

The Economic programme of the Congress

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THE ECONOMIC PROGRAMME OF THE CONGRESS.

THE resolution on Fundamental Rights and the Economic Programme of the Karachi Congress is in some ways one of the most important passed at that session. It was entirely unprecedented and it attempted for the first time to indicate a definite programme of political and economic action on the part of the Indian National Congress in case it came to hold the reins of power. Its importance, however, may easily be exaggerated. For we do not believe it to be the programme of the party that is likely to be dominant in Indian politics in the near future under conditions of self-government. It is always extremely difficult to predict the future of political parties, but even so this much can be said with some certainty, that in the event of India attaining the goal of Swaraj the alignment of political parties in India will be on a basis entirely different from that existing at present. It is also fairly obvious that the basis to a very large extent of the new division of parties would be the economic interests of different classes. This being so it is impossible to imagine that the different groups now co-operating on the basis of a common platform of political action in the Congress will continue to co-operate when the motive to that co-operation ceases to exist. Both the circumstances under which the Fundamental Rights resolution came to be passed at the Karachi Congress and the general drift of the resolution support our contention. The definition of economic aims was thought to be necessary because of the presence

in the Congress of younger elements impregnated with extreme socialistic thought and yet the resultant resolution is such that its character may be approved of by the most orthodox economist. It is essentially a compromise resolution with which the more radical elements in the country can never be satisfied. It clearly shows that the National Congress as at present constituted, while representing the more radical political parties in India, cannot endorse a programme of economic action which is in any way more advanced than the economic policies of the major capitalistic countries of the world.

That the resolution takes us only a little way towards socialism is, indeed, very easy to prove. The draft has been improved very considerably and certain important omissions made good as a result of the labours of the special sub-committee which had been appointed to revise it; but even so it remains a very temperate document. A few comments on the nature of the various clauses would suffice to make this clear. The first section of the economic part of the resolution relates to labour. This contains five clauses. Of these the one giving the right to peasants and workers of forming unions to protect their interests and another declaring that labour be freed from serfdom or conditions bordering on serfdom make no advance on the existing legal position. A third clause purporting to prohibit the employment of children of school going age in mines and factories follows naturally on the adoption of the programme of free and compulsory primary education. Of the two remaining clauses one deals with the position of women workers and the only special protection for them that it contemplates is the provision of adequate

leave during maternity. It is surprising that only leave should be mentioned in this connection. The usual provision in most countries is that of a form of insurance called "maternity benefit." Or is it that the word "leave" is supposed to embrace the benefit?

The most important clause in this section, which we have left for consideration last, consists of two parts. The first part makes a declaration to the effect that economic life must conform to the principles of justice, to the end that it may secure a "*decent standard of living*," the clause does not say to whom. It is presumed that it is meant for every citizen. Justice being an abstract enough conception the word may be accepted by the capitalist, socialist, communist, all alike. The securing of a decent standard of living is, on the other hand, a revolutionary conception, but as the clauses that follow make no effective provision for bringing this about that declaration also need not disturb anybody. The second part of this ambitious clause abruptly descends to the narrow realm of the industrial worker, promising him various things. Of these legislation regarding conditions and hours of work is already in existence. The important portions of this part are therefore the promise of provision by "suitable legislation" of a "living wage" and the provision of "social insurance." Of these "living wage" legislation which, we take, is meant to convey the same idea as is usually conveyed by the expression "minimum wage legislation" is the more far-reaching conception. Social insurance schemes of various types have been a prominent feature of German national policy for many decades past and recent data collected by the League of Nations have made it

clear how widespread has been its adoption in most countries of the world during the last decade. It has been rightly considered that both the industries and the state should bear a part of the burden of this insurance and the adoption of such schemes in India is considerably overdue. Minimum wage legislation on the other hand is not so universal. The only form in which such legislation finds a place on the statute books of most countries of the world is the provision of minimum wage legislation in the so called "sweated industries." But there are many countries also in which a more general type of legislation is attempted. It should be noted that such type of legislation is specially held suitable to cases where the workers are not in a position adequately to protect their own interests. On this ground the necessity for its application to a large portion of Indian industry would seem specially strong. A point worthy of note here is that the agriculturists seem to have been excluded both from insurance and minimum wage legislation in this resolution. This is certainly an unfortunate omission. A recent publication of the League of Nations shows that not only is the agricultural labour compulsorily included in most insurance schemes in the predominantly agricultural countries but also that even the small cultivator is enabled voluntarily to become a member of national insurance schemes in many instances. Further such varied experience as that of the working of the Trade Boards in the case of the wages of agricultural labour in England and of the minimum wage legislation in a country like Mexico, should certainly encourage the adoption of a progressive policy with regard to the agricultural labourer.

in India. And it may also be noted that the recent Labour Commission has recommended the fixing of a statutory minimum wage for labour on the Assam tea plantations and that minimum wage legislation is already in operation on behalf of Indian labour on the plantations of Ceylon and Malaya. Indeed while a large part of our labour is partly industrial and partly agricultural it would seem highly desirable that minimum wage legislation if adopted should apply equally to industry and agriculture. Allowing for these reservations, there is no doubt that both the insurance and minimum wage proposals of the Congress are important steps in the right direction and their inclusion in the Congress programme is to be heartily welcomed.

The second section of the programme also containing five clauses deals with taxation and expenditure. Two of these clauses deal with expenditure. One contemplates the reduction of military expenditure to at least half of the present total and the other lays down the normal maximum salary for the future public servants at Rs. 500 p. m. No comment need be made on the clause relating to military expenditure. The salary clause on the other hand requires some consideration. This is perhaps the most radical and the most original of all the clauses in the economic programme. It has also had a more hostile reception than any of the others. Rs. 500 p. m. seems to be generally considered as too low a maximum. This, however, is an entirely erroneous impression. If one considers the national income of India, the average earnings of the labouring classes and peasants and the average starting salary in the lower clerical grades, Rs. 500 p. m. holds to all these a relation similar to

what the salary of the highest administrative post holds to the corresponding figures in most other countries. Somewhat detailed evidence with regard to this point has been already collected and published by us in a separate pamphlet (*The Salaries of Public Officials in India*).

Prof. C. N. Vakil in a recent note on the Economic Programme of the Congress puts forward two other objections. The first is that the rupee being an uncertain measure of value, it is inadvisable to fix the maximum in terms of rupees. This is a purely technical objection. It can hardly be believed that the A.I.C.C. considers the number 500 as peculiarly sacrosanct and that it would insist on sticking to it even if the prices double in the near future. The other objection of Prof. Vakil is that this maximum will have disastrous effects on the equilibrium as between the recruitment to services, professions and business. Here it is necessary to remember at the outset that incomes in trade and industry cannot be put on the same level as the incomes in services or the learned professions. For in the former influence, connections and even more than this a command over capital count for so much that the avenue to the higher incomes in that direction cannot be considered as even reasonably open to the majority of the educated classes.

With respect to professions we do not know on the basis of what data Prof. Vakil ventures to state that those in the professions enjoy larger incomes today. In the case of the professions it is a very common mistake to pay undue attention to the highest incomes and not to take sufficient note of the vast number of failures. The income of the

legal profession, for example, in India is not to be reckoned by the very high incomes earned by a few distinguished advocates. It is rather indicated by the large mass of pleaders and lawyers in the numerous cities, district towns and taluka places, the large majority of whom, we venture to think, do not pay any income-tax. Recruitment in the beginning is contingent on the average expectation of an income and even with Rs. 500 p. m. as a maximum the average expectation of income in the services will not compare unfavourably with the incomes at present obtaining in the profession; this without taking account of the fact that a lowering of service scales is bound to have an effect on the charges made by the professional classes in the country for their services. For it may be remembered that in India it has always been the service scales that have set the measure for the general level of earnings of the educated classes and not as elsewhere the earnings in the other occupations determining the level of service scales. Even so it may be admitted that there will be a certain amount of readjustment in the flow of recruits to Government service. Services will not prove quit as attractive as they do today. But we consider that this will in no sense be a national calamity. Services are far too attractive at the present scales of pay and the emphasis on Government employment needs to be considerably diminished.

The three clauses with regard to taxation deal respectively with (i) Salt duty, (ii) Death duties, (iii) Land revenue and Land tenure. The Salt duty is to be abolished. This is a step that was to be naturally expected after the prominence given to salt satyagraha in the national campaign of last year. Though on grounds

other than sentimental this cannot be completely justified especially so long as duties on such articles as kerosene remain and the prohibition of imported cloth is contemplated by the Congress which will necessarily mean a heavy additional burden on the consumer. Death duties on a graduated scale have been contemplated by the Government of India for many years past. The Taxation Inquiry Committee has discussed the difficulties involved in their levy and proposals have been entertained many a time for their levy by provincial Governments. Undoubtedly they would mean an important additional means of revenue and if steep enough and heavy enough they would also serve as a useful weapon for correcting somewhat the evil effects of large accumulations of capital in private hands.

Clause 7 in the resolution deals with land revenue and land tenure reform. The clause is somewhat clumsily worded and it is difficult to be sure as to what it means. There seem however to be two main ideas put forward. The first is to give relief to the smaller peasantry and the second to make agricultural incomes subject to an income-tax. The second measure is simple enough. It actually forms part of Sir Walter Layton's recommendations. It is a measure that will meet with almost universal approval. The relief to the smaller peasantry presents a more complicated problem. The resolution contemplates the attainment of this end by reductions of rent and revenue paid by this class. The reduction of revenue is easy for the state to effect. If Government merely abolishes land revenue and decides that all agricultural incomes will be dealt with according to income-tax procedure

the object will be gained. There will then be an exemption limit which may, of course, be much lower than the exemption limit in the case of non-agricultural incomes and there will be a graduated scale. Only some important results may be noted. One is that the yield of the land revenue may in this case be much lowered, and its administration considerably complicated. Further, it has often been alleged that the introduction of an exemption limit in land revenue may actually work as an incentive towards the further sub-division of holdings. The programme on the other hand with regard to the small tenantry seems to be difficult of achievement. For though the State may graduate the levy of a tax, it could certainly not ask a land-holder to graduate the rental charge per acre according to the size of the tenant's holding. This will merely result in an unfair discrimination against those landlords whose estate is divided among the smaller tenantry and can only act as an inducement to them to evict the smaller tenants and replace them by bigger holders. Such a movement would easily defeat the object of the resolution unless it is prevented by very stringent tenancy laws. The problem of giving relief to the peasants in the zemin-dari tracts cannot be solved merely by rent restriction. The policy of rent regulation must be accompanied by more progressive tenancy legislation and by also affording means to the tenant of acquiring the ownership of his holding. We may note generally that this section does not contemplate anywhere the reform of the Indian income-tax which is also long overdue. An increase in the burden of the income-tax and the steepening of the graduation scales would seem to be reforms urgently called for.

The last section entitled "Economic and Social Programme" contains one clause which has an important financial bearing. This is the clause regarding the adoption of the policy of prohibition. Prohibition as the ultimate goal has always been accepted by all political parties in India. And whatever the difficulties that may militate against the enforcing of a rigid prohibition policy, there is little doubt that Indian financiers must now look forward to an ever diminishing excise revenue. Of the other clauses in this section one deals with the provision of military training to citizens and another with the relief of agricultural indebtedness and the control of usury. No definite policy with regard to the latter is put forward. Three more clauses remain. One promises a general protectionist policy to indigenous industries coupled with an entire exclusion of foreign cloth. The protectionist policy has already been adopted in some measure, but the proposal for an entire prohibition of particular imports seems unnecessarily extreme. An intelligent manipulation of tariff levels will effect in this direction whatever results it is desired to be brought about better than a rigid prohibition. Mahatma Gandhi's recent declarations in Lancashire seem however to indicate that a peremptory exclusion of foreign cloth will not be insisted on by the Congress.

The clause relating to currency and exchange policy lays down that that policy shall be controlled in the national interest. The clause as it was finally adopted by the A.I.C.C. is a great improvement on the original Karachi draft. The original draft contemplated control so as to help Indian industries i. e. one specific class of producers. Such

manipulation in the interests of particular classes is to be strongly deprecated and the A. I. C. C. has done well to delete this portion of the old clause. In the new form, however, the clause is practically meaningless. For it is presumed that the national Government will manage not only the currency and exchange policy but its policy in every other sphere as well 'in the national interests.' Only one clause remains for consideration. This says that the "state shall own or control railways, waterways, shipping and other means of public transport." This is good so far as it goes. The State already owns the railways in India and in a great many countries does it own or control the operations of such concerns as are mentioned in the resolution. This is no dangerous step towards socialism: it is only a declaration that the Indian National Government will follow a policy as regards the vital economic activities of the nation similar to that evolved in most of the advanced countries in the world today. We only hope that the wording of the resolution is not taken to mean that the state shall not control or own activities other than those enumerated. For, we strongly hold that especially in a protectionist state, state control or ownership of activities built up by state help may be highly advisable in particular cases.

This examination of the Congress programme will have made it clear that the programme is orthodox and moderate. Proposals regarding social insurance and minimum wage have been discussed in the report of the Labour Commission and that body, which could be called neither revolutionary nor socialistic, has indicated ways in which these measures regarded by it as generally desirable can slow-

ly be introduced into practice. Maternity leave is a milder proposal than the maternity benefit actually given in certain industries by legislation in C. P. and Bombay. Death duties have now been incorporated into the financial system of many countries in the world; protectionism is a common malady and the control or ownership of key industries a well recognised practice. The Congress has for years advocated Land Revenue Reform and the solution suggested in the resolution for the tenancy problem we consider as incomplete. The only point in which the resolution marks a considerable advance over current conceptions is in the salaries maximum. But here again the Congress resolution does not suggest a maximum that is socialistic or levelling in any sense of the word. Indeed what strikes us most about the programme is its largely negative character. The clauses mostly embody proposals to remedy certain defects and remove certain grievances in the existing situation. They do not formulate a series of positive steps contemplated by the future national government. A really attractive economic programme must put forward a vigorous national policy about the extension of social services and the activities of nation-building departments. This lack of positive proposals is most marked in the case of the agriculturists and almost nothing is said of the position of the small artisan. Our criticism of the programme does not, of course, mean that we minimise its importance. The resolution represents on the whole a sober and thoughtful attempt to indicate lines of immediate action in the future. There are some important omissions and there is little in it that is novel but most of the proposals made are on

the right lines. It would be absurd to subject vague proposals of this type to any minute criticism. We cannot do this chiefly because we do not know under what conditions—financial and other—the future Swaraj Government which attempts to put them into practice will find itself. The adoption of each particular measure will be dependent on the then circumstances, political and economic. Our purpose in commenting on the programme has been mainly to show that it follows lines of economic policy already adopted in most countries of the west and that it cannot, as a whole, be called either revolutionary or socialistic.

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