

class which could take economic well-being for granted to the common man who was concerned first and foremost with his daily bread, freedom from the economic constraint of want was clearly just as important as freedom from the political constraint of kings and tyrants."

Both these conclusions have been, and are being, resisted. In three lectures—"From Competition to Planned Economy", "From Economic Whip to Welfare State", "From Individualism to Mass Democracy"—Prof Carr elaborates the transition from the "night watchman" to the "social service" or "welfare state". Here the discussion is all too familiar to those acquainted with contemporary history, or with post-war developments in Britain under a Labour Government. In one of his earlier books, Prof Carr has traced the growth of the concept of mass democracy. Both individualism and the supremacy of the Western Powers are on the decline. But Prof Carr is emphatic in his implication, that this does not mean that history or civilisation is nearing collapse.

There is one query which Prof Carr raises, but does not follow up to its logical conclusion. Contemporary events in Britain justify his lament that, in a way, Communism is the greatest enemy of Socialism. Queues, controls, restrictions and regimentations—the Socialist as well as Communist devices to ensure the greatest good to the greatest number—become suspect just because they are so prevalent in Communist Russia. This may temporarily impede the progress of Socialism. But what of democracy? "History points unmistakably to the fact that political democracy in the forms in which it has hitherto been known, flourishes best where some of the people, but not all the people, are free and equal; and, since this conclusion is incompatible with the conditions of the new society and repugnant to the contemporary conscience, the task of saving democracy in our time is the task of reconciling it with the postulate of popular sovereignty and mass civilisation." This is the task that faces the world. Prof Carr is conscious that a catastrophe may befall. But he is optimistic that society will evolve a just solution. This is the main question: in the next half a century it will be known how this aspect of the social revolution will unfold itself.

Functional versus Structural, Planning

The Five-Year Plan, A Criticism, by P.A. Wadia and K.T. Merchant

The Popular Book Depot, Bombay, 1951, Price Rs. 1-12.

F. Zweig, the famous author of "The Planning of Free Societies" draws a fine distinction between 'structural' and 'functional' planning. Structural planning, he says, aims at changing the socio-economic order of a given society and creating something essentially new in the social and economic order. Its aim is not to repair, but the building up of a new order or structure altogether. In contrast to this, 'functional' planning will fit only into the framework of the existing order, and the changes at which it aims concern only the functioning of that order. "Functional planning will only repair, not build anew; it will improve the work of the existing order but not supersede it".

The approach in the First Five-Year Plan is manifestly functional. Conceived within the framework of the political structure set up by the Constitution, the Five-Year Plan is designed, inter alia, to sustain the mixed character of our economy, i.e. guided and directed by the State and operated partly through direct State action and partly through private initiative and effort. But when we are asked to accept a mixed economy, a number of questions arise. Professors Wadia and Merchant have raised some of these questions in their critique; what industries are to be nationalised? How are scarce resources to be allocated to the private and public sectors? Is the economy to be a closed economy or otherwise? How are prices and wages to be regulated, and what will be their inter-relationship between the two sectors? In short one has to discuss the whole set of inter-relationships between the two sectors. The Draft Outline of the Plan completely evades this issue.

The two professors, however, dismiss the very idea of mixed economy as unworkable. Private enterprise in spite of the stimulus offered to it during the war and the post-war period in the shape of rising prices, they point out, has not contributed to the expansion of agricultural and industrial production. Nor has it responded to such vital concessions as the repeal of EPT and dividend limitation, liberal provision for depreciation on plant and winking at colossal tax evasion. Under these circumstances, obsession with the

idea of the sanctity of private property, the critics point out, can alone account for the Planning Commission's invocation of a "democratic set up" in defence of "the minimum use of compulsion for bringing about a realignment of productive forces."

The approach of Professors Wadia and Merchant to planning is essentially 'structural' in character. They stand for nationalisation of industry, transport, banking and insurance; for collective farming; for highly centralised leadership and for a revolution in our social outlook. How this revolution in our social outlook is to be brought about, the readers are left to guess for themselves. The authors of the critique should not therefore feel piqued, if those amongst their readers who are better informed about the inherent limitations of the present administration put their brochure aside as impractical wish fulfilment, the type of which they have suffered for long in the field of economic criticism in this country. Many will, however, still echo the authors' witticism that when one turns to the details of the mechanism by which the ideal social-economic order envisaged in Section II of the Draft Report of the Planning Commission is to be translated into the actual, like one of Balzac's characters, one seems to be embracing a bed-post when one thought of embracing the beauty of one's dream.

National Income and its Distribution in Under-Developed Countries: United Nations, Sept. 1951, Price \$0.45. Available from Oxford Book & Stationery Co., Scindia House, New Delhi.

Asia, with 53 per cent of the world's population, produces only 10.5 per cent of the world's total income. North America, on the other hand, with only 9 per cent of the world's population accounts for 43.6 per cent of the total income. These are among the findings of the Statistical Office of the United Nations in a study just published called *National Income and its Distribution in Under-Developed Countries*.

In terms of US dollars, the study gives the following figures on per capita national income:

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