

**A Thesis for the Ph. D. Degree of
The University of Bombay .**

**"Techniques, Procedures and Methods of Economic Planning in
the U. K. , the U. S. A. , Germany , and the U. S. S. R. ,
with special reference to post-war
conditions in India"**

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P R E F A C E.

A future historian of economic thought will call the nineteen thirties a decade of economic planning. During this decade, the Governments of all major countries in the world began to interest themselves in the working of economic forces. In some countries the process was piece-meal and ad hoc, in some others it was pre-determined and total. The assumption of the automatic functioning of the economic machine so clearly and emphatically put forth by the classical economists began to be doubted, challenged, and was finally discarded.

The First World War of 1914-18 marked the beginning on a wide scale of a break with the traditions of laissez-faire. The outbreak of a war always gives rise to an emergency in which the single aim of winning the war dominates every other purpose. The withholding of resources out of profit motive so characteristic of a competitive economy becomes a national danger. Government resorts to regulation of all resources in order to concentrate those for the prosecution of the war. The Governments in all belligerent countries in the Great War introduced numerous controls over a large portion of the economic system. The end of the war saw the end of State controls too. But the idea that the basic inequalities of the capitalistic economy can be overcome only by some form of State control, which arose out of the economic controls during the war, persisted and began to grow. The hope of the return of the "good old days" which was delayed in most of the belligerent countries for some reason or other was sealed by the Wall Street Crash of 1929 which ushered in the worst depression in economic history in almost all countries. The inauguration of the Five-Year Plans in the U.S.S.R. seemed to point a way out. The aftermath of the Depression saw Governments taking feverish steps to remove the fundamental contradiction of surpluses and shortages in the capitalist system. The Second World War of 1939-45 witnessed nearly a culmination of the tendencies of State control of economic life.

The above account of the State and the economic life is characteristic of the West, not of the East which has yet to undergo the industrial revolution. India along with the other Eastern countries is still very backward industrially. Two world wars and a world-wide depression were not sufficient to stir the Government in India to take any steps to improve the economic condition of the people. To-day India stands at the threshold of a new era. With impending changes in the political structure of the country, the chances of economic construction and reform become promising. The lessons of other economically developed countries in the utilization of State-power to bring about economic changes will prove of immeasurable use to India in her journey towards a planned development of her resources. The journey is through a difficult terrain and will be hard and tiresome. A knowledge of the aids her predecessors on the same road used will at least lighten the hardships and facilitate the progress. In this hope I have undertaken a study of "the techniques, methods, and procedures of economic planning in the U.K., U.S.A., Germany and the U.S.S.R. with special reference to post-war conditions in India". I have followed, in the first four chapters, the development of methods of State control of

economic activity in the different spheres of the economic system in each of the selected countries, from earlier than the Great War, up to, and during the course of World War II. In the fifth chapter I have attempted a comparison of the different national planning techniques, and an analysis and definition of economic planning, for the purpose of the thesis. In the last chapter, I have first traced the growth of Government intervention in economic life in India till 1939, and during the course of the War. And finally I have discussed certain conditions for a planned development of India's resources in the years to come. I have contented myself with defining broadly the conditions necessary for the launching of a plan of agricultural or industrial development in India. The filling in of details is necessarily the function of a planning agency. In prescribing methods, I have confined myself to the lessons of the previous study. There is nothing "a priori" about the techniques suggested. A system of pragmatic controls is what I have kept before myself as an objective for the post-war economy in India. The fact that many of my suggestions are necessarily untried is no defect. The task of an economic planner must be both inventive and imaginative. And the boldest economic inventiveness is of the most pressing urgency to-day.

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