

MACHINERY OF PLANNING.

IT WAS DELIVERED BY MR. G. L. MEHTA AT THE SILVER JUBILEE-
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I am grateful to the authorities of the School of Economics and Sociology of the University of Bombay for inviting me to address you today. I recall with pleasure and, may I add, pride that I am an ex-student of this School. I felt, therefore, that the School has a claim upon me and gladly agreed to make my own humble contribution to the success of the Silver Jubilee Celebrations of the School. Twenty-five years is a long span in the life of man but relatively short in that of an institution. May the next twenty-five years of the School be a period of still more useful activities and far more fruitful achievements in the realm of economic and social research.

2. It is hardly necessary at the present day to dwell on the need or importance of planning. As Mr. Herbert Morrison said sometime ago, argument between the planners and the anti-planners is dead. The real question is, what kind of a plan? No one can now seriously contend that social harmony can be promoted through the pursuit of individual self-interest by all the members of the community. A modern Government cannot exhaust its function merely by maintaining security of life and property and by desisting from any intervention in the economic and social affairs of the people. The old conception that that Government is the best which governs the least cannot be acceptable in an age when we have to recognise that we should organise actively and deliberately for economic development and social well-being just as nations organise for war. Government, indeed, has positive functions to perform in developing the economic resources of the country, in improving the economic conditions of the people and in expanding real national wealth. The State has not only the right but the duty of looking after the social and economic welfare of the nation and in enriching the individual lives and liberties of its citizens. Such a conception of Government as a constructive instrument of the nation for planning and acting "in order to safe-guard and develop the collective inheritance and the social and economic welfare of the nation in peace and war" must inspire and guide us in future. For, let there be no mistake about it. The alternative to a planned economy is not some paradise of "free enterprise", all-round decontrol and unfettered competition but friction and conflict of interests interspersed with erratic and intermittent governmental action without prevision or preparation. "Free competition" in the accepted sense of the word is dead. Private enterprise has to accept public responsibilities. On the other hand, security can be bought too dearly at the cost of freedom and development. We have still to discover by the method of trial and error how we can reconcile planning with individual enterprise. We have yet to evolve a system wherein efficiency of work is ensured along with security for the worker, in which desire

for social betterment can exist along with satisfaction of minimum social needs and where individual initiative can foster social and economic progress. In the words of Dr. Reinhold Niebhr, "It is still an unsolved problem how much planning one can do without destroying essential freedoms and how much freedom one can preserve without threatening the security of the multitude whose welfare is bound up with the intricate mechanisms of modern technical society".

3. The economic functions of the Government tend to expand in scope, in diversity and in intensity. Whatever the nature of the Government, its policy affects and influences the social and economic life further and deeper than before. Even those who object to governmental intervention in trade and industry, not only accept the desirability of State action and State aid in many directions but also demand a positive governmental policy in such spheres. Indeed, there is a large field for the operation of the economic plan in respect of which there is little room for difference of opinion. Pandit Jawaharlal Nehru, our distinguished Prime Minister, emphasised in his admirable broadcast last month that Government have to address themselves to the solution of the vital problems of food, cloth and housing for the people. We are passing through an extremely difficult period in which transition from war to peace economy is taking place simultaneously with an unprecedented constitutional revolution involving both transfer of power and partition of the country. The serious shortages of food, clothing and housing and the "dominant scarcities" of essential materials such as coal, steel, cement, etc., as well as consumer goods generally have to be set right by increase in production if an economic collapse is to be averted. Unless there is radical improvement in the present abnormal conditions made all the worse by the grave dislocation in the Punjab and elsewhere, it would be difficult to execute and implement the various plans of development. What we need under the existing circumstances is a strong executive authority which can take speedy decisions and get them implemented for increasing production of essential commodities, removing scarcities and overhauling the transport system. Economic hardships are so real and the economic tasks of such urgency that we must try and place the administration almost on a war-time basis in order to formulate immediate policies and measures and have them carried out throughout the country. We must, therefore, be careful to see that any machinery of planning which is set up does not become somewhat remote from realities and urgencies. Government will have to accept the responsibility for foreseeing and dealing with problems before they become chronic or acute. It cannot be gainsaid that owing to the composition of the Interim Government and their preoccupation with political issues, there has unfortunately been dilatoriness and lack of decision in dealing with economic and financial questions of the post-war period. Difficult and complex issues confront us and require for their solution patient study, impartial and thorough consideration as well as foresight and yet demand timely and vigorous action. "In the sphere of civil Government" observed Lord Haldane, "the duty of investigation and thought as preliminary to action might with great advantage be more definitely recognised". It is the function of planning machinery allied with research organisation to provide such

thought and investigation. The new conception of Government will need new men, a new outlook and new methods. Planning should be based on experience, not merely on doctrines and theories; it must look ahead and above but must have both the feet firmly on ground.

4. No sooner is the subject of planning mentioned or discussed than it gives rise to almost stereotyped reactions of varying character. The industrialist or the businessman prone to quick decisions, accustomed to carry things through and chafing under controls and regulations becomes sceptical of and even hostile to any such idea. Planning, he instinctively feels, is dilatory and restrictive. The official, on the other hand, who has come to exercise and relish power in a realm which was hitherto alien to him prefers planned development to haphazard and chaotic growth. The theorist or the doctrinaire, again, would have no half-way house. He would have here and now a totally-planned economy irrespective of the objective conditions in the country. Each of this view is partial but has a modicum of truth. And yet we cannot lose sight of the fact that Government can no longer afford to play a merely passive role in the economic and social life of the nation. The State has to perform, whether we like it or not, certain economic functions which are fundamental and whose range and intensity are steadily growing. Since our vital problems are economic and social, the State is as much an economic institution as political. The work of modern Government has, in fact, become so vast and complex and in many ways so technical that any Cabinet would necessarily require the assistance of a body of trained and competent persons, on which to rely for information, advice and informed opinion. No longer can a democratic Government escape the obligation of adopting measures for increasing real national income and of satisfying the electorate that efforts are being made for a more equitable distribution of wealth and power. Unless parliamentary government is to be discredited as being concerned with the politics of manouvre and tactics played by conflicting interests, policies and programmes must be based on recognised principles and seek to achieve accepted objectives. Undoubtedly, planning for such purposes has to be positive and expansive, not negative and restrictive. For this purpose, we must have some machinery as soon as conditions permit which would continuously review economic and social conditions, formulate and examine short-term and long-term policies including alternative courses of action and place them for decision before the Cabinet in order to enable it to issue the necessary directives and determine the right priorities. Such a body should also work out with the Departmental officials ways and means by which these directives could be applied to the prevailing set of circumstances and see that prompt and well-directed action is taken.

5. What should be the machinery of planning in our country? There has been a tendency to establish a separate Department whenever Government has to perform some new function or operate in a new sphere. We have, however, to profit by the experience of the Planning and Development Department. The principal lesson to be learnt from its working is the need of an integrated governmental policy. We did not

have a composite Government at the time nor effective coordination between the different Departments. There was no attempt to relate official planning to the administrative policy and measures of various Departments with the result that the Planning Department was regarded as mainly indulging in paper plans and academic excursions and was more or less cold-shouldered by the other Departments. It was not equipped or permitted to function as an effective planning body. That mistake must not be repeated by the revival of a separate Ministry of Planning which will only tend to add a fifth wheel to the coach and lead to interdepartmental rivalries and friction. For, despite radical changes and definite improvements in many directions, it is doubtful whether the machinery of the Government has yet achieved the necessary measure of coordination in policy-making or policy-execution. We cannot, of course, expect to have an overall Planning Commission like the *Gosplan* in Soviet Russia or similar other body. Our planning will have to be done for the present in a mixed economy in which private enterprise exists along with State-owned or controlled services and industries. The constitutional frame-work is also such that planning will have to be done jointly by the Centre as well as the Provinces, not to mention the Indian States where the same level of taxation and standards of labour legislation do not usually obtain. Even if the plan is conceived and directed by the Centre, many of the activities connected with it such as those relating to agriculture and irrigation, public health and education and several types of industries fall within the sphere of the provinces. Planning has therefore, to be a concurrent subject. Moreover, we do not possess the administrative machinery necessary for the working of a total plan. Indeed, as our experience during war-time and the post-war period shows, the country is, in vital matters, under-governed. Until recently, Government in this country has been regarded as a supreme and remote authority which mainly performs the functions of policing and taxing. The tradition of such a Government has been largely negative, concerned as it has been with the preservation of "law and order" and with collecting taxes. We have also to consider the financial resources at the disposal of the Government which would not permit the launching of expensive, long-term projects or undertaking of costly experiments. Even when you can "create" money, there is a limit to the funds which Government can have at their disposal. Any programme of national economic development will have to be determined by our resources in money and men. Above all, we have yet to become an "active democracy" with vigilant and informed public opinion. As the British Prime Minister said in his Foreward to the *Economic Survey for 1947*, "Government alone cannot achieve success. Everything will depend upon the willing cooperation and determined efforts of all sections of the population." The successful operation of any plan postulates the intelligent participation of the people and a broad unity of purpose among all who contribute to its working.

6. A central organisation for planning must, therefore, in the initial stages at any rate, be advisory in character. That is, also an essential implication of democratic planning. The planning body must function in an advisory capacity for those representatives of the people who will have to take executive decisions. The Advisory Planning

Board which reported earlier this year came to very much the same conclusion in regard to the future machinery of planning. The ground had undoubtedly been prepared by the National Planning Committee which did pioneering work in this sphere. The scope of the Advisory Planning Board was, however, circumscribed by the Cabinet Mission's Plan as well as by the fact that constitutionally, a very considerable portion of the whole field of development fell outside the sphere of the Centre. The movement for the partition of India had already cast its shadow over its work. But even in the Indian Federation, the principle enunciated by the Board will have to be recognised, namely, that the Central and Provincial Governments must regard development as a matter requiring joint effort in a cooperative spirit and must agree on a common policy of developing their financial and technical resources to the utmost possible extent. The Centre in the Indian Federation must, no doubt, be strong enough to direct economic planning as well as to prepare for effective defence. By its control of currency and credit, tariffs and foreign trade, railways and water transport, the Centre can profoundly influence the whole economic development of the country. Under the present Constitution as well as according to the proposed Federal Legislative List, the Central Government can bring certain industries and minerals under its direct control and does, indeed, exercise such control owing to the post-war abnormal conditions. Since the abolition of the Planning Department by the Caretaker Government in the middle of 1946, different functions in regard to planning have been discharged by separate authorities such as the Co-ordination Committee of the Cabinet assisted by the Development Board as well as by the Planning Branch of the Industries and Supplies Department. Such machinery has been hardly satisfactory. The Advisory Planning Board rightly pointed out that "there exists no agency for taking a comprehensive view of planning as a whole and for seeing the interconnections and repercussions of all the various plans projected or in operation." It therefore recommended the establishment of a single, compact, authoritative organisation responsible directly to the Cabinet (or a Committee of the Cabinet) as a whole rather than to one Member, which should devote its attention continuously to the whole field of development in so far as the Central Government is concerned with it. The following were suggested by the Board as the legitimate functions of any planning machinery established by the Central Government:

- (i) Scrutiny and coordination of Provincial Plans and Plans of Central Departments,
- (ii) Making recommendations to Government as regards the allocation of Central funds for development purposes,
- (iii) Formulating plans for the development of major industries and important minerals,
- (iv) Making recommendations to Government regarding various forms of State aid and State control to be extended to industries,

- (v) Making recommendations to Government regarding trade foreign and internal.
- (vi) Making recommendations regarding monetary and financial policy, including currency and credit at home and abroad as affecting the planned development of the country.
- (vii) Watching and stimulating progress in regard to the execution of the plans referred to in (i) and (iii) above, compiling and publishing statistics relating to them, suggesting adjustments and modifications in them, and initiating new plans,
- (viii) Allocating material resources which are in short supply so as, to ensure that due regard is paid to priorities.
- (ix) Examining the implications of scientific research and discovery on social welfare.

7. The machinery of planning in such a background involves survey, forecasting, coordination and supervision. The crux of such planning is careful preparation. It is essential to have an administrative machine which can appreciate the gravity of any problem before it has begun to affect the lives of thousands of lakhs of people. No longer should we make a cult of opportunism and permit the administration to wait on events instead of anticipating them and be the victims of circumstances instead of their masters. We can hardly afford to ignore problems until they become chronic or acute and until enough people suffer sufficiently to impress and compel the authorities to action. More than once during the last few years, the urgency of the problem has been recognised by independent research workers and thousands of ordinary citizens long before the Central or Provincial Governments became aware of it. In such circumstances, it is only when the situation became so grave as to require speedy and drastic action that measures have been improvised and even then improvisation has been more due to public agitation than official prescience. Whether in the matter of food or industrial production or railway transport, we find that there is much needless confusion, delay and misdirected action. We must, therefore, set about to develop a comprehensive and thorough intelligence service which should provide detailed information, careful surveys and sound forecasts on the basis of which policies must be determined and plans prepared in advance so as to prevent avoidable hardships and difficulties. Such a planning organisation must be flexible in character and act as a kind of liaison between the Cabinet and the various Departments. As the Planning Broadsheet of the P. E. P. (Political and Economic Planning) entitled "Machinery of Government" emphasised, "The important thing is to create what we have not at present got—a thinking and planning organ free on the one hand from the immense pressure of day to day administration, on the other hand from the intellectual tyranny of the Departmental hierarchy and its Departmental outlook and at the same time

in close enough relationship with the responsible Departments to keep it realistic and practical." In other words, the machinery which is devised must be such as to remain sufficiently in contact with live administrative issues without being burdened with routine.

8. The function of such a planning organisation must be to prepare and examine schemes and to translate them into coherent and practicable policies in relation to facts and trends; to watch problems as they emerge and before they become acute and to call for immediate action. The planning machinery should also seek to coordinate Departmental policies so as to dovetail them into a consistent whole and place them before the Cabinet whose responsibility it will be to take the necessary decisions. But for the performance of such tasks there should be complete readiness to modify traditional outlook and methods and to accept the change involved in having a national administration with a social purpose. For unless the outlook and technique of planning is whole-heartedly accepted and embodied in the formulation of policy and the administrative activities of the various Departments concerned, there will be little purpose in setting up a planning organisation. Not only should the organisation be flexible but full use should also be made of all available resources for investigating and dealing with complicated issues whatever they may be and wherever they arise. The inspiration and stimulus in dealing with various problems relating to different Ministries or Departments and the various Provinces should come from the Centre but the machinery of the various Departments as well as of the Provinces should be utilised as far as possible. Since many of the plans have to be largely implemented by the Units, the Provinces and the States must have similar suitable planning machinery especially for keeping a watch on the progress made in the execution of the various plans. Planning necessarily covers a large number of subjects within both the Federal and Provincial spheres. It would, therefore, be necessary to link up the different planning organisations and coordinate their activities. But the Federal Government must have over-riding powers in order to prevent overlapping, waste and conflict. The different Ministries at the Centre should also have their own separate planning groups and planning officers who should work jointly with the Central planning organisation. The planning organisation at the Centre should, in brief, be as strong as possible. It should aim at unity of objectives and achieve coordination in devising and implementing policies, it must try and resist anything that fosters fissiparous and distintegrating tendencies.

9. Such a machinery for coordinating both thought and action would tend to counteract inter-Departmental conflict and obstruction and the tendency towards exclusiveness which is common in most large-scale organisations. The planning organisation will have to work with and through the various Departments and their relations will have to be close and continuous. That involves cooperation as well as coordination. Co-ordination is a term which has been so over-worked that it has almost lost all meaning. It can lead to duplication and waste of effort and even evasion of responsi-

bility. What it does and must mean in the relationship between a planning organisation and the various Departments is good team work; it involves mutual understanding of their objectives and difficulties along with the consistent and resolute pursuit of policies. Such coordination should not lead to overlapping and friction. The important thing is that the work from the very beginning should be coordinated team work and not merely a mechanical effort to reconcile differences in Departmental views or claims. What should emerge is a coherent and positive programme out of the fusion of ideas and facts from the points of view of various Departments, officials and experts. But the function of the planning organisation would not be complete unless the decisions taken are followed up and implemented. It has been well-said that there is a touching belief in the Secretariat that to issue a circular disposes of the problem to which the circular refers. But execution is not the least important and significant aspect of planning. The Advisory Planning Board rightly laid down that to watch and stimulate progress in regard to the execution of the plans was one of the functions of the Planning Commission. The formulation of plans and their implementing cannot in practice be divorced since the plans have to be adjusted, altered or modified as they are worked out.

10. The machinery of planning would have little utility if it did not organise and provide for research, economic as well as scientific, with a view to applying its results to concrete problems and issues. For this purpose, it would be necessary to have a skilled permanent staff for investigation and research, for preparing data and compiling information, for examining definite proposals and schemes. We should no longer try to govern by "hit or miss" methods but must see how far and in what manner special and economic objectives can be translated into definite policies and administrative measures. In such work, the planning organisation could and should make full use of agencies outside the Government such as Universities, research institutes and scientific bodies as well as individual experts and assign to them particular jobs for enquiry and survey. Such institutions and experts are usually free from some of the inhibitions which restrict the permanent official. They could also collect and supply information which may not be readily available from official sources and undertake special pieces of research work for which there may not be men or equipment in the Department of the Government. These specialists could, when necessary, be engaged temporarily to obtain the benefit of their knowledge and experience. To give only one example, when I visited the School of Business Administration at Harvard in U. S. A. in December 1944 when the war was still on, it had been assigned the work of enquiring into the whole problem of surplus tonnage of the American merchant marine. Similar specific problems could be assigned to post-graduate schools or to well-known economists and statisticians as well as scientists. The existing official machinery for the coordinated study of problems, as for instance, the office of the Economic Adviser and the Scientific Consultative Committee should, of course, be fully utilised. A Central Statistical Office does not exist at present but is imperative for planning. It need not be a subordinate organ of the Planning Commission but must work in close cooperation with it. Our statistical equipment and

materials are in a very unsatisfactory stage and the various Industrial Panels as well as special Committees dealing with Shipping Policy and Ports Development have stressed the need for adequate and upto-date statistics. It should be the business of such a statistical office to compile periodic statistical reviews of essential economic, financial and social data and to present and interpret statistical material provided by the various Departments and other administrative sources of statistical information.

11. The functions of the Planning organisation will, after all, determine its structure and personnel. In any discussion of machinery whether of Government or of business, we should not lose sight of the fact that machinery means, in the final analysis, men and women. The Advisory Planning Board felt that the Planning Commission should as far as possible be a non-political body whose members will not fluctuate with changes in political fortunes and suggested that it should consist of five members comprising a person of standing with general experience of public affairs as Chairman, two non-officials with knowledge and experience of industry, agriculture and, or labour, a Government official with knowledge and experience of finance and general administration and a person prominent in the field of science and technology. Some members preferred even a smaller body of three to make it more compact and effective. Personally, I favour a Board of about five or six members, in which the Chairman should be a person with wide experience of public affairs, one member must have knowledge and experience of industry and trade, another of agriculture and allied subjects, a third one of transport and power including fuel and one with experience of labour questions and social services along with an experienced senior official as Secretary assisted by one economist and one scientist, both of whom should have adequate training in the application of their techniques to concrete problems. I must, however, candidly say that the members of the Board of the staff which is associated with it should be men who believe in the importance of the work that they would be undertaking and should be able to work as a team. We may not be able to have all missionaries fired with zeal but we must see to it that the Board and its staff do not consist of careerists who regard their appointment only as another job or a rung of the ladder to go higher up. It would not be advisable to depend exclusively on the Civil Service which despite many of its admirable qualities has conventions and traditions which in some respect are the very antithesis of what planning requires. This tradition has been aptly described as a kind of administrative Puritanism which subconsciously identifies enterprise and imagination in Government as a temptation of Satan. The desire to follow precedent in preference to innovation, the tendency to take the line of least resistance and to pursue established routine rather than untried experiment are all features of this tradition and which constitute a weakness in the work of Planning. As Prof. Laski has remarked, there is something wrong with our educational system which does not seem to breed, at least among those who enter the higher Civil Service, informed men with that kind of Benthamite inventiveness upon the interest of whose capital we are still living. It will be necessary, therefore, to bring together in a Planning organisation persons who may be different in their aptitudes and training but who will all pool their knowledge

and experience. The planning staff should consist of some competent and experienced Civil Servants but it should also include a few picked persons from the Universities and research bodies as well as specialists of different kinds who might work whole-time or in a consultative capacity. Men with knowledge of development of natural and social sciences will be particularly useful. Arrangements could be made with the Universities and research institutes for loan of competent men or for study of specific problems. The Commission would, no doubt, develop its own technique in course of time and grow in stature and influence by its work and usefulness. Any attempt to lay down rigid formula or rules in the beginning or to define its functions more precisely than has been done by the Advisory Planning Board would, in my opinion, lead to administrative difficulties and complications and tend to defeat the object in view.

12. Planning, however, is not something in which the Government presses the button and the people as a whole have simply to wait and get the goods and services or otherwise that to blame and condemn the authorities. The Government does not actually do most of the work on which the realisation of its programme depends. It has to elicit the cooperation and support of various sections of the people such as peasants and labourers, industrialists and traders. Consultation in the formulation and execution of economic plans has, therefore, to be a broad-based and continuous process. The Advisory Planning Board consequently recommended the constitution of a consultative body of twenty-five or thirty members which should be set up along with the Planning Commission and which would represent the various Provinces and the States as well as different interests such as agriculture, industry, commerce and labour. For the programme of planning has to be carried out in factories and farms and it is on the cooperation of industry and labour and *kisan* that the Government must eventually depend for the realisation of its objectives. Industry, commerce and labour must, therefore, be made to feel that they are partners in a national enterprise; they have to be persuaded to adapt themselves to a newer system wherein production and distribution are not fields for continuous tug of war between rival interests but a common task to which all sections have to contribute and whose principal objective is the economic welfare of the community as a whole. The Government must treat industry and commerce not as mere instruments of policy but as equal partners in the national economy with different but essential and complementary functions. As Sir Oliver Franks, in his *Central Planning and Control in War and Peace* observes, "More than anywhere else leadership is wanted to make the plan and programmes work. They will not work if they remain the Government's plans. They must become the plans of the nation and animate the constructive endeavour of the managements and workers who carry them out. Import and export programmes must become symbols of the life, the people wills to achieve if the work is to be done... How the quantitative, abstract and generalised expressions which represent the goal to which the economy is directed are to be given flesh and blood so that they live as the hope and desire of the people I do not know. It is at once the task and miracle of statesmanship to translate them into terms which have meaning and inspiration to ordinary men in ordinary circumstances".

13. I have one final word to say. We must never forget that whatever the nature of planning, the plan is for men, not men for the plan. In other words, the plan has to be devised and worked so as to satisfy the needs and wants of individuals rather than individual wants being distorted to fit the plan. Social theories tend to set an inherent value to a system on some abstract grounds or on some general principles which do not take full account of the lives and liberties of ordinary men and women. We should not fall in the habit of continuously thinking and speaking in abstract terms of 'India' and 'Pakistan', the State and the masses, but try and visualise the human beings who go to constitute these entities. Describing such schematic conception and theoretic contemplation of social patterns as the "administrator's fallacy", Bertrand Russell has truly insisted that "it is in the individual in whom all that is good must be realised." We must, therefore, learn to look upon planning not as a superimposition by a powerful authority from above, not as the substitution of economic forces by the will and action of a few Ministers or officials sitting in New Delhi but as a grand-social experiment and as a common adventure in which all of us have some part to play and something valuable to contribute.