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by

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INDIA AND POST-WAR RECONSTRUCTION



LADIES AND GENTLEMEN,

At the outset I wish to express my grateful thanks to my fellow economists for having chosen me to preside over this year's session of the All-India Economic Conference. In the past this chair has been filled by eminent and distinguished economists who have nobly served the cause of this great social science. Conscious as I am of my many shortcomings I take this honour as a symbol of your kindness, and trust that one and all of you will extend to me your hearty co-operation and make this Conference a success.

INDIA AND POST-WAR RECONSTRUCTION.

The need for a realistic Outlook:—The whole world has been thrown out of gear by a terrible war that has been forced upon it by Totalitarian Tyranny. It has greatly upset social order and human life has been made miserable by want, destruction and death. So great has been the suffering that all sane people have sat up to think of a new world order in which we shall be free from the dangers of war and its manifold miseries and the human race will be ensured a safe and progressive future. But the visions which the war-weary people project of the future might tend to Utopian idealism. Politicians in particular, make lavish promises to so reconstruct society that there will be no unhappiness or disorder there in. Much harm will be done by glib and unconsidered talk. We have to base our hopes of the future on the realities of the present and to ensure social peace and prosperity after the war, it is best that we consider with the greatest care the many factors that are likely to lead to social upheaval in the years to come.

The battle front and the home front:—The present war has been such a total war that not only the armies on the battle front but the people on the land, in the factories and their very homes have been involved; and for all practical purposes there are few who do not contribute one way or other to the progress of the war or its end. To keep the soldiers in battle-trim on the fighting front many times their number must labour in the home front for their equipment and efficiency. Further, the war we are now waging has endangered the lives of the soldiers as well as those engaged in the production of essential materials for the prosecution of war. The war is also being so fought with lightning speed that unless production keeps pace with the rapidity of battle movements the war can hardly be won. Consequently industries have been so mobilised and modified that they have achieved unprecedented dimensions. The war has also stimulated the urge for national self-sufficiency rendering normal international trade well nigh impossible; and as a result goods which cannot be imported have come to be produced and when such production has not been possible substitutes have been developed. Altogether the world war has compelled a stupendous expansion of production unprecedented in the annals of economic organisation, both in kind and in method.

The industrial trends of the war would make post-war reconstruction a dire necessity. In the last world war Indian industries had to be greatly expanded and new industries had also to be started; but when peace came foreign competition was so severe and the dumping of foreign goods so acute that many of the industries collapsed causing great social confusion. Belated protective measures on an extensive scale had to be improvised as a remedy for industrial collapse. Another danger which arose after the last war owing to the want of prior planning was the problem of widespread unemployment with its large train of attendant evils.

Need for pre-planning and post-war reconstruction:—In the present war we have need therefore not only to win the Victory we seek against the enemy but we have also got to win the peace which will ensure social and industrial prosperity. We have need to foresee and prevent the dangers that lie ahead such as those that arose after the last war; and to this end it is best that the problems of reconstruction are anticipated and met in advance, with a clear vision of what we wish to achieve and what we seek to avoid. It is also essential that we tackle the post-war problems *in toto* right now while the danger is not yet upon us. For this purpose we should have a clear enunciation of the plans for post-war reconstruction. It may be said that a consideration of the future might divert the minds of our leaders from the present and thereby postpone the day of Victory. But it is easy to see that if we know what we are fighting for, if the ideals and objects we wish to achieve by this war are clear and determined we will derive from our peace aims an inspiration as

strong as any which lovers of freedom can wish for. The plans for war were laid by our enemies while we were at peace and there can be nothing strange in planning for peace while we are yet in the throes of war. A plan for peace is as essential as a plan for war.

India's economic position has been considerably changed by the war. Her foreign trade has experienced a rude shock. Industrial production has been diverted towards the supply of war materials. New industries have been started for the supply of goods formerly imported from other countries. Many commercial crops cannot now be exported and the production of food crops has had to be increased owing to the stoppage of imports. Many of these tendencies will be fruitful of good if they are controlled and directed towards the peace needs of the country; but they must first be protected against the stress and strain of post-war changes in relation to Indian fiscal economy which in particular is quite vulnerable to international price levels.

If the desirable trends we now see in Indian economy were to continue, a reconstruction plan should be devised so as to take into account the permanent needs of the Indian people in relation to their progress and development. After the war we have got to maintain the demand for industrial products. We must endeavour to retain and extend the internal and external markets for the manufactures which we have developed in recent years. We have to provide adequately for the employment of skilled industrial workers now engaged in war industries and wherever necessary open up alternative avenues for employment. Further I believe that there is also a need for revision of our Exchange Policy so as to enable India to maintain the position of a creditor country which she has attained as a result of recent events. India will have to face an increased expenditure and this will greatly affect her financial position.

After the war a definite threat to Indian industry and agriculture will be made by post-war depression; and as such depression is likely to be universal, any reconstruction plans which we project must also take into due consideration the nature of world economy in post-war years.

Reconstruction plans must essentially emanate from the Government and the Government of India seem to have been impressed at an early date by the magnitude of the problems this country has to face after the war. The Hon'ble Member for Commerce who became greatly interested in planning for the future appealed in March, 1941, for postponing public works undertakings by Provincial and other Governments to the post-war period. Such postponement of capital expenditure will to an extent modify the severity of the dislocation to industry arising from the end of the war, but it will not by itself ease our economic situation. In evident realisation of this, the Hon'ble Member speaking to the Central Legislative Council referred to a full-fledged reconstruction plan as a necessity. As a result the Government decided to form a post-war Reconstruction Committee and it was convened on 23rd June 1941 under the chairmanship of the Commerce Member and it was named the Reconstruction Committee (Coordination). Four sub-committees were also set up for planning and they were:—

1. Reconstruction Committee (Labour and Demobilisation)
2. Reconstruction Committee (Disposals and Contracts)
3. Reconstruction Committee (Public works and Government purchases) and
4. Reconstruction Committee (Trade, international trade policy and Agricultural Development.)

A consultative Committee of Economists drawn from various universities in the country has been formed. The Reconstruction Committee will guide these Sub-committees in their work. The

recommendations of the committees will be considered by the Governor-General in Council and such action as may be considered necessary will be taken thereon.

Let us consider the work that lies before the various committees formed.

1. The committee for Labour and Demobilisation. This committee should inaugurate a proper statistical survey relating to the increasing volume of employment in the industries primarily affected by war demand e.g., Ordnance and clothing factories, textiles etc. The committee must also investigate how the labour at present employed in industries supplying war materials can be retained by those industries in the post-war period and if many workers are to be dismissed, a plan for starting relief work must be evolved. The committee should keep in touch with the Army authorities so that their plans of demobilization do not accentuate the problem of unemployment on the cessation of hostilities. As far as possible the soldier must be reinstated in his former employment and for this purpose the army should have accurate records of the former occupations of the recruits. Lastly it is necessary to consider carefully how far the existing facilities for providing information to people in search of employment are adequate in the light of an employment crisis as may confront the country at the end of the War or thereafter.

The Committee for Disposals and War contracts:—In order to prevent the economic structure from being demoralised by the sudden cessation of war production the committee has to devote its attention to taper off war production as commercial demand expands. The committee should interest itself in the problems connected with orderly disposal of stocks already on hand or accruing under war contracts so as not to break prices and check incipient demand for new production manifesting itself.

The Committee for Public works and Government Purchasing Policies:—After the war suitable public works policies should be inaugurated so as to round off the corners left by the falling war demands. Before inaugurating such public works each on their own merits judged by the different degrees of employment direct and indirect the types of labour, materials etc. involved the committee should also consider suitable housing projects and methods for stimulating private capital to take up public works policies.

The Committee for International Trade Policy and Agricultural Developments:—The committee has found that the national income of India is liable to sharp fluctuations through changes in the level of international prices. Besides this, the gradual improvement in shipping position with the close of the war will tend to increase foreign competition. As a result of this the quasi-monopolistic position of many industries will be affected and will give rise to the question of redundant plants and also the question of tariff measures to safeguard such industries.

After the war the changes in the international trade and tariff policies of different countries will greatly affect the position of the growers of crops such as cotton, wheat and oilseeds. In the post-war years the committee has to take into consideration the effects of foreign competition and the possibilities of diverting agricultural production along new lines if developments in international trade are such as not to allow exports to other countries as before the war.

Meanwhile the Government has started a compulsory Savings Scheme and linked it to the excess profits tax assessment. The Finance Act lays down that "if any excess profits tax charged under the provisions of the Excess Profits Tax Act 1940, at the rate of sixty-six and two-third per cent., a further sum not exceeding one-fifth of the amount of the said excess profits tax is deposited with the Central Government, the Central Government shall repay at such date and subject to such conditions as it may hereafter determine so much of the said excess profits tax as shall be equal to one-tenth of the amount thereof or one half of such further

sum deposited whichever is less." The object of this scheme is to provide for industries a reserve for post-war re-equipment and post-war recession of business activity. During the debate on the Finance Bill it was pointed out to the Finance Member that the assesses should have an idea beforehand about how the amount collected is to be repaid. The Finance Member undertook to have the matter examined.

The committee in the light of the suggestions placed before them by the consultative committee of Economists thrashed out a programme of work for the duration of war. The committee also gave its views on problems connected with tariffs, subsidies and protective duties and made suggestions relating to the extent of technical content to be given to the doctrine of protection by tariffs or bounties (including anti-dumping measures) in the post-war period. It also suggested modifications in the machinery of tariff making in the post-war period and expressed its views on the relationship between protected industries and the state in respect of control of profits, participation in profits, social conditions of labour, apprenticeship and administrative supervision and state control of protective industries and prices of protected articles during the period of protection. "The committee appraised the economic consequences of the existing rates of duty and the extent to which the technical structure of the tariff required modification in the future. Lastly, the committee examined the economic consequences of war time export and import regulation and the extent to which they could be or should be continued in the post-war period." (Capital, May 28, 1942 P. 748).

Regarding international trade in the post-war period the committee took full account of the Atlantic Charter and various other alternative trade policies such as Imperial preference, bilateralism, conditional or unconditional most-favoured nation treatment etc. As regards internal trade the committee suggested that the removal of numerous barriers for inter-provincial trade will undoubtedly cause much development in the internal trade position. If such impediments as octrois, transport difficulties, lack of advertisement and propaganda are removed the internal trade will develop rapidly.

Agriculture:—The committee agreed that agricultural prices may decline after the cessation of hostilities and recommended steps to meet the situation. It has chalked out, schemes for dealing with the problem of sharp rise in prices after the cessation of hostilities.

The committee has investigated the following topics in regard to the long term adjustment of Indian agriculture to Indian and future world trends:—

1. The adhesion of India to international agreements for the 'orderly marketing' or valorisation of staple crops (namely wheat and cotton etc.)

2. Crop planning in relation particularly to.

- i. The problem of finding alternative crops in place of those for which there is likely to be an inelastic or diminishing demand namely short staple cotton and the problem of finding alternative uses for existing crops.

- ii. The production of secondary crops for development of existing and new agricultural industries (such as the canning industry).

- iii. The nutritional problem and in view of population pressure the production of heavy yielding crops such as rice, potatoes, pulses and soya beans.

- iv. Developments of mixed farming and marketing of dairy produce at distant places.

- v. The extent to which each region should aim at self-sufficiency in regard to agricultural products.

Besides the committee has considered the problem of planning of agriculture in relation to (1) an examination of the structure of rights and interests in land including problems of tenancy, tenure, delete and transfer of land, (2) the problem of unemployment and under employment among cultivators with special reference to mechanised farming, (3) improvement of the economic position of agricultural labourers, (4) social experiments in collective and co-operative farming as alternatives to individual cultivation of the soil and the degree to which government can undertake or encourage such experiments, and (5) the co-ordination of efforts aiming at preserving the heritage in soil, forests and water such as erosion control afforestation and improvement in agricultural statistics was also considered. Two sub-committees were appointed to examine in detail the various problems mentioned above and submit a report of their findings.

Apart from this network of committees organised for post-war reconstruction there are many others started mainly for the purpose of whipping up war production and for harnessing every available material for war purposes. Not only did the Government devote much time for harnessing the resources to production but it also wanted to keep up the foreign trade of India undisturbed.

Among the earliest war-time investigations undertaken was one about the extension of the foreign trade of India and the finding of alternative markets for Indian products which were lost as a result of the war. The continental markets for Indian products e.g., groundnuts, were completely lost. So the government wanted to discover new markets in the United States of America. With this object Dr. Gregory, the Economic Adviser to the Government of India and Sir David Meek, Indian Trade Commissioner in London, were sent to discover some possibilities of India building up an export trade with U.S.A.

As a result of the war Indian export trade has fallen by about 30 crores of rupees and this has not fallen of a sudden. The tendency for the shrinkage of the export trade was noted from the beginning of hostilities in September 1939 and reached the culmination point with the fall of France in June 1940. Though some of the exports e.g. pigiron etc. cannot be kept up they are increasingly absorbed by the Indian industries themselves producing for war purposes. But the loss of markets for our staple commercial crops gave a rude shock to our export trade. The main purpose of the Gregory-Meek investigation is to repair the loss of markets in Europe by the discovery of new markets in the United States.

India's export of groundnuts to Europe in normal times amounted to Rs. 8 crores. The biggest purchasers of groundnuts were the Netherlands, France, Germany and Belgium. When these states came under the domination of Hitler our foreign trade was affected to the extent of Rs. 8 crores and the groundnut-growers were exposed to severe hardships. The United States is a huge producer of groundnuts and is capable of vast expansions and our expectation to export groundnuts to U.S.A. is bound to be vain.

The prospects for the export of raw hides and wheat to U.S.A. are also in a similar position. America is itself a great producer of raw hides as a bye-product of the meat packing industry and India cannot think of building up an export trade on these lines in view of the severe competition. As for wheat exports to United States the report says that the Canadian and Argentine competition will be too much for Indian wheat to grapple with.

The report is mostly negative in its character except in emphasising the prospects for the exporting of some Indian products for which India holds a semi-monopolistic position. India is a very big producer of Mica, Shellac and Manganese. She produces the best quality mica in the world and most of the mica produced was exported to other countries. The armament programme of the United States of America calls for commodities such as Manganese, Shellac, Mica, coconut shell char and India is in a

position to supply all of them. The Government of the United States of America has formed a Mica Purchasing Commission and this indicates the importance of Mica for war purposes.

Alongside the attempts to discover markets for Indian products which have lost their markets in Europe, other methods were also employed in India to maximise war effort. The first of such attempts was the Eastern Group Conference. A permanent Council of six members was formed to facilitate the carrying out of the policy of the Conference so that the task of supplying the troops in the Eastern group area (whether in the field or in their own countries under training or for local defence) may proceed as smoothly and with as small a drain upon shipping as possible. The Council links up the Governments concerned so that they can conveniently operate through the medium of a body in constant session. The Council acts on behalf of the Governments which have appointed it. The Council's main purpose is to facilitate the supply of materials to the fighting forces and it has no authority to issue instructions to the Government of India or any other Government.

The Government of India has started a War Resources Committee to investigate the methods by which the different resources of the country can be fully mobilised for war purposes. Its advice is always at the disposal of the Supply Department and we can understand the great utility of the advice by the impressive value of the war orders. The total war orders for jute bags etc. during the period amounted to 757 lakhs of rupees, the war orders for military garments (for the financial year 1941-42) amounted to Rs. 32 crores and the war orders for leather manufactures amounted to nearly Rs. 19 crores as compared with 4½ crores during the year 1940-41. Chemicals and foodstuffs were very much in demand by the Supply Department and war orders for those commodities have done much to develop their production.

The U.S. Technical Mission—But by far the most important landmark in the devices for actually augmenting the supplies of materials required for war purposes is the visit of the United States Technical Mission. The Committee had a distinguished personnel (Dr. Henry F. Grady, Col. Johnson Arthur W. Herrington, specialist in the production of armoured vehicles; Henry E. Beyste, a specialist in factory organising and Dirk Dekker a specialist in transforming man power into labour power.) The Mission was not concerned with the post-war problems but mainly intended to make India the arsenal of the East.

The Mission while it was in India visited many factories producing materials for war and also interviewed many industrialists and businessmen. The Mission found that to tackle the two fold problem of augmenting the production of certain peace time commodities required for war and for converting peace time industries to new war production the power should be strong and centralised. The Mission made the following recommendations without committing the Government to the plan:—

- (a) High powered control independent of established Government agencies, on the American model,
- (b) The separation of production and supply and establishment of a new department for the former,
- (c) The division of the supply department into two parts one dealing with production and the other supply,
- (d) The establishment of a War Cabinet with a strong secretariat to control War production in all its phases. This War Cabinet should consist of members responsible for production, transportation and communication, defence and finance.

"The Mission recommended a further investigation into the possibility of producing power alcohol; further measures to extend the availability of electric power and to rationalise the use of electric power; the expansion of the steel industry; the rationalisation of plants producing munitions; concentration in respect of aircraft and ships upon repairs rather than new construction; the manufacture in India of a general purpose military radio set; measures to stimulate the production of aluminium, measures to conserve tin and timber, adjustments in the arrangements for treatment of timber and the acceleration of the production of refined sulphur."

The Mission was favourably impressed with the excellent potentialities and quality of Indian labour. Given satisfactory working conditions Indian labour will turn to be skilful, dependable and industrious. The augmentation of the labour training programme in special institutions and factories will increase the supply of skilled labour and influence the output of factories.

To reiterate, the Mission had no post-war plan but only suggested methods for increasing the production of war materials by better control, supply of instruments and skilled technicians etc.

In July 1942 an attempt was made to associate labour and employers in the task of organising war production. A conference of the representatives of Central, Provincial and State Governments and organised employers and workers was held in the third week of July. A standing Advisory Committee was set up to advise the Government on various labour problems as they arise. The decision to have a standing Advisory Committee is in agreement with the recommendations of the Whitley Commission which decried the Government's policy of consulting employers and workers indirectly as 'wasteful of time and energy.'

During the war the measure is calculated to promote the maximum war effort and after the war the same organisation may live to promote the maximum cooperation of employers and workers in putting into use all national resources for raising the standard of living of the people. Otherwise there is the risk that the day of Victory will mean the death of our cherished hopes of economic betterment and improved standard of living.

The Government of India planning and reconstruction committees which I have dealt with so far display the Government's eagerness not only to maximise war effort but also to face the problems that await them in the post-war period. Of these post-war problems perhaps the most stupendous will be the industrial problems arising out of the numerous organisations which have been created and extended so as to promote industries for the increased supply of essential materials. As an instance I may refer to the industries of the type the United States Technical Mission has suggested. Will they be in a position to avoid tariff protection after the war? Can they work to full capacity in post-war years as well? These are questions which must be seriously considered. Altogether it is necessary to stress that every attempt the Government makes to maximise and increase production during the war gives a twist to the normal economic development of the country and at the same time adds to the magnitude of the problems likely to arise in post-war years. The greater the magnitude of the problems the greater will be the difficulty of effecting a peaceful transition in industry from war to peace. The Government of India as well as the Provincial Governments have got to consider the problem of reconstruction with the same seriousness with which they have faced the problems of war supplies; otherwise the well-being of this land and the millions of its people will be jeopardised. To show the same eagerness to win the peace that the Government have shown to win the war, it is essential that the Government should make clear their position in many directions.

1. In the reconstructed post-war India industries that owe their origin to war should be allowed to live. The policy of the government and the conditions in post-war India should facilitate the existence of these industries which are essential for the prosperity of the country. War conditions might facilitate their establishment. We must see that peace conditions do not wipe them out. It would be a sad tragedy for the country if the industries nurtured by war become the first casualties of the peace. But in the committees organised for reconstruction work, industrial reconstruction does not appear within the purview of any of the committees whereas agricultural reconstruction forms a part of the work of one of the four committees. For a well-balanced economy the country should be industrial, commercial and agricultural. The war has given India the opportunity to expand her industries; and what war has given the Government should not take away. The post-war problems of Indian industry deserve anxious study and wise planning.

We have briefly dealt with the post-war reconstruction policy of the government, about its numerous committees and the salient criticisms about their constitution and work. Let us now consider the ideals that should guide us in the post-war reconstruction of India, the opportunities the war is offering us today and the means we may well adopt for ensuring the benefits of the industrial expansion we have had on account of the war.

It may be said that the war is doing in effect what the National Planning Authorities might do—the speeding up of industrialisation and the development of rural economy. For the complete industrialisation of the country three kinds of industries should be started.

1. Industries that fill up the gap in our industrial structure; that is, reducing the dependence of existing industries on foreign sources of supply for certain raw-materials.

2. Key industries, that is, industries without which the large scale factory-production of consumer's goods cannot be achieved economically.

3. Industries which are essential for the defence of the country and which can be easily converted into industries catering to peacetime needs also.

Though the war means great loss of men and materials for India, it has given an opportunity for India to start some of the industries coming under the above categories. Besides, a good beginning has been made in training a large body of technicians capable of manning some very skilled wartime industries. This reservoir of skilled technical workers can be made available in the post-war years to develop the production of some civilian goods for which India has been so far dependent on other countries.

Post-war reconstruction plans may be considered from many angles and aspects, for instance internal and external aspects from the scientific point of view and the official point of view, from the long-term aspect and the short-term aspect. Internally, the machinery of production has to be changed according to the needs of the nation's economic progress. Externally, our economic relationship with other countries has to be re-organised in the light of our special conditions and requirements and with a view to promoting the return of the world's economic organisations to normal conditions.

Reconstruction in the scientific way will take into consideration the relation between the nation's economy and the rest of the world. It will try to forecast the shape which the world economy will take after the war and about the place which the other nations assign to Indian resources and products. We must also consider the share which India will get in the productive effort. Foreign countries may be unwilling to fore-

go India as a market for their manufactures and in that case planners of post-war reconstruction should devise measures for countering the powerful competition from advanced industrial countries to retain the Indian markets. As distinguished from the strictly national and scientific reconstruction there are the routine official plans. The plans emanating from official quarters may not take into consideration the long-term benefits to the country but may attempt merely to tide over in the shortest time possible the crisis produced by the war. If the government of the country is not convinced of the need to introduce a strictly scientific plan of reconstruction but is content to adopt an unbending routine attitude the industrial progress that the war has achieved will be wholly lost.

Post-war reconstruction can be organised either from a long-term point of view or a short term one. Reconstruction plans may be applied for a period of years to nourish industries that are essential for the country's prosperity. The short period plan is used for protecting industries which are developed and are making huge profits during the war. During peacetime such industries may lose heavily and the Government must come out to protect them if the industries are needed for the nation's progress.

Hence before organising a post-war plan the scope of the reconstruction plan should be defined and in order that any post-war reconstruction plan may become ultimately useful, two essentials should be satisfied. The plan must, firstly, reduce the impact of sudden and drastic changes both at home and abroad on the economic position more especially the immediate economic prospects of the nation as a whole and of a large number of individuals and classes. Secondly, it must prevent the changes from war to peace economy from either disorganising the national economy or neutralising the industrial and economic progress achieved during the war or from rendering the nation less fit to realise its economic aspirations and aims. These two essentials are meant to ensure that economic progress is not hampered. Reconstruction plans should therefore render permanent the progress made during the war; they should not affect adversely the progress already made. Hence it is essential that post-war reconstruction in India should not be of a restrictive kind. India has got raw materials and has a good consumers' market at home for her finished products, and the country accordingly requires all-round expansion of her industries in the post-war period. The Post-War Reconstruction Committee must also find out ways and means by which those lines of production which lag behind may fully meet the national demand.

Post-War Reconstruction involves the consideration of a number of problems and the more important of them are:—

1. Social problems.
2. Industrial problems.
3. Agricultural problems.
4. Problems of foreign trade.
5. Technical problems, concerning Government and management in each industry.
6. Problems of public finance, national currency and credit, foreign exchange and
7. Problem of international co-operation.

Social Problems:—War imposes a severe strain on society. The numerous changes which have come over wartime economy may call for permanent changes in the economic and trade policies of the country. During the war the demand for commodities has undergone a change. For instance, for the goods which are not available the demand for substitutes has been promoted and after the war the demand for substitutes

may remain permanent and the industries producing the goods may find it difficult to revive. As a result of the change in taste great suffering will be caused among the large class of industrial labour and the large number of agricultural producers.

There are some problems of reconstruction needing attention which can be solved only by administrative action after the war. The cessation of hostilities will bring unemployment among Government servants engaged in war work and among industrial workers supplying war orders. We may expect the Government to examine these problems in advance and take due measures of protection whenever they become necessary.

To lessen the hardship among agricultural producers and industrial labourers provision should be made for emergency relief. If restriction of output can bring about some relief to labourers the machinery to effect such reduction should be thought out in advance. Unemployment among Government servants engaged in war work and among workers in industries supplying the requirements for war can be solved by suitable adjustments in the capital programme of the Government, public bodies and corporations. There should be a unified programme embracing the activities of these bodies and it should be seen that the results of the capital expenditure are of lasting social value. In these cases it should be seen that the activities of one body do not come into conflict with any other.

The provincial governments should be fully represented in the capital programmes; for, the single-handed efforts of the Central Government without the full co-operation by the provincial governments will be too inadequate to solve the crisis in the post-war period.

Other sociological aspects of reconstruction are the promotion of measures for industrial welfare. If India has to stand up to the horrors of war, if her civilian population were to face the severe destruction of their houses and properties, post-war reconstruction must devote much attention to the housing problem of the citizen. In the post-war years the Government should have special plans ready to replace the workmen's quarters destroyed either, by enemy action or through an application of the scorched-earth policy. The workmen in Post-War India should have comfortable and sanitary houses. Slums that disfigure the landscape, slums that are not at all conducive to the moral and mental development of the workers, should be banished from India. The Government can grant loans to industrial workers for erecting houses according to plans accepted by the Government, and arrange to obtain the repayment of such loans in small instalments over a period of years. A well-housed industrial population is an economic asset. It will promote healthy life and increase efficiency. Healthy housing will eradicate many of the causes that lead to industrial inefficiency.

In the post-war years the emigration of workers to other countries should be controlled. No doubt an outlet for our surplus population is good. But an unrestricted emigration of men to other countries without adequate safeguard for their civil rights in the countries where they work is wholly despicable. In the post-war years we must plan to find employment for our men in our country and if other countries seek the help of Indian labourers, emigration should be allowed only on condition that the countries needing them provide the normal requirements of labour—minimum wage, security of employment, provision for housing, medical aid and education, provisions for returning home over a period of years with allowances and with no risk of losing their employment. If emigration is allowed on this basis the emigration of Indian labourers will not present any thorny problems to the Indians Overseas Member, and the story of their ill-treatment will no longer darken the pages of our history.

Suitable measures should be adopted to settle industrial disputes without resorting to strikes. The Post-War Reconstruction Plan should establish certain conciliation boards whose decision should be recognised by the Government and given effect to. The Government have already made a beginning in this direction by the appointment of labour officers for Ordnance Factories. Frequent resort to strikes results in much loss of working days and a heavy reduction in the income of the workers. So the prime object of post-war policy so far as it is allied to the sociological aspect should be the solution of problems relating to housing, emigration and industrial peace. During the slump the emphasis was on recovery after the slump, but to-day the main problem is reconstruction after the war.

2. Industrial Problems:—The plan for post-war years should be directed towards devising ways to increase the consumption of industrial raw materials in indigenous industries. Besides, the plan should promote increased self-sufficiency for India and also the resumption of the export of raw materials to foreign countries to some extent. To promote self-sufficiency, the indigenous industries must be appraised of the varieties of local needs and the extent to which Indian industries can cater to them. The Indian textile industry imports long-staple cotton in order to produce finer textiles. Since self-sufficiency is the ideal, the increased production of long-staple cotton should be provided for and new uses should be discovered for short-staple cotton. The export of some other commercial crops such as groundnuts and tobacco come under the same category. Instead of exporting them raw, we must start industries to manufacture finished articles out of them and the finished or semi-finished products may then be sent out.

If the resumption of old channels of export is considered the ideal, the countries which absorb some of our commodities will have to be permitted to send into India some of their own commodities even though they are of a competitive kind. By such agreement our infant industries will be exposed to powerful foreign competition.

But the task of deciding how far we should promote self-sufficiency, how far we should resume old channels of export and how much concession we should give to foreign countries for undertaking to absorb some of our products depends on reconstruction planners and the way they understand the Indian economic situation.

The moment the war orders cease the industries catering to its demands will have to face a very difficult situation. If some of the industries survive after the war period it will be mainly due to the inability of old rivals to come back to Indian markets; and during such period Indian industries may not need tariff and other protection. But when other countries are actually in a position to compete with Indian infant industries, as a measure of post-war reconstruction, Indian Industries should be specially protected. "Estimates of wartime progress detail the progress of Indian machine-tool industry, the beginning of shipbuilding and repairs without indicating whether the progress is likely to be permanent. Standing by themselves such estimates provoke fears of post-war slump. The war and all its effects are viewed as unrelated to the original trend and the successful establishment of substitutes in former markets induces many to take a gloomy view of post-war prospects in export trade. The restoration of old standards of living is going to be more than ever difficult in the East. The Colonial markets are lost for both India and Britain, because they will be in poor condition after a late victory. A state of dependence on imports is undesirable; hence the demand for planning now. If food crops displace cotton and oilseeds in the future, the reduction in the post-war quantum of foreign trade can be safely ignored. If the mills take all the cotton grown in India and

textile imports are displaced for good, the effects of peace on employment and profits in the mills will be negligible. If the growth of capital and enterprise alike is checked by the present rates of taxation there will be few infant industries struggling for assistance. If Poland and Japan are alike debilitated, the Indian woollen industry will have few anxieties; if the leather and rubber industries develop rapidly the hides and skins and rubber exports will switch over to the home market. The permanent handicaps that will be thrown on Germany and occupied countries after the war, which will limit reconstruction in Europe, are sure to help the iron and steel manufacturers in India. The large food reserves held in America against the return of peace will divert shipping away from India and check general imports while enlarging the demand for jute manufactures. If one chooses to think out resolutely what will come, should peace return swiftly, one might even venture to say that except for a change in bullion prices conditioned by Anglo-American agreement as to exchange, there will be no grave shock to Indian trade and industry. The position won in markets like Afghanistan by Indian sugar will be retained because Java and Russia alike are incapable of remaining as suppliers to countries east of Suez. In regard to coal, cement and paper the export trade of India should in effect increase rather than decrease owing to the post-war demand in the East. Difficulties with regard to liquid fuel will disappear as power alcohol production would probably take a knock. Specialised war production would probably suffer but normal peacetime demand is enough to keep iron and steel industry going as also minor industries like glass and cutlery. If capital is flowing into industries as before, it will abolish the fear of over-production. Disarmament will be a bigger industrial factor than it is known. Skilled labour released from war industries will be diverted to peaceful enterprise and there is every scope for a rise in the efficiency of labour." (From an article in *Indian Finance*—"After the War" dated July 4, 1942.)

The relevant portion of this article from *Indian Finance* has been quoted in order to give an idea of the post-war prospects of Indian industries. It may be altogether one-sided and give a rosy view of the post-war position of Indian industries. There are, however, some disquieting features which make the picture of post-war prospects gloomy.

Besides this, all plantation industries including cocoanuts have good prospects. In the post-war years industries will be permanently established in India which will absorb the products of the plantation industries and turn out consumable goods. Increase in the purchasing power of the masses will cause the markets to expand. The plan for post-war reconstruction should place on a firm footing the industry producing machine tools. In the post-war period belligerent nations will be engaged in rebuilding their countries devastated by the war and in replacing the industrial machinery which were not properly repaired during the war. So in the post-war years we must make all the required machinery for our industrial development. The first step in this direction is the starting of machine-tool making in India itself; and we believe that good use has been made of the assistance of the American Technical Mission in providing equipment and personnel in this connection. Considerable progress will however have to be effected in making machine-tools in the years to come.

Thus the post-war reconstruction of our industries should give us in peacetime the advantages, India has been able to secure in the period of war.

War has given an opportunity to start key industries connected with shipbuilding, aircraft and automobile manufacture. Another industry of equal importance is the manufacture of locomotives in India, as yearly, India imports a good number of locomotives from other countries. A report was published favouring the location of the plant for the manufacture

of broad-gauge locomotives at Kachrapara near Calcutta and meter-gauge locomotives at Ajmere. Most of the parts for locomotives can be manufactured in India except copper plates, pipes and rods for boilers, gauge glasses, armoured glass protections and lubricator glasses, steel boiler tubes and such elements as asbestos mattresses. But this favourable report for starting the manufacture of locomotives was not given effect to. The Government should take a lively interest in starting these key industries at the period when the war provides the opportunity for starting them and then in the post-war years give them protection, if they need it, so that they may be in a position to make India a fully industrialised country.

India also produces a good number of chemicals and patent medicines. Plants also have been established to produce aluminium—a very important metal for war industries (from ores obtainable in the country.)

Agricultural Problems:—The war has impressed upon us the inadequacy of our food supply. Though our country is predominantly agricultural and food crops are by far the most important of the crops raised in this country, the output of food grains has not been sufficient to feed the vast population. The food shortage was made good by the imports of food grains from Burma and Indo-China. On an average for the ten years preceding the stoppage of such imports we imported 14 lakhs of tons of rice from these countries.

So the Government has inaugurated the Grow More Food campaign. It has aimed at increasing the food production by a change over from the production of cash crops such as ground-nuts and short staple cotton for which there is a shrinkage of markets to the production of food crops. The campaign for growing more food coupled with the propaganda to waste less food and for substituting other food materials of good nutritive value (e.g. groundnuts, cereals and vegetables) for food grains will go a long way to tide over the temporary food shortage.

But after the war there may be the resumption from Burma and Indo-China of food exports to India and the Indian grain grower may experience special difficulties through falling prices resulting from foreign competition. Post-war Reconstruction Plans should consider the protection of the grain-growers against such dire consequences.

Even in normal times the bulk of the Indian population suffer from malnutrition and insufficiency of food. A comprehensive food planning drive organised in the post-war period will not be a luxury. It will have a decisive effect on national nutrition and also improve the condition of the agriculturists who will grow a variety of food to meet the increased needs of the people who will be guided by the food planning authorities in arranging their diets. Thus in the post-war years the nutrition, poverty and health of the people are closely linked to the food planning drive started under the auspices of the Reconstruction Committee.

The Food Problem of India:—The food crisis in India has been accentuated by certain factors affecting the supply of and demand for food. On the supply side we have to take into account the following facts.

1. Certain normally deficit areas like Bombay and Malabar coast have been deprived of a disproportionately large part of their normal supplies by the cutting off of Burma imports.
2. In the normally surplus districts of Bengal the normal supplies have been reduced by the cyclone of October 1942 and by the widespread disease in the Aman paddy crop of Western Bengal.

On the demand side we have to note the following:

1. The crisis has been accentuated by the combination of an adverse supply situation with an adverse psychological situation due to the proximity to the war zone.

2. The magnitude of the marketable surplus has been diminished through the increased holding and increased consumption of the cultivator who in the depression period was eating less than was requisite for full efficiency. This diminution reacts with disproportionate effect upon the urban consumers as a whole.

3. The increase for the first time in the per capita income of certain classes of people leads to an increase in the per capita consumption.

4. The absolute size of the rice carry over declines.

5. A portion of the available stocks is withheld for investment and black-market reasons, and

6. An increased demand for family and security reasons which cannot always be satisfied exerts a disproportionate influence on prices.

There is a misapprehension that the supply of food stuffs to the army stationed in India and exports to other countries are responsible for the present crisis. The Government of India, however, have made it clear that the requirements of the Defence forces in India are only $\frac{1}{4}$ of the wheat produce of the Punjab and $\frac{1}{20}$ of the rice produce of Bengal.

It may be pointed out in passing that the efficiency of agricultural production is to some extent interfered with by the shortage of metals like iron, vitally important for the making and maintenance of agricultural implements.

Remedial Measures:—The question now confronts us "what are the Remedial Measures that should be adopted to alleviate the deleterious effects of the present situation?" In the first place attempts should be made to increase the available food supply. The suggestions in regard to increasing supplies relate both to imports from and exports to other countries and to food grains grown within the country. It must be laid down that for the duration of the war India must cease to be a net exporting country and become a net importing country. The export of rice must cease altogether. The Government must press for imports of $1\frac{1}{2}$ million tons in the first year and for imports of one million tons per annum in succeeding years—one million tons being the average annual net imports for the last five years. The reason for suggesting a larger initial volume of imports is to enable the half a million tons to be utilised to create a central food grains reserve. Such a reserve will render the enforcement of adequate price control easy and greatly facilitate procurement.

As regards increase in the supply of food stuffs grown inside the country the following suggestions may be taken note of:—Assistance should be given to industrialists, for the importation of plant for the manufacture of Ammonium Sulphate to the extent of at least 350,000 tons a year. Adequate supplies of Iron and Steel should be secured for the replacement and repair of worn out or defective agricultural implements. The under polishing of rice which is now practised at Madras should be extended to all other rice provinces. The "Grow More Food" campaign should be given a fresh impetus. There should be a large scale distribution of improved seed. The Grow More Food campaign is bound to be fraught with difficulties. The average agriculturist is illiterate and is apathetic to modern scientific knowledge in the use of manures and agricultural implements. The uneconomic holdings and gradual morelement of land make it difficult for the agriculturist to respond to the "Grow More Food" campaign. Lack of transport, marketing and credit facilities are a few more stumbling blocks in the path of the agriculturist.

Procurement:—Two alternative principles may be invoked to solve the problem of procurement or the acquisition of supplies. The first principle is that of unlimited free trading in food grains. But this would result in a drastic rise in the level of prices in some areas. The

other principle is that of a central government food grains monopoly. This is not a scheme inherently unworkable. But the creation of a vast organisation is not practicable in the middle of a crisis. The course of action that can be adopted in the present situation should be based on the following principles. Firstly, though it is premature to create complete provincial or state monopolies yet the first principle of a sound procurement policy must be the elimination of competition as far as possible. The centre, therefore, need not set up its own procurement machinery so long as it is satisfied that the provincial or state machinery is working adequately. Secondly, to allow official buying to function effectively, transport priorities must be secured. Insufficient attention has been paid to this form of eliminating competitive buying in the past in the provinces. Procurement involves in the last resort getting the maximum quantity of food grains from the cultivator in every part of the country. To achieve this end, there are two alternatives—compulsory acquisition at a fixed price and increasing the inducement to the cultivator to sell. It is perhaps premature to resort to requisitioning in India which would involve official procurement machinery everywhere, though in seriously deficit areas it may be the only way out. A rise in the price of food grains may not evoke an increased supply so long as higher money prices received by the cultivator cannot be translated into an effective supply of goods which the cultivator requires. The problem of procurement is thus intimately linked with the problem of increasing the supply of goods which the cultivator needs. Untiring efforts should therefore be made to increase the supply of such goods and the problem should rank next to the problem of munitions supply. If the supply of these goods cannot be increased adequately, it would be advisable for Government to secure supplies of the precious metals for sale to the cultivator. In this connection, it may be mentioned that fifty lakhs of rupees are provided in the central budget in addition to the loans granted to the provinces for the buying of food grains. So far Rs. 100 lakhs have been lent by the Centre to the provinces.

Distribution and consumption:—It need hardly be emphasised that the food crisis has to a certain extent emerged as a result of mal-distribution of the quantum of food grains available in the country. The problem of distribution is closely interlinked with the problem of transport. The proposal to create an officer in charge of food movement within the Food Department deserves to be acted on. The steps taken by the Central Government in connection with Railway priorities for food grains are welcome. To relieve the congestion of Railway traffic alternative modes of transport should be employed. The possibilities of using water, lorry and country bullock-cart transports should be examined. It is gratifying to note that the new Viceroy has given expression to his decision of associating trained army officers with urgent problems of civilian transport and also of utilising the services of certain army transport, for the purpose of food grain movement.

Another aspect of the distributive problem at the present time is the rationing in the larger cities of India, i.e., with a population of one lakh and over which should be undertaken forthwith. It is impossible under rationing to guarantee any section of the community the food grains consumed by them habitually, according to their requirements in normal times. For the successful working of any scheme of rationing the need for public co-operation is paramount. This can be best secured by setting up of non-official advisory committees. Another pre-requisite of Rationing is good administration. There should be drastic enforcement of law especially in the early stages when attempts at sabotage and evasion are likely to be frequent.

The Food Department should also investigate the possibility of individual rationing of sugar and milk as these have a peculiar bearing upon the health of women and children. General rationing is impossible in rural areas, but it has to be noted that in famine or semi-famine areas

distribution cannot be left to the normal channels of trade, and Government action is absolutely imperative. In Madras, Rationing is to be introduced in all municipal towns and this proposal should be welcomed.

Price Control:—The food grains policy committee set up by the Government has come to the conclusion that the price control of all the major food grains should be instituted in all provinces and states. There should also be a central control over these statutory prices. In considering the appropriate level of regional prices, the cultivator's costs should be taken into account. The committee while not opposing the policy of selling food grains at reduced or preferential prices to certain sections of the population points out that such a policy can never solve the general problem of food supply and should never be regarded as an effective substitute for an integrated food grains policy. There are certain minimum conditions for effective statutory price control (1) There should be an adequate procurement machinery. (2) The food grains control order should be enforced strictly. (3) There should be an effective control over transport. The importance of price control has been realised by Mr. Amery in a recent speech in the House of Commons where he traced the food situation in Bengal to inflationary forces.

Administrative aspects of the Food Problem:—A Food Board should be created in the place of the existing organisation at the centre. This should secure the continuous and conscious co-ordination of effort in all directions. In addition to the Board there should be a panel of six experts drawn from trade whose advice should be sought on suitable occasions. The spheres of activity of the centre and the provinces and the states should be clearly defined. Co-ordination of the activities of these three should be brought about. (Food Grains Policy Committee Report).

PLAN FOR AGRICULTURE.

That our agricultural economy has slowly been deteriorating is now an admitted fact. Not only have we neglected the extensive cultivation of food crops in recent years but have also been experiencing a fall in the yield of the same. If we are determined to prevent the recurrence of a food crisis, we should lose no time to reorganise our agricultural economy; nor should we hesitate to introduce sweeping and revolutionary changes.

There are no doubt many difficulties in achieving the end. Agriculture is so closely linked up with the human factor that even a slight change is likely to be met with the greatest opposition from the cultivators. A corresponding reform of social policy is essential for a successful reform of our agricultural policy. Again the extent of reform in agriculture will be determined by the extent of reform in other sectors of our economy. For example, unless there is rapid industrialisation, any labour that is displaced from agriculture on account of the new methods will be wasted; also agriculturists should be supplied with more goods for the greater resources they will come to possess. Our internal reform will also be greatly influenced by plans on an international scale for effective organisation of agricultural resources of the world.

Our agricultural production has not been keeping pace with the growth of population. The result is that "there is an unexampled pressure of the population against the means of subsistence."

This serious state of affairs can be rectified only by introducing reforms from all sides; technical, economic, fiscal and social. The state should take an interest in carrying out the reform.

Economically, agriculture has failed to be a business proposition in India. To make it profitable, not only should the methods of cultivation

be improved but a scheme of sensible crop planning should be introduced. Intensive cultivation on scientific lines should be carried out. The progress made in plant-breeding, live-stock breeding, crop-rotation, mechanisation, irrigation technique, manuring, have all to be studied to be introduced with necessary changes to suit the conditions in India. The types of crops that we shall grow will be influenced by the nutritional requirements of our growing population, our industrial demand for agricultural raw material and our export possibilities. I should also say that the land revenue system also needs to be reformed to make agriculture profitable.

The most stupendous and biggest task in any reform of agriculture in our country will be the prevention of soil erosion and conservation of soil fertility. In many parts the soil has reached a "stationary state of fertility at a low yield." In the words of Colonel Brayne "India is literally drying up in front of our eyes." Government alone is in a position to tackle this problem and this it should do urgently.

Social reform should accompany agrarian reform. The old laws of inheritance leading to fragmentation of holdings will have to undergo a change. New institutions, more in conformity with a progressive agricultural economy, should be set up.

It should be realised that if such a reform as the one suggested above is to be successful, it should be on an All-India basis. "The types of our agricultural resources and their inter-provincial distribution make India an economic unit and demand an All-India plan with regional allocation of different varieties of crops."

The urgency for agrarian reform needs no reiteration. "Hungry millions" people the country. Death due to starvation has become an ordinary incident of life. If the present generation is to be freed, and the future generations safe-guarded against starvation, our immediate task will be to turn to land and bring about a revolution in agriculture. Resolutely, that would open up a new page in Indian Agricultural History.—*(The Eastern Economist)*.

Foreign Trade:—Indian foreign trade in the post-war years will take a new shape altogether and we cannot be certain of resuming all the trade connections we had before the war. Economically broken down Europe may not be a good customer. Besides, India may attain a state of industrial development in which the imports of manufactured articles from other countries may not be welcome. So to make up for the lost markets in Europe, India should discover new markets in other countries especially the United States, Australia and China.

With a little more foresight India may attempt to tap the United States consumer market—the richest in the world, in aggregate and per capita. Mr. H. S. Malik, the Trade Commissioner, in a report has said that, "there are vast opportunities for Indian consumer goods. In the United States, the Departmental Stores, the Mail-order houses and Five and Ten Cent Stores monopolise the bulk of the trade. Hence the factors such as price, prompt delivery and adherence to contracts and standardisation of products count." The Trade Commissioner observes that India can build an important trade with U.S.A. in many beautiful hand-made articles both in metals and wood and in textiles for which India has an excellent reputation. According to him the caption 'Made in India' has a definite sale value in U.S.A. Indian carpet wools have a very good market in U.S.A. India produces a good amount of carpet wool as well as considerable quantity of finer wool, the supply of which can be augmented by selective methods of breeding and grading. Indian export of wool was valued at Rs. 286.1 lakhs in 1936-37, Rs. 264.6 lakhs in 1937-38 and Rs. 298.7 lakhs in 1938-39. If the Indian exporter adjusts his trade practices to the requirements and tastes of the American importer and manufacturer especially in regard to the quality, Indian exports to America can be considerably increased.

Direct personal contacts between Indian businessmen and American buyers and suitable publicity and propaganda for Indian materials will win the American markets for a good many Indian products. If Indian businessmen could start a responsible organisation for developing the trade and for organising production, the desired object will be achieved.

"China also presents great economic opportunities to India and other Pacific Countries. In the post-war years, China will primarily want capital goods and raw materials. In order to re-establish heavy industries, she will require machinery, tools, vast quantities of steel and other metals. To supply those machines, she will need vast quantities of raw materials that she does not produce herself, from wool to the ingredients of plastics, from modern minerals to timber, oil and rubber.

Temporarily she may even require food stuffs especially as her shaken up population are going to recognise the value of an increasingly westernised diet. The largest nation in the world will have to be almost wholly re-clothed." So China holds great economic opportunities for the Indian industrialist and if the Indian industrialist goes ahead with industrialisation in right earnest he can benefit immensely by the opportunities he will find in the post-war period.

Besides, a rich export trade with Australia can also be built up in textiles, glassware and in commercial crops. Already India makes garments required by the Anzac forces and exports glass-ware and in the years to come this trade should be further developed.

In the post-war years Britain and U.S.A. will be engaged in the re-building of Europe, China will free herself from Japanese interference and Eastern nations will get ample scope to reconstruct themselves through increased trade among themselves and by conjoint development of other backward countries.

In connection with trade developments during the war, with a view to controlling foreign purchasing power, imports have been regulated, only such imports that are necessary for increasing war efforts being allowed. Such import control can be retained in peacetime also so as to permit only such imports as will ensure full employment to our own workmen. In the alternative a system of trade agreements can be inaugurated by which the import of products which will unfavourably affect full employment may be excluded or placed under special handicaps. Reconstructionists should study the problem closely and determine the commodities, the import of which needs to be controlled.

Another problem for planners is post-war shipping. During the war ships have been withdrawn from ordinary commercial services in order to meet the immediate requirements of the war. After the war, if trade has to be revived quickly, shipping services must be revived without delay. The Government should not be behind hand in giving some assistance if it is proved that Government's help would expedite the course of revival. A mercantile marine is a valuable asset to international trade and India will find it economical to possess a mercantile marine of her own as she has an extensive inter-oceanic trade and a valuable coastal trade. The trade policy of the Government must be such that after the war Indian shipping will achieve scope for rapid development. We have been told that shipyards have been specially equipped to build small naval vessels, and these yards can be improved for building ships for the Indian merchant navy in the post-war years.

Technical Problems:—During the war the Government has acquired valuable stores and machinery for the production of war materials. After the war the plant, machinery and stores can be disposed of so as to provide great opportunity for India to start industries for supply of consumer goods. For this purpose the industrialists should be appraised of the plants and stores that may be available for purchase after the war. By this act, Government can help industrialists to plan in advance for the efficient

use of machinery now utilised for making other materials. Besides this, statistics about skilled labour should be maintained. In the next few years the availability of skilled labour will, to some extent, decide the nature of the industries that can be started. The Government should publish a census of technical labour engaged in war work which is likely to be discharged on the cessation of hostilities.

This war has seen the rise of an Industrial Research Institute in which valuable work is being done. After the war the Research Institute can be continued for the benefit of peace-time industries. Such research work has generally suffered in post-war schemes in the past; but this should not happen after this war, and research work should be adequately financed in order that it may foster all nation building schemes, and aid further the technical advancement of post-war industries. In all advanced industrial countries the money spent for research is considered a valuable investment. For instance, advanced productive units in the United States have each a research department and this enables them to achieve high perfection and cheapness in the cost of production. Technical problems should receive great attention from post-war planners, since technical efficiency only can place the industries on a sound productive basis.

Currency:—The future of Indian economy also depends on the stability of our currency. The changes in the value of the rupee will in turn affect the financial position of the country.

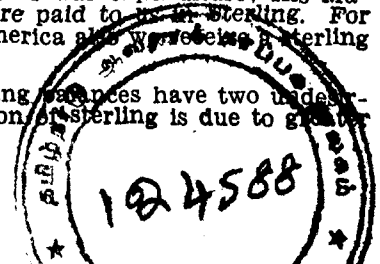
In the post-war period, the rupee will be freed from the burden of interest charges on the Sterling debts. The future of the rupee will no doubt be affected by International plans. The Governments of U.S.A. and United Kingdom have placed their proposals regarding the future world money. The Government of India has republished these proposals for eliciting public opinion. These proposals are all tentative and nothing definite is known, but if India has to take part in these discussions and proposals she must have the power to determine her own currency arrangements to her best interests. She should be left free to join the Sterling block if she considers it necessary. She should be given power to determine the extent of her trade relations with other countries in so far as such power is necessary to avoid unfavourable foreign borrowing, to eliminate competing imports and to establish basic industries.

SOME FEATURE OF WAR FINANCE

The two prominent features of War Finance are the change in the status of India from a debtor to a creditor nation and the greatly increasing volume of currency plunging the country into a state of inflation. These changes are not independent but are closely related to each other. The tremendous increase in the volume of currency is made possible by the rapid increase of sterling balances abroad, while the increase in currency itself is necessitated by His Majesty's Government and other Allied Governments' purchases in India.

Causes of Sterling Accumulation:—Since the outbreak of War there has been a strict control of imports whereas exports were not similarly controlled. The imposition of exchange control, the lack of shipping space, the shrinkage in the number of foreign markets and the increasing demands from the sterling area dominated by Great Britain, have contributed to a very favourable balance of trade with the United Kingdom. India is also being credited with her share of war expenditure; His Majesty's Government's purchases in India are paid to her in Sterling. For purchases made by the United States of America also, the Government is credited through London.

Effects in India:—The increasing sterling balances have two undesirable aspects. In so far as the accumulation of sterling is due to greater



exports it represents a sacrifice of the Indian nation for the cause of the Allies. It is perhaps a sacrifice without even providing for minimum civilian consumption. Besides creating a scarcity of consumers goods inside the country it helps to steepen the rising prices when the balances are used for providing rupee finance. For, under the present system of rupee finance, the Government of India (through the Reserve Bank) have undertaken to provide the currency against a sterling credit in London. It might be mentioned here that in the beginning stages of the war, the utilisation of sterling balances for repatriating sterling debt had a deflationary effect, but this is no longer visible as the repatriating process has now practically stopped.

Utilisation :—The main problem is how to utilise these sterling balances during and after the war. It should be realised that the entire balances could not be used during the period of the war for obvious reasons. So the question of providing against any depreciation of sterling in future becomes important.

Use during the War :—It is hardly necessary here to dilate on the schemes of repatriation of sterling debt, funding of Railway annuities etc., which have all taken a big slice of our sterling balances. The sterling liabilities of quasi Government bodies like Port Trust, Public Utility concerns, and Municipalities, however, remain yet to be repatriated. This is to be strongly recommended to the Government who seem to be thinking of schemes that would fritter away huge sums of accumulated sterling without much immediate benefit to India. With the fall of Italy and the Allies' entry into that country, the Mediterranean has become cleared of the enemy. It will be easier now to import capital goods in the form of machinery etc., which would ultimately help to save shipping space. The import of useful machinery for production of essential goods for civil and military consumption will go a long way to avert the tendency of rising prices. In short, our aim with regard to the utilisation of the sterling balances during the war should be not only to withdraw purchasing power from the people but also to increase production of goods for both civil and military consumption.

Guarantee against depreciation :—More important is the utilisation of these balances after the war. But before that, should not Britain guarantee compensation should sterling depreciate? There is no knowing what the status of sterling will be after the war. It may not fall much but there will be a fall. Britain has already given such a guarantee to Argentina. Why should not the Government of India take up this question with His Majesty's Government?

Use after War :—The future of our sterling balances will be closely linked up with the international discussions and decisions arrived at on the Monetary Plans published by the Allied Governments. The proposals are all tentative. Two important points should, however, be borne in mind. Sterling balances have been accumulated by national sacrifice; their utilisation at present as currency reserve is causing national misery; the balances should be used to serve national interest. This could be achieved only if the Government takes interest in its utilisation. The acquirement of foreign exchange for trade purposes after the war should not be treated as merely a problem of foreign exchange.

The Government must endeavour to earmark a portion of the Sterling balances for the development and starting of hydro-electric schemes and thermal stations. This is vital in order to provide cheap power for promoting the industrialisation of our country.

Railways are one of the important State concerns in India. During this war, the wear and tear caused by continuous demand on the

railways has caused a serious deterioration. It is necessary that immediate steps should be taken after the war to recondition the Railways in India.

Further, it is necessary that well developed railway workshops should be established in India. For these the Government should set up a large slice of Sterling balance accumulated.

Secondly Government should as far as possible avoid giving Sterling exchange for purchases of gold by individuals.

After providing for the above, Government should discriminately utilise the balance of Sterling accumulation for the development of those industries, which would be really of great national importance. For this purpose the Government should set up a council of industrialists. The council should be mainly composed of eminent economists, prominent industrialists, leading bankers and a few experienced officials. The majority decision of the council should be final. It will be the task of the council to examine requests for foreign exchange for trade purposes and recommend such requests as promote national welfare to the Government for sanction. This system will no doubt mean the continuance of the Exchange control machinery for sometime after the war, with all its import and export restrictions. The council with the help of the Exchange control machinery will be able to check internal competition and overproduction of certain goods. It will also be useful to prevent dumping of goods from outside.

A start in this connection may be made even now. The Industries and Civil Supplies Department should set up the council of industrialists. The immediate task of the council will be to explore what type of industries should be started during and after the war. Industrialists will not be wanting in numbers who will be willing to float such concerns as are recommended by the council. People also will eagerly subscribe to such concerns. The Examiner of capital issues performs only a partial function. His field does not extend to the expression of opinion for starting new industries. True, the composition of his office is not designed to deal with this type of work. The council, therefore, when set up, will attend now to finding out new industries that can be started easily and to the benefit of the country. After the war, it will not only continue this side of its activity but also will help the Government in the matter of foreign exchange.

The council will thus fill up a serious gap in the present official organisation. It will be a machinery vital to the growth of Indian Industries on right lines and will safeguard national interests. The Government should lose no time in setting up such a machinery. Its formation now will also help the war effort, in as much as it will be the chief organisation for starting the new production drive which is so vital to bring down rising prices.

This brings us to the question of inflation.

Inflation :—We have now reached a stage when it is admitted by all concerned that there is inflation in the country. The effects of inflation have come to be seriously felt. The increase in prices is unbearably high. Scarcity of consumable goods is the order of the day. Famine conditions prevail in important areas. Scarcely is there any difference between the urban and the rural areas. All alike suffer from dearth of food stuffs. What is the reason for all this? Briefly put, it is due to much expansion of currency over a limited or decreasing quantity of consumable goods.

There is no time now to be apportioning responsibility; nor need I dilate on the causes which are very well known. It must be realised at once that not a moment should be lost in devising ways to remove this disastrous economic condition. From the nature of the disease explained above, it would appear that the remedy lay in three lines.

1. By trying to stop further expansion of currency.
2. By absorbing as quickly as possible all surplus purchasing power in the hands of the people and
3. By increasing the quantity of consumers goods.

I shall not deal here with the measures that have already been taken by Government on the lines mentioned above. I shall only briefly sketch a few important points which have, however, not yet had the favour of the Government. But before that I should like to stress that there is one thing which we cannot stop i.e., further expansion of currency. For so long as India is committed to help the Allies, in their war efforts, expenditure by Allied Governments cannot be stopped. And so further expansion of currency is inevitable.

Government have already taken action to absorb surplus purchasing power. The latest innovations in this direction are the introduction of the National Savings Certificates and Government of India Five-Year Interest-Free Prize Bonds. I shall not point out the defects in the Government's Schemes to mop up surplus money. Two important points should be borne in mind which unfortunately have not weighed much with the Government. The Indian mass values only such investments that afford quick conversion facilities into liquid cash. This, perhaps, explains the great faith in the precious metals. Any form of investment facility that does not lend itself for conversion into cash easily is bound to be a big failure. The national Savings Certificates have an element of non-encashability.

It is not so much the absorption of the surplus money in the hands of the big investor that will help to check the rising prices as the mopping up of surplus purchasing power in the hands of the small investor, that would otherwise function as active money. The rate of interest on small savings is not attractive. The fear that a higher rate of interest on small savings will alter the general structure of the rate of interest is unfounded. Deposits in Co-Operative Credit Societies, Joint Stock Banks, and Post-Office Savings Banks should be offered about 6% subject to the condition that no individual is permitted to invest more than Rs. 5,000.

Sale of gold to the small investor has also been advocated. The difficulties of Government in carrying out these suggestions are, no doubt, many but they are not insuperable. There is however, one difficulty in that the investor will suffer a great loss when the price of gold or silver falls, as it must, after the war. If it is the intention of the Government to safe-guard the Indian investor against this loss, a modified scheme of sale of precious metals should be introduced. It would be expedient for the Government to sell gold at a reasonably low price in India. It should also undertake to purchase much blocks as are offered for resale after the war due to a fall in prices. No doubt this type of transaction will involve some loss to Government, but it will be in the interest of the Indian nation and will help to relieve the present misery to some extent.

Further taxation for withdrawing money must be done with caution. In the case of loans also it is my impression that if loans are floated for shorter terms they might prove more successful than at present.

Restrictions may also be placed on payment of dividends. Part of wages may also be held up if possible. Non-transferable cash certificates payable after the war bearing an attractive rate of interest may be issued instead.

The real remedy should come from the side of production of more goods. 'Grow More' and 'Produce More' should be the slogan of the day. I have already suggested the starting of a council of industrialists whose immediate task will be to explore the possibilities of starting new indus-

tries for increasing production of consumable goods. The urgency for tackling the problem on these lines need hardly be stressed. The starting of the South East Asia Command with greater expenditure, shortly, will certainly inflate prices tremendously. This is also the proper time for us to capture and consolidate our markets, when our worst enemy in the industrial sphere, Japan, is engaged in production of goods for military consumption. I strongly, therefore, plead for urgent action on these lines.

The Problem of Transport:—The importance of an efficient transport system has never been more poignantly demonstrated than at present. The greatest fillip to Railway development in India was the recurrence of famines. But in spite of considerable expansion of the Railways, the fact remains that, in proportion to the extent of the country and its population, Indian Railway mileage is the lowest among the important countries. Added to it, the Railway system of India is so abjectly dependent on foreign supplies for its locomotives and most Engineer stores. The result has been the failure of the Railways to efficiently perform essential services at this vital hour. Hence the present regime of priorities and restrictions. It is true that the exigencies of the war must have prior attention. But the essential requirements of the home-front cannot be so sadly neglected.

This emphasizes the need for a co-ordinated transport policy. In the future, we will have to reckon with not only increased motor transport but also air-transport as a competition. In a country like India with long distances, air-transport will capture a considerable part of long-distance upper-class traffic. Nevertheless, the Railways will have an enormous volume of traffic open to them. There should be further opening up of trunk lines. Long-distance traffic is the legitimate sphere of Railways. Within this sphere, there should be better co-ordination among Railways. At present, there are many anomalies in the 'rates-system'. There are cumbersome unscientific schedules. For the calculation of telescopic rates decreasing with distance, the mileage is taken separately on each Railway and not on the total distance. The many special rates quoted in the period preceding this war were not based on any scientific principle, but were mere expedients for capturing traffic. An all-India rate policy should be formulated on the postulate that the Railways exist to serve industry and commerce.

In India, road transport can never cease to be the primary link between the villages and the rest of the world. There should be a bold policy of road development with a view to providing thorough feeder services to the Railways. Now that the Railways are mostly State-owned and State-controlled, there is no danger of their exploiting their monopolistic privilege.

In view of the cheapness of water-transport, internal canal and river transport should also receive due attention.

The importance of a mercantile marine is recognised all over the world and the shipping industry has been receiving special State encouragement in many countries. India's naval tradition, the magnificent services of her seamen in the present war and her own natural advantages, demand great encouragement for the building up of a merchant fleet. The reservation of coastal navigation to the nationals will be stimulus.

Problems of International Cooperation:—Any reconstruction plan, however much it may promote national self-sufficiency in its essentials, depends for its success mainly on the world's economic situation. International price levels and International demand regulate currency recovery. In the Atlantic Charter, signed on February 23, 1941, the reconstruction of the world is to be achieved by the expansion of 'production, employment and the exchange and consumption of goods' and it has dreamed of 'appropriate international and domestic measures.' Though India is

excluded from the application of the Atlantic Charter, the Indian problem might be thought of as a domestic problem and many arrangements may be made which will perhaps go against the real interest of India.

In the reconstructed economy of the world a nation should not think of exporting more than she imports. People in dire want of necessities are denied the where-withal to buy them and due to their lower purchasing power there is an apparent super abundance of necessities. Hence factors of production are diverted to the making of luxuries. Production can be in full swing, but in distribution of produce there are great loopholes; the consumers have not enough money to buy the potential output. If production is to be carried, on mass-production basis, there should be mass consumption.

In the post-war world there must be international co-operation to abolish the states 'economic belligerency.' One nation should not think of keeping another nation as a market or go about hunting for markets by adopting ever so many tricks of international trade.

As the Report of the London Chamber of Commerce has said "the Economic fear should go." An over-riding factor in considering any scheme of post-war reconstruction should be the elimination of economic fear among the nations. Economic relations should be a bond of union and not a source of fear. After this war capital should not be scrapped, output of new potentials limited or destroyed and millions of men prevented from producing, but in future effective demand should be equated with the supply (Ref. Post-War Economy. 'Capital' June 18th, 1942, Page 854).

The problems, the solution of which will promote international co-operation are as follows:—

1. The victor nation should not consider that a vanquished nation should be in a position of economic servitude. One nation should not work for a favourable balance of payments but in turn work for normal balance of payments based on the principle of quid pro quo.
2. The international purchasing power should be so distributed as to enable the nations to consume the whole of their own production.
3. When one country has industrialised herself during the war, it must not be coerced by international trade policies to revert to her former position.
4. Nations whatever ideologies they follow in whatever way they organise society they must be given equal status in international trade position and no threat should be given for their continued existence.
5. There should be no hindrance to the movement of population from over-populated regions to under-populated regions. In the post-war period import and export transactions should not take place uncontrolled by the Government. The Government should control the transference of credit from one country to another. Blocked credit accounts should be started and should be used for the payment of shipping insurance, interests on loans, dividends etc. Appropriate machinery should be established to investigate the trends of world price level, production and trade and it should help to forestall slumps.

PUBLIC HEALTH RECONSTRUCTION

The need for a comprehensive Public Health planning was not adequately realised until recently. Public Health, instead of being made one of the major planks of any programme of National Reconstruction, has been relegated to the status of a postscript. In his farewell message to the Central Advisory Board of Health, Lord Linlithgow pointed out the urgent necessity for "the solution of the vital problem of public

health, on which so largely depends the happiness and well-being of India and of her people." Much has been talked and written about the magnificent natural resources as well as the gigantic man-power of India. But the ominous fact, that this man-power is being eaten away by the canker of disease and death, is overlooked, if not completely ignored. No nation that styles itself civilised can afford to witness unconcernedly the havoc played by diseases on her people. It is against all the avowed canons of reason, humanity and material well-being.

Nature of the Problem:—The colossal waste of human life, occurring in India every year, is set forth in all its tragic import in the annual report of the Public Health Commissioner with the Government of India. Even he who runs can see the writings on its pages—that among the countries of the civilised world, India occupies the unenviable position "of being one of the world's reservoirs of infection for Small-pox, yellow fever, typhus, malaria and dysentery and main reservoir of infection for plague and cholera."

The magnitude of the tragedy can be seen from a few facts and figures taken from the latest annual report available. Judged by any standard, the health of India has descended to a deplorable level. The annual death roll reaching the staggering figure of over 6.5 millions, with the death rate ranging more than twice as much as in England, Sweden or New Zealand. With the infantile mortality of 167 per million, with more than 200,000 women dying every year in child birth, with over a million being swept away by malaria and another half a million by tuberculosis, with cholera, plague and small-pox taking a heavy toll of human life and the average expectation of life dwindling to 27 years, betrays the devastating effects of death on human life in India. It is a record both humiliating and depressing. No nation can be prosperous and happy under these circumstances, whatever the technical or industrial advancement might be. India can be called a country of diseases and death.

Public Health Reconstruction:—In such a situation, Health Reconstruction should take precedence over any other kind of reconstruction. Strictly speaking it is not a question of reconstruction, but one of constructing anew. The problem of health should not be viewed from immediate results; a long view should be taken. Further as the Royal Commission on Indian Labour sums up, "the problems associated with health are always difficult: they are much more so in a country where both climate and the poverty and ignorance of the people contribute to recurring outbreaks of tropical and other epidemic diseases" (P. 244). The work of reclaiming the people to health would be long and arduous, and require perseverance, patience and even missionary zeal. The fruits of such work cannot be garnered immediately; we will have to wait for decades and perhaps for a generation. On account of this timelag, the problem becomes a matter of immediate urgency. The time for inaction and delay is past. All the resources of the Health Department, Central, Provincial and Local, should be strengthened, reinforced and galvanized for wider service and action. Other departments of state should be co-ordinated with it. It is no longer possible to make any advancement in a single sector of human life; all the sectors are inter-dependent and their influences ramify over one another. Hence any plan for the reconstruction of health should take within its purview the allied problems of food, nutrition, poverty, ignorance, industrial conditions, social customs, religious practices, climatic conditions, education, regional distribution of diseases, the sickness incidence rate, unemployment, sickness and old age insurance and factory and social legislation. To quote again from the Viceregal message "health administration if it is to achieve any substantial results, demands a considered programme and any attempt to deal piecemeal with the many and varied problems involved can but lead to a dissipation of effort and of financial resources."

The Bhoré Committee:—The recent appointment (6th Aug., 1943) of the Central Health Survey and Development Committee under the chairmanship of Sir Joseph Bhoré is a step in the right direction. That the chairman has full and deep appreciation of the problem is evident from his recent broadcast speech: he declared "The health of the nation is the foundation on which the entire superstructure of all its development and progress, social, intellectual, moral and material, depends and plans for reconstruction in other spheres now being considered will be infructuous or yield an attenuated harvest of results unless the reconstruction is based on the foundations of a strong, healthy and virile people."

Food:—All the five "giants" as Sir William Beveridge calls want, disease, ignorance, squalor and idleness, the enemies of society which ought to be conquered, have to be fought by a comprehensive Health Reconstruction Plan. Every man, woman and child born in this land should be assured food and proper nutrition sufficient to enable a free and full growth of their physical, mental and moral powers. The Hon'ble Sir Jogendra Singh, the Member for Education, Health and Lands, in his recent speech to the Central Advisory Board of Health, stresses this point: "Food, good nourishing food, is essential for health. No health programme can succeed which fails to provide good nourishing food for all the people." He also assures us that "before the year 1944 ends, he will give the country a programme of agricultural development which will aim at providing nourishing food for all, a programme of health and housing aiming at equipping our whole nation with knowledge." In this connection, it is necessary to remind ourselves of Dr. Aykroyd's estimate that a minimum of Rs. 5 to Rs. 6 per capita per month is needed to provide an adult with minimum balanced nourishment. In view of the present scarcity of food stuffs and the average daily per capita income of 2½ annas in India, the task of fulfilling Sir Jogendra's promise is indeed heroic. Thus the abolition of want, one of the aims of the Beveridge plan, may flounder in India on the rocks of poverty and lack of self-sufficiency with regard to food.

Nutrition:—Enough food should not be the criterion, but nourishing food. Col. MacCarrison says "nutrition is the most pressing of all present day problems in India. The greatest single factor in the promotion of good health is good food, and that we eat not only to live but to live well. It must be realised that normal nutrition and health cannot be maintained on many of the diets now used by millions of the Indian people. Their welfare demands the provision of food which will satisfy the physiological needs of the body." The Interim report of the Mixed Committee of the League of Nations on the problem of nutrition recommends "take all possible steps to make food supplies and especially protective foods as far as possible available at prices within the reach of all classes of the community, while at the same time safeguarding the interests of the producers." The resistance to diseases of the Indian masses is at a very low ebb. "Malnutrition and nutritional diseases are omnipresent" says Dr. J. B. Grant, Director, All-India Institute of Hygiene and Public Health. Nourishing food is the *sine qua non* to build it up. Here again crops up the factor of Indian poverty.

Education:—Healthy life requires ability to distinguish good from bad, a mind receptive to new ideas on hygiene and prophylactic methods, freedom from ties of unhealthy so-called religious injunctions and a resilience to adjust and adapt to new and changing conditions of life. In short, health means freedom from ignorance, from obscurantist social customs and from blind religious practices. All these can come only through a proper system of education. Health and education are closely inter-related.

The health of the human being from birth to death should be the concern of the Government. A trained midwife for every village, a doctor for every School and Town, a mobile dispensary for every group of villages, a hospital with sufficient number of beds for in-patients

in every taluq headquarters, free and liberal medical relief should be the guiding motto of the state. The Beveridge plan aims higher still: "comprehensive health service will assure that for every citizen there is available whatever medical treatment he requires, in whatever form he requires, domiciliary, institutional, general, specialist or consultant, and will ensure the provision of dental, ophthalmic and surgical appliances, nursing, midwifery and rehabilitation after accidents." More remarkable still of this plan is to provide all these facilities to all if they insure themselves and pay at the rate of 10d. a week for adults and 8d. for women. It is interesting, in this connection to know some points of Mr. Sargent's Scheme: the provision of mid-day meals in schools for all children as a step towards combating malnutrition, physical training to all, and 7,500 Medical officers and 15,000 nurses to run an efficient Medical Service. Mr. Sargent is of opinion that cost should not matter. We may say that this should be our ideal to be realised within a stated time.

Medical Help:—Medical help and relief falls into two classes—curative and preventive. The latter should receive greater attention than now. Considerable work of the latter type has been done in the case of epidemics such as cholera, plague and febrile diseases like malaria. But there is a vast scope for more intensive work in this direction. For example, The Food Adulteration Act is capable of wider application. The organisation of a popular system of night soil conservancy for the rural population is an urgent necessity. A greater co-ordination between the Medical and Sanitation Departments is essential for better results. To produce the best results even agricultural, veterinary, Co-operative and irrigation departments should cooperate with the former pair. The complementarity of the various departments of the state should be better realised and its significance, more firmly grasped.

Epidemics:—With regard to the periodical outbreaks of epidemics, it is to be hoped that the Bhoré Committee will make a thorough study of their regional distribution, their causes especially religious festivals like Kumbha Mela at Haridwar and Allahabad. It should be the goal of any health programme to stamp out all the epidemics, and the curse of venereal diseases. Thanks to the noble efforts of the Marchioness of Linlithgow, much is being done to alleviate the horrors of the insidious and dangerous wasting disease of tuberculosis. Although charitable and public organisations are devoted to the prevention of leprosy, more strenuous efforts are required to prohibit the regular influx of lepers into Cities. The leper seems to be the prince among beggars and he gathers round him satellites who are bound to be infected sooner or later with the cursed disease. All cases of leprosy other than fully developed being extremely infectious, adequate measures should be taken even at the outset in any programme of Health Reconstruction.

Industrialisation:—Urbanisation, a by-product of industrialisation, has brought in its wake a number of aggravating causes of diseases. The incidence of tuberculosis in urban areas is four times as heavy as in rural areas. The Chief Medical Officer, Delhi Province, lays stress on the overcrowding, congestion and insanitary home conditions and states that without slum clearance "all others fall into insignificance, if not complete uselessness" (page 55. Report of the Pub. Health Commissioner with the Government of India). The chawls, the cherris and the bustis are the nurseries of dreadful diseases and their destruction and building anew of clean, healthy working class dwellings must be made the first concern of a Health Reconstruction Committee.

Sickness Incidence:—A sickman is an inefficient worker and turns out less work. It is a colossal national loss to have too many sick people. The sickness rate in England, entailing incapacity for work is 2% and in the absence of reliable statistics, even if we take the rate in India as 4%, the number of people constantly sick would be somewhere near

11 millions. If this is mainly through lack of medical protection as it is contended, it is still worse since it is avoidable sickness.

Col. Scintion in his Health Bulletin No. 26 says: "Malaria gives rise to the greatest economic problem with which India is faced. The financial losses to the individual and the family alone have been calculated at no less than Rs. 11,000 lakhs annually or about £80 million per annum." The total number of registered doctors in India is about 42,000; the area served by a hospital or dispensary varies from 24 sq. miles in Delhi, to 1,327 sq. miles in Baluchistan and the average population served, varies from 11,305 to 81,087 in U.P. (A.C. Ukil; some aspects of Public Health in India, Calcutta Medical Journal). The per capita expenditure on medical relief varies from one anna in U.P. to Rs. 1-2-5 in Delhi whereas Great Britain spends Rs. 15 (1931) and U.S.A. spends Rs. 30 (1932) per capita on Medical and public health protection. The general average per capita expenditure in India is only 3½ annas. India spends 3.4% whereas Great Britain 22.7% of the revenues on Medical protection. Hence as Dr. A. C. Ukil remarks, "the villager in India is no more benefited by modern Science than his fore fathers before the advent of the British rule." The state should not shrink from any amount of expenditure in this field. As the Whitley Commission pertinently remarks, "expenditure on public health, besides yielding an immense return in human happiness, is bound to produce great economic advantages. There are few directions offering such great opportunities for profitable investment on the part of the state." (P. 243).

Social Insurance:—Sickness cannot be prevented by statute. It would require assiduous care, indefatigable energy and untiring zeal on the part of an elaborate medical and sanitary organisation. But suffering due to sickness can be alleviated to a considerable extent by sickness, unemployment and accident insurance. The National Health Insurance Scheme in Great Britain provides for medical assistance and other benefits in cash or kind to over 15 million people between 16 and 70 years. The Health Reconstruction Committee should be responsible for the promotion of such insurance Schemes both by the State and private agencies. It can also encourage Universities "to consider the health problems of rural and urban populations and survey the wide-variety of health plans which are operating throughout the nation" as the recently established Institute on Public Health Economics of the University of Michigan does with the aid of a grant from the Rockefeller Foundation. It can also arrange for the pooling of all the efforts of all the departments of the State—Medical, Health, Sanitation, Agriculture, Co-operation, Communications, Veterinary Industries, Irrigation and the Fisheries. No department should fail to keep the health of the nation as one of its primary objectives; for, if health is lost, what else is there to be saved?

The problem of Public Health is many-sided and complex. It has to be solved if the material prosperity and happiness, the end and aim of all human activities, should be maximised. The programme has two aspects, preventive and positive: prevention of diseases is not the final aim but positive improvement of general health—the attainment of robust good health. It is, under the present circumstances in India, a herculean task requiring armies of workers fighting ill-health, disease, destitution, epidemics, ignorance, hunger and malnutrition on various fronts. The problem of keeping the Indian nation in good health means making one-fifth of the human race healthy, further emptying and cleaning out the "reservoir" of great scourges, and finally it may mean making a large part of the globe healthier. In a task of such magnitude we should derive courage from the inspiring words of Sir Jogendra Singh, "we can look forward with confidence to the day when we may be able to replace the National War Front by a National Health Front, and when the immense resources of men and materials and the untiring energy and labour which have had to be devoted to the present struggle, can be turned to the task of the betterment of mankind."

WARTIME ECONOMIC CONTROLS.

A Requiem for Laissez-faire:—Controls may be defined as State interference with free market economy—"a system of laissez-faire in which everybody does what he likes with himself and his possessions."¹ The State does not interfere, under such a system, with man and his disposal of scarce means beyond what the administration of justice, defence and the maintenance of certain public works and institutions. Complete laissez-faire brooks no activity whatever on the part of the State. This notion of laissez-faire is a diehard fallacy that has adventitiously crept into the corpus of economic doctrines. "The popularity of the doctrine must be laid at the door of the political philosophers of the day, whom it happened to suit, rather than the political economists."² Even for Adam Smith, non-intervention "was a general principle and not a rule. He was no doctrinaire, and he never forgot that to every rule there are some exceptions."³ The popularisers of this doctrine waxed eloquent over the invisible hand evolving social benefit out of private selfishness but "the phrase laissez-faire is not to be found in the books of Adam Smith, of Ricardo or Malthus. Even the idea is not in a dogmatic form in any of these authors."⁴ In spite of its popularity, thanks to vulgarisers, no state had remained without actively interfering with the manufacturer, agriculturist and the trader as the mass of social legislation clearly proves.

Interference thus initiated from Social and humanitarian motives, has led in the present century to state intervention of very significant kind. It may be of two kinds:

1. Compatible with the free market economy and
2. Incompatible with it.

Tariff on imports unemployment insurance acts belong to the first category. They affect the working of the market only indirectly without introducing any structural change in the free market economy.⁵ The second category consists of import and export quotas, credit rationing, compulsory closing down of factories, prohibition of cultivation of certain crops, fixation of maximum prices, regulation of labour supply, industrial conscription, etc., where the free operation of supply and demand is tethered or throttled up altogether. Intervention of the first type has become innocuous even in the eyes of the popular laissez-faire doctrinaires. That of the second type, a la-mode in all States since the Great Depression of 1929-31, has made laissez-faire as dead as Queen Anne.

Controls galore:—The second type of intervention, that arrests or claps up the "scissors" movement, really deserves the name, "control." The exercise of such control is noticeable in recent times in all States and in all types of economy. In times of peace, cyclical fluctuations of trade have necessitated intervention. A country, which has slid into the trough of a slump, enacts certain measures either to alleviate the distress or to promote recovery which belong to control proper according to our definition. The economic philosophy of abundance, gives place to a philosophy of regulation and control. The international schemes for the restriction of the important metals like tin, copper, zinc, nickel and basic food stuffs and raw materials like wheat, sugar, coffee and cotton are glaring examples of these new experiments in controls. In the post-depression period there came into existence a litter of marketing controls and control of production to prevent a catastrophic fall in prices.

- (1) Berham: Economics P. 10.
- (2) J. M. Keynes: The End of Laissez-faire. P. 18.
- (3) Gide and Rist: A History of Economic Doctrines. P. 96.
- (4) J. M. Keynes: The end of Laissez-Faire P. 20.
- (5) For this and the following discussion vide Karl W. Kapp, Economic Regulation and Economic Planning in Amer. Econ. Rev. Dec. 1939.

As Prof. Pigou remarks, "the existence of surplus capacity is the fundamental disease and falling price only a symptom."¹ The controls in the years of depression were aimed at pegging or bolstering up the prices. In peace time economy, the villain of the piece necessitating state action is the trade cycle.

A defence economy is an intermediate situation between peace and war economies. When a State prepares for defence against bellicose neighbours or launches on a plan of *Wehrwirtschaft* as the Germans call war-preparedness, the Government intervention in the economic sphere becomes pronounced.² Preparedness economy began in Germany from 1935, when armament expenditure jumped from \$400 in million to \$2.5 billions, in England from 1937, when the principle of financing Defence Services by taxation was abandoned, and in France from the rise of the Daladier Government in the spate of Decrees, which Hitler issued after his advent to power in Germany are in essence controls by virtue of their serious interference with the free economic system. Nazi control extended to all branches of economic life: Strikes were prohibited by legislation and wage rates for the most part, were frozen at the levels of the depression of 1932. "The restrictive economic regulations and decrees already issued under the Nazi regime make a formidable list."³ Before the outbreak of the war, great inroads had been made into the once sanctified sphere of free economic enterprise.

War Time Controls:—When the war actually broke out, freedom of enterprise became the first war casualty. For the efficient prosecution of war and rapid mobilisation of all the available economic resources, governments were compelled to extend the system of controls. The British Government, on the day of the declaration of war, took over the entire railways system of the country. The controls of the governments in all the belligerent countries extended their tentacles to every nook and cranny of their respective national economic lives. The per capita equipment of a contemporary army and its destructive capacity are of such scope and dimensions that they imply "total war." Even in Adam Smith's time, he was struck by the costliness of war; he says, "A musket is a more expensive machine than a javelin or a bow and arrows; a cannon or a mortar than a balista or a catapult."⁴ Hence the State action proceeds like a steam roller flattening out the economic life of the nation to suit its only aim of winning the war.

Even the neutral countries, at the present moment are not immune from this octopus of Government controls. "Sweden's traditional economic freedom has been lost in a cloud of decrees and restrictive regulations and a full war economy has in fact been established; . . . to this end the Government has taken under control practically the whole of foreign trade. All exports are subject to license to exclude the possibility of re-exporting imported contraband goods."⁵ Thus it is obvious that neutral as well as belligerent powers universally exercise controls over the economic activities of their peoples. Looking back over a period of a quarter of a century, one finds that *laissez faire*, which had been, more or less accepted as a general policy at the commencement, has, by the end of the period, broken to pieces like humpty-dumpty;

- (1) Nazi control extends to all branches of economic life. Strikes are prohibited by legislation and wage rates for the most part, remain frozen at the level of the depression of 1932—Nazi Economic Policy in *Economist* July 31, 1937.
- (2) A. C. Pigou: *Economics in practice*.
- (3) Frederick Pollack: *Influence of preparedness in Western European Economic Life*. Amer. Econ. Rev. Part II March, 1940.
- (4) Nazi Economic policy in *Economist* July 31, 1937.
- (5) Adam Smith: *Wealth of Nations* Vol. II. P. 198.
- (6) *Economist* Oct. 28, 1939. P. 130.

today controls are omnipresent. India, like any other country of the United Nations, is contributing her magnificent share to win the final victory. She has become the arsenal of the empire and is bravely doing her duty of helping the war in two theatres of War. In this great exertion she is straining her utmost. In India also, the web of controls is ubiquitous.

Before an enquiry is made into the causes for the emergency of these controls, it is useful to examine their similarity or otherwise in the three forms of economy, mentioned above. None can challenge the proposition that preparedness economy is followed by war economy as day by night. It is not incorrect further to add that peace economy in the present century is not true but pseudo-peace economy. A little analysis of the peacetime budgets of the major powers and the allotment made in each for the Defence Services will convince any reasonable man that peace time had always been pregnant with war potentiality. It differs from the other not in kind but only in degree. It is a tragic irony that in the world to be made safe for democracy after the war to end war, states should have been spending a lion's share of their revenues on piling up armaments. But it is a fact towards which one should not adopt an ostrich-like policy. We have to concur with Major Hesse, who "stresses the point that defence—, peace—, and war-economy are only different stages of one and the same thing."¹ This discussion of the intimate relation, in the present day world, between war economy and peace economy, leads us to one inevitable conclusion viz., that war is always latent in the body-politic.

Controls of peace time give strength and direction to controls or war time.

"The given fact of the world situation, as we have known it hitherto, is not peace but war and the danger of war."² War time controls, —most of them,—will survive war. "War economy, new style, today, is no longer super-imposed upon a peace economy, as it was in the world war No. I, but takes its roots in preparedness economy and this preparedness economy is sure to survive the war, until Europe is placed on a lasting peace-basis."³

Necessity for controls:—Some idea of war time economy is essential to understand the causes for controls. Modern wars are not won by a show of courage and personal bravery. War has been mechanized. The per capita equipment of a contemporary army and its destructive capacity are of such scope and dimensions that they imply "total war." Total war demands total effort. It demands the intense and immediate mobilisation of all the economic resources, men, machinery and materials. Raising the army, navy and air force, turning the factories to war time production and diversion of raw materials from civilian to military consumption, conserving and if possible improving the supply of essential war materials like oil, iron and steel, bauxite, etc., are the immediate needs of the State at war.

In war time, it is scarcely possible to import from abroad ammunition or essential raw materials for two reasons viz., the countries, capable of supplying them might have turned into or fallen under the influence of, enemies or shipping and other transport facilities may not be available due to submarine activities. In either case the nation at war has to meticulously conserve whatever essential materials they possess at the moment. Conservation takes the form of avoiding waste or using them for civilian consumption. The mines, factories and every productive apparatus should be working to full capacity. But their working is governed by supply of raw materials, produced within the country or

- (1) *Economica*, Feb. 1942, P. 72.
- (2) *Lionel Robbins: *The Economic causes of War*. P. 61.
- (3) Frederick Pollack. *Ibid*.

imported from abroad. As the war is being waged, the civilians should be kept not only alive but also their morale high. If a large portion of the productive capacity is diverted to satisfy the insatiable hunger of the military machine, the civilians would be denied certain vital necessities; conversely, the military machine will become weak due to short supply of essential commodities.

As the war prolongs, the war machine will make a gargantuan demand on the total supply of goods and invariably cut into civilian consumption. Then will ensue a period of scarcity resulting in high prices and prices will have to be controlled if there should be equitable distribution of the commodity in short supply.

Features of War Economy:—The modern war is no longer exclusively heroic; nor is 'won on the playgrounds of Eton' but on the farm and in the factories. It is a conflict between the farms and workshops and mines and mills of the nations quite as much as between the armies in the field.¹ Man fights with machines; the more deadly the machine, the more easy is the victory. The sinews of war are shells, bombs, torpedoes, guns, tanks, flying fortresses, etc., which a government can obtain by one or more of three ways:—

1. Full employment of all the economic resources, taking in the slack.
2. Shifting production from non-essential peace time commodities to essential war time supplies, and
3. Importation of materials and supplies from foreign countries.

Of these three methods, the first is of little importance in Western countries, which had approached "full employment" some time before the out-break of war, ever otherwise it can not by itself the gigantic war demands. The third method is more precarious and unreliable as trade with enemy countries is out of the question, with neutrals very difficult due to contraband control and with the Allies, possible at the risks of submarine or U-Boat menace.

Taking in of slack implies the full use of all the unemployed or under employed factors of production, involving shift system in factories, drafting the old, young and the idlerich to work and the prohibition of strikes and lockouts.² The turning of peace time industries to a war time key, drastically reduces the production of civilian consumption goods and its success is measured by the magnitude of the reduction effected. The farmer, factory owner, labourers, the railwaymen and the rest have to serve the ends of war. If they do not, animated by patriotic fervour, voluntarily change over to the new conditions of life, they will be compelled by executive orders, i.e., controlled. To augment the supply by means of imports from abroad is to introduce further regulations of foreign trade. Thus controls attend every effort of the Government to maximise war production.

At any particular moment, the productive apparatus of any country is limited and in war time it has to be yoked as far as possible, consistent with the maintenance of the civilian population contented, to war service. Fresh investments of capital in industry should be steered to those possessing war potential. Banking and finance should serve as hand maids of the war God. These, again, involve another series of regulations. The enormous scope of modern war necessitates control of an interference with every activity of the ordinary citizen. Modern governments realise the significance of the civilian morale and adjust their control machinery accordingly. They make allowance for civilian consumption but within strict limits. The civil population is persuaded, in certain cases, to forego certain commodities and in other cases, is compelled to take only the

(1) Carnegie foundations: Government control and operation of industries.
(2) Pigum: Political Economy of War. P. 41.

statutory rations. However, every effort is made to meet the insatiable demand of the war machine by intensive industrial mobilisation, conservation of all the essential war materials and their augmentation as far as possible, by imports. In the prosecution of the modern war, there is no more important question than that of economic policy and no more important arm than that of industry, commerce and finance.¹ Economic strategy, instead of being a supplement, has subordinated to itself military strategy. According to the Economist Oct. 28, 1939, the Ministry of Supply in Great Britain would become the biggest and the most comprehensive trading organisation in the world.

The most salient features of war time economy are full employment, overtime work, short supply of goods, soaring prices, queues in the absence of effective rations and rising money earnings which contrast glaringly with those of normal peace economy, viz, idle resources, glut in the market, sagging prices, and low money earnings. War creates scarcity in the midst of plenty. "In war," Lord Keynes says "we move back from the Age of Plenty to the Age of Scarcity."² In short, War brings about a revolution in the economy of a country and as a consequence, even the most free democracy experiences the growth of a formidable array of controls.

I have discussed at length the problem of control and endeavoured to show that *laissez faire* is an outworn creed. Western nations found it imperative to discard it during the days of preparation for the present conflagration. When the present war assumed global proportions, all countries, belligerent, non-belligerent and neutral, found it necessary to introduce control whether in order to mobilise the productive machinery of the land in aid of total war, or to keep at arm's length the evils threatening the state by the unprecedented rigours of present day world conditions. If any one lays the flattering unction to his soul that when the times of peace return countries can speedily revert to good old *laissez faire*, he is bound to be disillusioned. Hitherto the material resources of India have been mobilised for winning the war. The time has now come for us to realise that as soon as the war is over, this mobilisation cannot be dropped but has to be reoriented for winning the greater victories of peace. In the post-war period, India's unexampled man-power and material resources can be utilised in the interests of her people; or in the interests of others. It is up to us to realise, that we have to see to it that the war controls are carried on into peacetime and utilised by capable and sympathetic hands for the promotion of India's wealth and welfare.

Freedom from want.—In fact, wealth and welfare should be the objectives of all post-war controls. The aim should be steadily kept in view to bring about a maximum utilization of the material and human resources of the vast sub-continent of India in the interests of all its inhabitants. Such a plan will lead to the providing for all Indians the minimum of necessities like food, clothing, housing, medical help and education. In any scheme of social welfare, provision for cheap, abundant and nourishing food should take the place of honour. Taking as basis a family of three adults and two children, the minimum annual food requirement for this unit would be Rs. 240, if we are to take Dr. Aykroyd's standard, while other essentials like fuel would demand an additional Rs. 120. According to this computation, every individual with a family, requires Rs. 30 per mensem, excluding contributions for social insurance. This would involve a provision for a total income of at least Rs. 3,000 crores a year. At the same time, it must be borne in mind that this is only the minimum; the average is bound to be higher and therefore in order to ensure the minimum to all, the national income will have to be many times this figure. Similarly, the present per capita consumption of cloth has to be increased threefold, and this would mean

(1) Durbin: How to pay for the war. P. 238.
(2) J. M. Keynes: How to pay for the war. P. 17.

an addition of hundreds of crores of capital to the cotton textile industry, which has at present a total block capital investment of Rs. 400 crores in the mechanized production and Rs. 20 crores in the handloom industry. The scope for large investments is equally evident when we turn to the problem of housing for the people. About a century of educational effort in this country has given us only 9.5% literacy, while the literacy level for other civilized countries is 75%. An unprecedented expansion in educational effort is a *sine qua non* for any real progress and this again involves huge amounts of capital and recurring expenditure. Tremendous efforts are needed, for, tremendous issues are involved.

It is a blot on civilization that 1/5 of the human race should live in perpetual starvation, miserably perishing for lack of food, clothes and shelter, steeped in ignorance, harassed by disease and darkening the sunshine of the world's health and prosperity by serving as a perennial reservoir of diseases, plagues and epidemics. What else may one expect when the most optimistic estimate of per capita income in India is the paltry sum of Rs. 108? And when war and scarcity stalk the land, they die in their thousands like flies by the roadside, a grave and bitter testimony to man's inhumanity to man. While war's dire engines lop off thousands on the battlefield in the great theatres of war, here in India, we see thousands perishing at our doors. Is it too much to ask that every nerve should be strained, every power mobilized to prevent the repetition of such catastrophes and make India safe for healthy living and high endeavour? No effort should be considered too arduous, no expense too heavy for carrying into execution a comprehensive plan which will include both agriculture and industry. Whenever in the past a plea was made for nation building activities, an old horse, named lack of capital, was trotted out by obscurantists; fortunately this horse is now lame: and we are now so circumstanced in India that there are various sources which can be tapped for bringing about this capital development. Hitherto, estimates of capital requirements in India have been only partial but this deficiency can be easily made up. Where there is a will to bring about a new order in India, the way can surely be devised. If there is to be an easy transition from a war economy to a peace economy, if India's millions are not to be for ever starving, ignorant and suffering a co-ordinated plan for industrial and agricultural development is a prime need. The announcement by the Government ten days ago of their intention to constitute a committee to enquire into and report on the planning of post-war scientific and industrial research for India is to be welcomed. I trust that the Government will likewise see the need for setting up a committee for All-India Industrial planning. The importance of such planning was realised years ago by the U.S.S.R., and we in India can profit by the experience of the Soviets in carrying out their First Five Year Plan and avoid the popular suffering and the rigours involved in their momentous scheme of capital development. The vast sums involved and the scope and extent of the changes effected can provide us an example and an inspiration.

At this juncture in our national economy it would be worthwhile for us to consider how countries like Russia and Germany were able to finance the development of their giant industries. Modern economic events in the west have shown up the jugglery of monetary equilibrium, and few students can fail to realise that economic power depends ultimately on man-power and raw materials. And in these two respects—man-power and raw materials—India stands as a great power by the side of U.S.S.R., China and the United States. Nevertheless, the present plight of the average man and woman in India is tragic. Side by side with this spectacle of terrible human suffering, we see our countryside neglected and undeveloped, and its rich resources left undisturbed, locked fast in primitive neglect. How much neglected and how much undeveloped, one can easily visualize, when one recalls that as the Grand Trunk Express speeds across

India from Madras to Delhi past rivers and plains and forests. Scarcely does the eye light on a factory chimney or a highly industrialized and built-in area or a scientifically cultivated plot of garden land; but there is a monotonous succession of bare, barren fields, of virgin forest, of vast areas over which the hand of man seems seldom to have been busy in tith or his brain active in production. What a picture it must be for a man to compare in his own mind, if he has also travelled through the English countryside with its gardens and villas, huge built-in areas and vast tracts and forests of smoking chimneys. And yet this frightful human misery in the midst of the untapped treasures of bounteous nature is avoidable. Says Dr. Keynes in his *Essays in Persuasion*, "The Economic Problem, as one may call it for short, the problem of want and poverty and economic struggle between classes and nations, is nothing but a frightful muddle, a transitory and an unnecessary muddle. For, the Western World already has the resources and the technique, if we would create the organisation to use them, capable of reducing the Economic Problem, which now absorbs our moral and material energies, to a position of secondary importance." Success often comes in spite of muddles, but no thinking man can subscribe to a policy of muddling through. I, for one, cannot disguise the fact that 'an ounce of planning is better than a ton of muddles.'

Any planned scheme of economic development for India must not be a slavish imitation of western industry with its urban civilization and perpetual clash of classes. Industry at the present day has reached a stage when it is dependent for its very existence and survival on the sympathy, encouragement and active support of the State. When a State like India wants to promote new industrial ventures, it can itself undertake the organization, and see that it is worked in the interests of all the people. Even if new enterprises are entrusted to individual or corporate management, the State should insist that the benefits thereof flow equally to the whole community and are not utilized to promote the profits and interests of a few. In other words, the planned economy of post-war India must be so conceived and designed that surely and inevitably it will lead ultimately to a socialistic new order in India.

The changes that are called for in the field of agriculture also point in the same direction. If agriculture in India is to be a profitable industry the middleman who is nothing less than a parasite on the industry must be eliminated. The trend of opinion in all parts of the country is in the direction of buying out middle-men's interests in land by paying them adequate compensation. Another measure for the improvement of our agriculture is the encouragement of collective and co-operative farming. These measures are admittedly radical and revolutionary; but they are necessary in order to raise the national income and provide a national minimum.

At this point, let us turn our attention to a grave and serious responsibility of the state viz., social insurance. Now that the Beveridge Scheme is engaging so much of public attention it would be worth while to examine its applicability to India. It professedly aims "to abolish want by ensuring that every citizen willing to serve according to his powers has at all times an income sufficient to meet his responsibilities." The scheme is calculated to eliminate the sufferings due to unemployment which normally arise in the competitive economy of a highly industrialized nation. Sir William's proposals consolidate a large number of already existing schemes for relief in connection with old age, sickness or interval of unemployment between one employment and another. The scheme has evoked criticism even in England as offering a premium to idleness and as putting a damper on initiative. Apart from that it is clear that a scheme like Sir William Beveridge's is primarily meant for a highly industrialized country where there is a long tradition of unemployment relief. India is primarily an agricultural country with only a small

percentage of its population engaged in industry. In India, the difficulties in the way of practically implementing a plan of the kind are many. We do not have in India a large class of permanent employers and employees. Sir William Beveridge himself speaking on the "Four Freedoms in relation to India" observed "The main problem of freedom from want in India is to my mind, concerned with raising the efficiency of agriculture." As far as industry goes, Sir William is concerned only with the proper distribution of it with reference to places where people can live happily. He would introduce the principle of insurance as part of the development of Indian industry. He would begin social insurance in India by applying it first to sickness, to providing income for sickness and treatment of sickness. The Government of India have already in preparation a scheme for sickness insurance in India, and it is good that Sir William Beveridge has focussed attention on this very necessary measure. At the same time it is clear that India is yet very far away from any prospect of providing for all the activities of its citizens from birth to death. Indian economy cannot in the near future undertake such a comprehensive scheme for both agriculture and industry. At present the Indian state must provide health insurance, old age pensions and compensation for industrial accidents. As already pointed out the best security that the citizen of India can get today depends on increase of employment, on acceleration and enlargement of production and on raising up the level of national income all which are calculated to pave the way for a happier and more prosperous India.

But, instead of getting lost in visions of the future, let us appreciate the urgency of the problems that confront us and their supreme importance for the future of our country and ultimately of the whole of humanity. In the middle of the 20th century we, in India, are living in a mediaeval economy, with the rich man in his castle and the poor man at his gate. The staggering disparity between our present poverty and our potential prosperity should continue no longer. If our present economic backwardness is not to leave behind an inheritance of suffering and misery to generations yet unborn, if modern civilization is not to proceed from one catastrophic total war to another still worse, India should be strong in herself and capable of standing as an economically prosperous nation eager to co-operate in the extension to victor and vanquished alike the benefits of the fifth clause of the Atlantic Charter: "To bring about the fullest collaboration between all nations in the economic field, with the object of securing for all improved labour standards, economic advancement and social security."

The planned industrialization of India is advocated, therefore, not out of a spirit of competition but out of a clear awareness of the supreme importance of a global interdependence wherein every progressive nation must be able to pull its weight. Our desires, thoughts and struggles for wider industrialization, have met with apathy and inattention in the past. Difficulties of various kinds have again and again cropped up. And yet if the opportunities of today are not to be missed leaving a tragic trail of suffering for the morrow, prompt and energetic action is called for from the state. No modern industry can thrive in any country, however advanced it may be, without a full measure of support from the government of the country. Here, in India, far-sighted and sympathetic statesmanship has got unparalleled scope for inaugurating an era of plenty and prosperity for all sections of the vast population of India.

Given a unified plan for the whole of India, the carrying out of the plan may be entrusted to the provinces. There should be centralised management and decentralised fulfilment. What is wanted to-day is drive, initiative and leadership. May we be granted wisdom to see clearly, courage to plan nobly and faith to transform the visions of to-day into the achievements of to-morrow! However long the path, however arduous and exacting the journey, let us go forward with the conviction that our goal is no less than a brave new world of health and happiness, international peace and world-wide co-operation.