more funds from the Finance Commissions. At the same time loans have been sought from the Centre, virtually as a precondition to the implementation of the plans. The result has been a tragedy which had been foreseen for a long time. The States now seek a re-phasing of debts.

Mr Karunanidhi, in the NDC meeting in March, suggested a Central Debt Commission to review the quantum of loans to the States and to lay down procedures of repayment. A demand for rescheduling of debts was also made by the Chief Ministers of Assam, Haryana and Bihar. The sentiment of the States was perhaps more clearly brought out by Mr G. L. Dogra, the Kashmir Finance Minister, while presenting the budget for 1970-71. In the context of the Central moratorium on the payment of loan liabilities till 19th March, 1969, he hoped that the Centre would "take a realistic and sympathetic view of our problems when we approach them for rephasing of our liabilities". The underlying conviction is manifest from the budget provision of only Rs 2 crores, against Central debt liabilities of Rs 50 crores due on March 19, 1969.

The predicament of the State Governments will be clear if we look at the following table:

Advances and payments of Central loans
(Rs. Crores)

	Total First Plan	Total Second Plan	Total Third Plan	1966-67	1967-68 (R. E.)	1968-69 (B. E.)
Loans from the Centre	770	1,417	3,092	918	829	714
Repayment of Loans to Centre	72	365	1,014	292	397	454

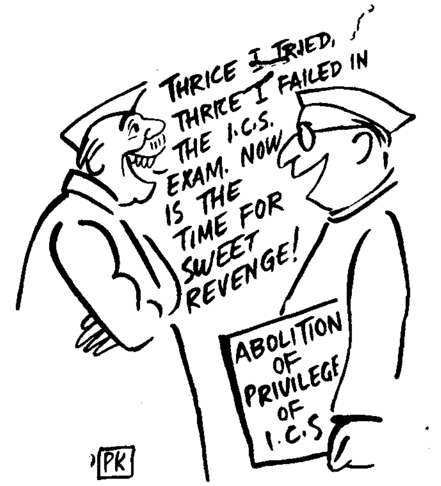
Source: Reserve Bank of India, Bombay.

Except in the last two years, when they have picked up, the repayments have been 25-33 per cent of the amounts borrowed. A guess may be hazarded that, in the near future, a demand will be made that the Centre write off all the outstanding loans against the States. The weakening Centre and the Opposition-dominated States will hasten the process.

The "special accommodation" to be granted by the Centre to the States depends on the debt positions of the latter. The Planning Commission has recommended Rs 800 crores special aid to nine States to meet non-Plan expenditure. Mr Karunanidhi expressed the fear that those States which were unable to repay loans would benefit from this special aid, while prudent States would be penalized. Similar apprehensions were voiced by Mr V. P. Naik and the Gujarat Finance Minister, Mr Mehta.

Mr Gadgil, the redoubtable Deputy Chairman of the Planning Commission, was at his persuasive best. He said that a large number of States would have overall deficits on non-plan account during the fourth Plan period. The idea was simply to "safeguard the effort of additional mobilization of resources by States" and to "ensure that these additional resources are available for the financing of the State Plan and are not eaten into by non-Plan deficits". The Prime Minister cited the analogy of aid from developed countries to underdeveloped countries, and asked the better-off States to take a greater burden. The new assistance, it was announced, would be in the form of loans and not grants, and they would be spread over a longer period to avoid immediate repayment difficulties.

Mr Naik saw in the proposals a challenge to the authority of the NDC. It was contended that the surplus resources should be distributed among all the States and not only the favoured nine, on the principles evolved by the Council. This evoked the concession that efforts at additional resources mobilization would be taken into account before determining the special assistance to a State. This is not enough. Weight should also be attached to the endeavours to economize in non-Plan expenditure, and to the recovery of tax arrears. Since agriculture benefits the maximum from the plans, tapping of the rural surplus must be given added importance. It must also be clearly emphasized that loans have to be repaid, and the States should see to it that they discharge liabilities in time. Financial prudence is the need of the hour.



BOMBAY LETTER:

ANOTHER SURPRISING ELECTION

BOMBAY, April 7: The Congress (O) gained another unexpected victory when its candidate, Dr Shanti Patel, was elected Mayor, defeating a Shiv Sena nominee and an independent supported by the Congress (R), PSP, CPM and SSP. The latter was eliminated in the first count. The Congress (R) and others did not exercise their second preference votes, much to the chagrin of the Shiv Sena. The Mayoral election, the first to be held after the Congress split, and closely following the victory of Mr Babubhai Chinai (Congress O) in the Rajya Sabha election at the cost of a Congress (R) nominee, was a suspense-ridden drama lasting for days.

Dr Patel, who has been leader of the Municipal Congress Party for four years, is a respected trade union leader and former PSP member. The Congress (O) has only 56 councillors in a House of 140, the Shiv Sena having 44, the Congress (R) 18, PSP 10, and Jan Sangh 6. The elections to the committees last month showed that the Congress (O) stood isolated. The Congress (R) had an alliance with the Shiv Sena, PSP and others, and won representation in the committees quite out of proportion to its own strength. It was then said that the next Mayor would be a Shiv Sainik, with the support of Congress (R), PSP, and most of the other opposition votes. For the record, Congress (R) and the others denied that there was any such commitment.

The outcome of the Mayoral contest however came as a shock to the Shiv Sena. Its leader, Mr Manohar Joshi, said that his party had learnt a lesson from the "political deceit" to which it had been subjected (obviously by the Congress (R) and by the PSP) and that it would teach these parties a lesson for their "treacherous role". He recalled that all the opposition parties had accepted the Shiv Sena's support to bag seats on the committees, but had turned their backs on his party in the Mayoral election.

Dr Shanti Patel's victory was greeted by his party and a large number of trade union leaders with shouts of "S. K. Patil zindabad", making it clear that Mr S. K. Patil still holds considerable sway, despite the defections from his party. He congratulating Dr Patel at a reception at Congress House, and asked Dr Patel, who at 46 is the youngest Mayor of Bombay since the late Yusuf Meherally, to function as a non-party man and help the return to the Congress of those who had defected.

• • •

The latest study on the finances of Government companies, for 1967-68, in the Reserve Bank *Bulletin* shows that the group of 11 "giant" companies (with paid-up capital of Rs 20 crores and over) increased their pre-tax losses from Rs 35.8 crores in 1966-67 to Rs 55 crores as at the end of March 1968. The group of 70 "non-giant" companies suffered a loss of Rs 5.2 crores in gross profits and were therefore compelled to draw Rs 2.5 crores from reserves to pay dividends. In 1966-67 the profits ploughed back into the business of these 70 companies was Rs 7.9 crores.

As at the end of March 1968, there were 241 government companies at work (Centre and States) with paid-up capital of Rs 1,559.30 crores. The study covers only 81 companies (total paid-up capital, Rs 1,278.55 crores) which are non-financial and non-promotional, and which are "operating".

During 1967-68, the value of production of the "giant" companies rose by Rs 168.3 crores (22 per cent), and of sales by Rs 160.0 crores (22.2 per cent) over the previous year. Expenses, excluding interest, rose by Rs 176.7 crores, and in consequence the gross profits were too small to meet the interest obligations.

The gross profit of these "giants" was Rs 9.1 crores in 1966-67. This dropped to Rs 3.3 crores in 1967-68. The overall working of the 11 companies largely reflected the poor performance of Hindustan Steel and the Heavy Engineering Corporation, accounting for 56.3 per cent of the total paid-up capital of the 11 "giants". The study does not include the other "giant", the Bokaro steel plant being put up with Russian collaboration. Though it has been under implementation for several years, with investment so far of over Rs 500 crores, it is not yet "operating".

The Reserve Bank study notes that the position of the companies, following the fall in the gross profits of the 11 companies by Rs 5.8 crores, deteriorated further as a result of higher interest payments. The profits before tax were converted into a loss of Rs 55 crores in 1967-68 as compared with the loss of Rs 35.8 crores in 1966-67. The tax provision being marginal, the fall in the profits before tax was fully reflected in the profits after tax. Since two companies declared dividends, the overall position was that the quantum of dividends declared by all the "giant" companies put together rose by Rs 2.2 crores to Rs 6.2 crores, and as a consequence there was an increase in overall losses of Rs 21.3 crores in 1967-68.

The ratio of gross profits to sales of the "giant" companies fell from 1.3 per cent in 1966-67 to 0.4 per cent in 1967-68. The ratio of the "non-giant" companies also declined from 9.2 per cent in 1966-67 to 6.4 per cent in 1967-68. The ratio of gross profits to total capital employed also fell in the case of both groups, from 0.4 per cent to 0.1 per cent in the "giant" companies, and from 5.9 per cent to 4.4 per cent in the "non-giant" companies.

LETTERS TO THE EDITOR:

GREATER THAN GANDHI!

Sir,—Majority rule lays an obligation on political leaders. From now on the poor man's matter must be uppermost in their mind. But all talk about India's ancient poverty is a trap to catch votes with. Tears for the poor are a passing show; the frontal display is the fire against the rich.

No politician can afford not to be a friend of the poor. This friendship, however, is confined to delivery of promises, not of goods. The poor—their political lovers themselves say—are getting poorer. What then have the political lovers been doing these two decades and more?

Their conscience is not stung. They make no confession. They simply switch on against the few haves the full glare of their wrath. For to whom but them do the millions of have-nots owe their age-long and fathomless misery? The oratory works, because it works up the poor man's elemental envy of the rich. And the countless poor moodily count on this when their leaders promise: We have freed you from the rule of the foreigners. The British have chosen to quit India and the Muslim Leaguers have been sent away to Pakistan. Now we shall free you from the rich Indians. They will not have to be expelled; they will just be done away with.

The irrefutable economic thesis of our political humanists is utterly simple: If the rich are made poor, the poor will be rich. This is miraculously neat; all great doings are so, perhaps. Besides, the poor have proof of their faith. Have not the great ones given us freedom? We conclude, they may also make money free for us. The rich will be compelled to leave all their money with us. Distributed among the entire population the share for each one of us may be, once for all, somewhere around twenty-five rupees. But calculation is vulgar. Arithmetic is earthly. There is immeasurable joy in the triumph itself. And a psychology is created, if not money!

For a long while the Congress monopolised the people's affection. But it cut at its root when it attempted to look gay and glowing with a beauty-touch of socialism. It may be recalled that in 1952 the communists got 4,705,000 votes, while in 1957 they scored 12 million votes. According to *The Times of India*, "After 15 years of existence the Communist Party has now emerged as a great political force". The force was a gift of the Congress. The significant success was achieved "not by a dynamic thrust", as a communist observed "but merely by being around to pick up the pieces from the disintegrating Congress."

In 1962 Rajaji gave the warning at an election meeting where he called Nehru "a half communist". Nehru retorted: "I would not be a half communist but a full communist, if it helped India." He realized too late that it did not help. At the Jaipur AICC in November 1963, he retreated and advised alignment of socialism with democracy, which the Bhubaneswar Congress followed up with its "mode ration formula". It will be happy fo his daughter and her India if sh returns to the Nehru line and decline to lean on pseudo-socialist—youn Turks or not so young sharks—wh take to socialism as a mechanism (power for themselves. The unhapp joke is that the control that democrac gave to the people is now exercise over the people by the socialist· Stat The poor victims of rhetoric do n know what they miss. Socialism is preparation for communism. It is n realized that from rosy socialism to red communism it will not be even half a step.

Our political adventurers pose as greater than Gandhi. The proverbial public memory also helps them. From Champaran to Dandi the one all-encompassing aim of Gandhi was to lead people to fight poverty with moral awareness. The dramatic breaking of the salt law on the seashore at Dandi was the symbol of Gandhi's noble leadership of the cause of the poor. Gandhi fades away before the brilliance of the newcomers. And the irony is that they take Gandhi's name in denouncing and destroying the very institutions and men whom Gandhi held so dear. All that is done in the Gandhi Centenary year. We worship an abstract Gandhi, stripped of his life and work, his call to the soul of men and his sacrificial love of the poor. There may yet be time to make Gandhi real to our life and make the fight for a good life real in our politics.

Calcutta-2 Atulananda Chakrabarti

LAND CEILING UNCONSTITUTIONAL

Sir,—The Tamil Nad Land Ceiling Reduction Bill of 1970 is intended to deprive A of a portion of his property to benefit B and C. The following quotation from *The Commentary on the Constitution of India* by Durga Das Basu may throw light on the subject concerned. The author has quoted it from Cooley's *Constitutional Limitations*: "In the United States it has been held that it is unconstitutional for the State to take private property for private use, i.e., to divest one citizen to benefit another, whether compensation is made or not. The right of eminent domain does not imply a right in the Sovereign Power to take the property of one citizen and transfer it to another even for a full compensation, where the public interest will be in no way promoted by such transfers".

Article 19 of Part III of the Indian Constitution confers on all citizens the right to acquire, hold, and dispose of property. The Constitution under Fundamental Rights honours the sanctity of property right. In the Preamble of the Indian Constitution there is a solemn resolution to secure justice, social, economic and political to the citizens of the Sovereign Republic of India. Property in land should not be considered an injustice to those who do not have land. Under certain conditions of emergency it is provided in the Constitution under clauses 1 and 2 of Article 31 that persons can be deprived of their property right. Clause 2 of Article 31 states that, "No property shall be compulsorily acquired or requisitioned save for a public purpose and save by authority of law . . ."

Now there is a *bona fide* doubt about the public purpose that is going to be served by the Tamil Nad Land Ceiling Bill of 1970. At this stage I think it is not necessary to enter into a detailed definition of "public purpose". There is a political possibility to assume that the party in power is hurrying with this legislation to make its position secure in the 1972 general elections.

Madras-44 A. M. Ali Ebrahim

PENSIONERS

Sir,—Apropos the letters of Messrs. B. Shiva Rao and N. Murugesa Mudaliar in the Press, it is felt that a Federation of Civil Service Pensioners' Associations in India has become an urgent necessity.

The appeals and memorials from the individual associations to the Government have not received any attention. Government do not seem to be inclined to be guided by the example of other foreign countries in the matter of according benefits and old age reliefs to pensioners. Even small developing countries like Ceylon, Malaysia and Singapore give better treatment. Unless a powerful federation consisting of the various associations of pensioners in our country is set up immediately, no effective pressure can be brought on the Government.

Apart from the Government, even our politicians have to be educated in regard to the genuine sufferings of the pensioners in India who number several lakhs, who could exercise their franchise fruitfully.

All the pensioners' associations—both Central and State including those of Teachers, Local Bodies, and quasi-Government officials—will agree, as a first step, that a compendium of all associations in India should be prepared. This compendium will be useful for forming a Federation.

The Central Government Pensioners' Association, Madras, desires to fulfil this legitimate objective, and will initiate and take all suitable steps to bring out successfully this compilation as quickly as possible. We therefore request all the existing associations in India to furnish the undersigned, full particulars regarding name, address, membership and rules and regulations.

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Secretary, Central Government
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'ALNASCHARISM'

Sir,—"There is more pleasure in building castles in the air than on the ground," said Edward Gibbon. In the case of an individual such a pastime may not prove harmful. If it is taken to by a Government, the tragedy is incalculable.

The Five-Year Plans with the accent on heavy industries as the outcome of the socialistic fad of our New Rulers, and wrong priorities in spite of their incompatibility with the democratic concept of our Constitution, have provided enough excuse for the Alnaschar policy of our Government. Indiscipline amongst the rank and file, encouraged by the politicians, has taken a heavy toll of our production on farms and in factories. Absenteeism is yet another frequent disease since not a day passes without some massive demonstration or other, indulged in by the workers.

Power at any price seems to motivate our present-day rulers. As 'socialism' gives increased power to the State, it will not be given up, in spite of proved mismanagement of State-controlled enterprises. The insatiable greed for power which socialism satisfies leads us from one error to another and there will be no limit to the extension of government activity.

Saner protests and wiser counsels get drowned in the din and noise created by the ultras. Besides, our tie up with the Communist bloc has further accelerated the trend towards Statism. Democratic institutions suffer in the process and now the assault is on the judiciary which is considered an impediment to 'progress'. The reported resignation of two Supreme Court judges perhaps out of sheer disgust at being pilloried in the market-place by politicians, is proof of the damage.

Our internal and external policies are pursued with a vendetta against the West only to please our Russian friends, in utter disregard of our national interest. India is slowly being transformed to the status of a satellite of the Communist world.

East Tambaram K. Rangasamy