

PROUT

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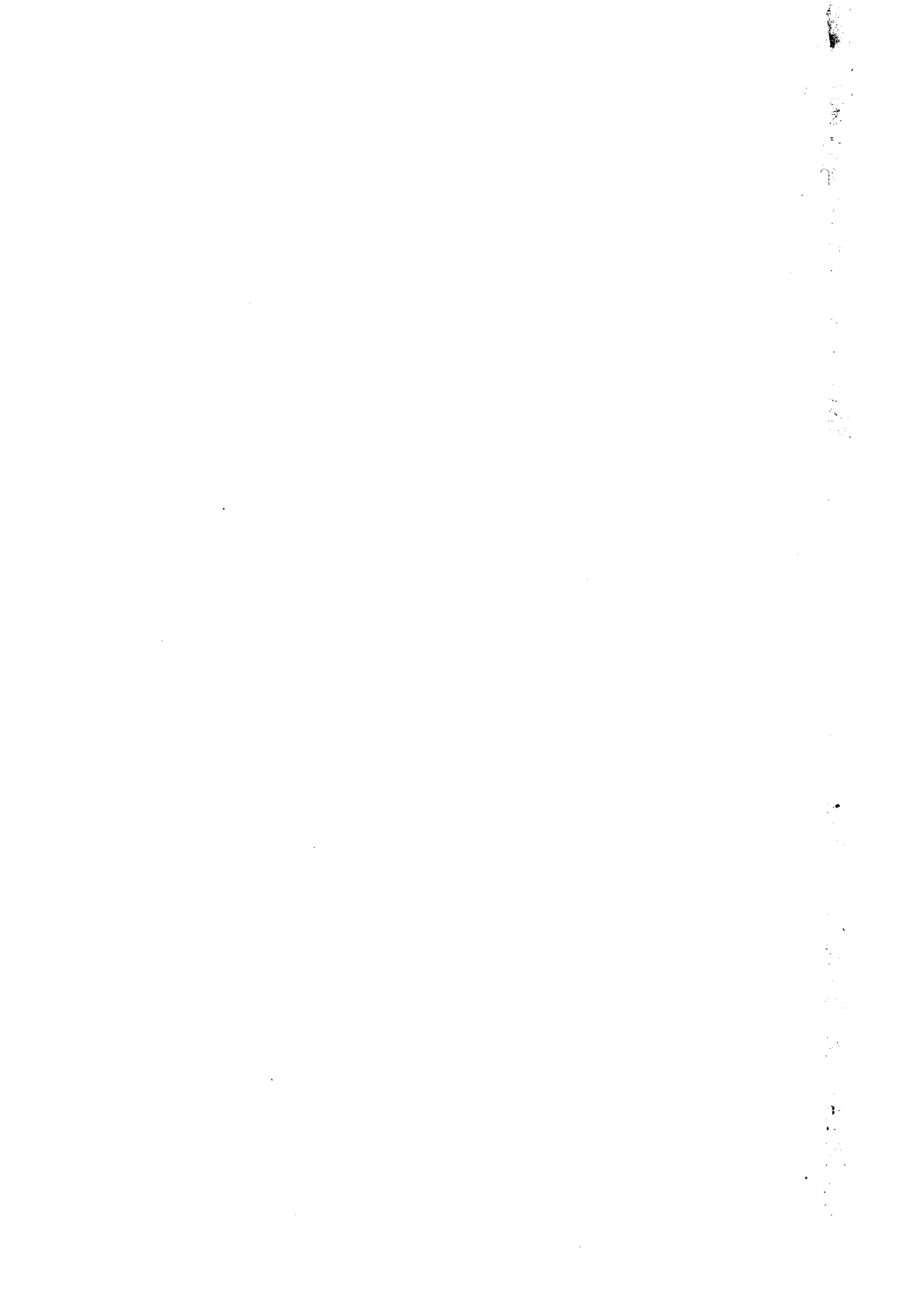
ECONOMIC REFORM IN INDIA

Raveendra N. Batra

From the author of
The Downfall of Capitalism and Communism

PROUT and Economic Reform in India

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**PROUT
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ECONOMIC REFORM IN INDIA**

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BY THE SAME AUTHOR

1. **Studies in the Pure Theory of International Trade**
2. **The Pure Theory of International Trade Under Uncertainty**
3. **The Downfall of Capitalism and Communism : A New Study of History**

To My Mother Kusum

PREFACE

Ever since Independence, India has been engaged in an experiment, unprecedented in its history, of consciously bringing about rapid economic development. It has followed the path of large scale industrial growth and mechanization through a mixture of central economic planning and private enterprise. In the course of three decades of planning, the Indian economic structure has radically altered, its industry radically transformed, its agriculture somewhat mechanized, its skilled labour considerably magnified. The fruits of almost thirty years of planned economic transformation are in evidence almost everywhere. Steel plants, heavy industrial complexes, machine tools industries, nuclear enterprises among countless other ventures now bedeck the once largely agrarian map of India. In short, economists would say that the Indian economy has made great progress since Independence.

Yet poverty stalks the land as much as ever before. Unemployment is reaching new heights, with no let up in sight. True, there are more millionaires than ever before ; yet the labour unrest, and a general sense of frustration have never been higher. While the rich have gotten richer, the poor continue to struggle for survival.

Something has gone awry; something has interfered to create a chasm between promises and performance. There is a need for new ideas ; fresh thought is urgently needed to counter the menace of impending economic and social breakdown. That is where this book comes in. Its purpose is to examine what is basically India's contribution to modern socio-economic thought, but one which has been largely ignored in the country of its origin.

The book critically analyzes the Progressive Utilization Theory, or what its controversial author, Mr. P. R. Sarkar, calls Prout. In the pages that follow, I show that Prout deserves a serious study and discussion, that when interpreted objectively, it provides answer to all the Indian economic and social dilemmas; that in it and it alone, the groping Indian society will find a path leading not only to true economic development, but also to social harmony and international recognition. For Prout's message is universal, and if India becomes the first to benefit from socio-economic reforms that implicitly flow from Sarkar's ideas, then other developing countries facing similar troubles will follow suit.

(ii)

The book first builds upon the fundamental principles given by Sarkar, and then proceeds on their basis to prepare an agenda for socio-economic reform. The recommendations call for radical changes in economic thinking and social structure. But then nothing short of a drastic surgery will solve the gigantic problems facing the Indian people.

The book proceeds in an unusual way. Rather than move from the analysis to the conclusion, I first present the conclusion and then the analysis. In this spirit, Chapter 1 furnishes a brief outline of economic reforms that flow from Prout. The fundamental principles of Prout and its basic concepts are examined in the next chapter. Chapter 3 deals with Prout's economic system, and Chapter 4 with a detailed analysis of economic reforms applying to India. Chapter 5 analyzes Prout's philosophy of history, which lays the basis for the next chapter presenting Prout's political system. Chapter 7 evaluates Prout in relation to extant philosophies of capitalism and communism. It also explores such controversial institutions as the Organization of Petroleum Exporting Countries and the Multinational Corporation, culminating in a brief agenda for world-wide economic reforms. Chapter 8, the final one, presents Sarkar's vision of society.

As usual, I owe my greatest intellectual debt to P. R. Sarkar whose monumental work lies at the heart of my investigation. Others who have contributed to my work either through discussions or through their reading of the first draft include Josef Hadar, Prasanta Pattanaik, Thomas Fomby, Arvind Chaudhary, Amar Parai and Kashi Nath Tiwari. Needless to say, I alone am responsible for my errors.

I should also express my gratitude to speedy typing by Elaine Brack, Arlene Underwood, Alice McCaulley and Arlene Armbruster. But for their diligence, this book would not have been completed in time.

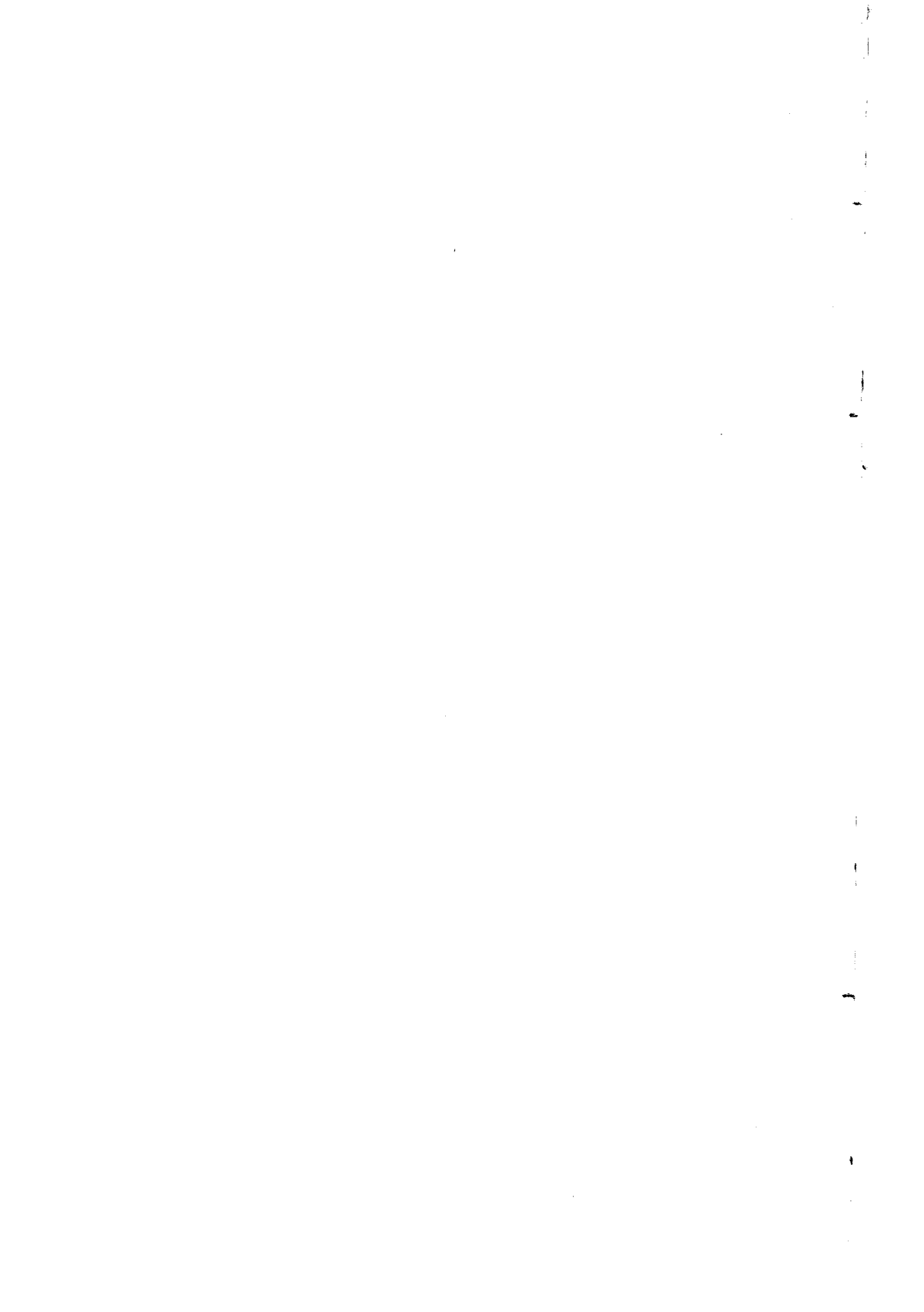
In writing this book, I have made use of some material from my earlier book, *The Downfall of Capitalism and Communism: A New Study of History*, and from some published and forthcoming articles in *The American Economic Review*.

Dallas, Texas
August, 1979.

Raveendra N. Batra

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AGENDA FOR ECONOMIC REFORM

In this chapter, I briefly present the economic reforms that should be introduced and implemented in India. All these reforms rest on the sound theoretical foundation of what a leading scholar, Prabhat Ranjan Sarkar, calls Prout, which is extensively examined in the chapters to follow. Without these changes, the Indian economy will remain stuck in the quagmire of poverty just as it has been over the last three decades of the so-called planning and development. The reforms presented below aim at mitigating social misery and stimulating the rate of savings and economic growth.

- (i) There should be link between the minimum wage and maximum wage. At current prices, the minimum wage in rural areas should be no less than 200 rupees per month or 8 rupees per day involving 8 hours of work. The minimum wage in the cities should be no less than 300 rupees per month, or 12 rupees per day for 8 hours of work.
- (ii) The maximum wage, which is to apply to all sectors of the economy, should be no greater than 2000 rupees per month.

- (iii) In rural areas, the residential property should be limited to either one house or 60,000 rupees, whichever is higher in value. In urban areas, the limits on wealth should be linked to the minimum wage and the area's rents on houses.
- (iv) Private firms in industries producing raw materials such as steel, coal, etc., should be nationalized and assigned to autonomous bodies for management.
- (v) The stocks, bonds and other financial instruments of joint-stock companies or large corporations producing consumption goods should be taken away from capitalists and distributed among workers whose representatives, with government's help and training, should run the corporations.
- (vi) The ceilings on farm land currently in force should be whole-heartedly implemented.

These are some of the major reforms which, as I have said above, flow from Prout whose concepts and fundamentals are examined in the next chapter. Sarkar, the author of Prout, is not only an intellectual giant, but also a great humanitarian and social worker. To give vent to his humanitarian and cosmopolitan ideals, he has founded a socio-spiritual organization called Ananda Marga. Prout may then be regarded as the philosophical base underlying the socio-economic programme of this organization.

THE FUNDAMENTALS OF PROUT

Prout is the acronym that Sarkar gives to his economic, social and political philosophy. It derives from what he calls progressive utilization theory, that is, pro taken from progressive, u from utilization, and t from theory, together make up Prout. Prout is a socio-economic theory, but it blends spirituality with productive efficiency and distributive justice. The Marxian egalitarianism and Rawls' sense of justice emerge in it as tenets of morality, something which benefits the individual and society spiritually. Sarkar's views on economics, industry and government are scattered as bits and pieces through his writings. In this and other chapters, I have collected all those bits and pieces into one coherent theme and then appraised them in the light of modern economic theories. The contributions of some of his close students have also been useful in this regard.

Strictly speaking, Prout is not an esoteric theory, but a set of principles guiding the administration of society in various spheres. One might call it a practical theory, because its emphasis is not on elegant and abstract concepts, but on that which in reality should work and generate maximum benefit for people. It is an idea that rivals with ideological bases of capitalism and communism. However, Sarkar does not characterize it as a reaction to the

intellectual bankruptcy of modern-day socio-economic systems, but something which is universal and will be valid for a long time to come. For he regards capitalism and communism as passing phases of social cycles in different civilizations. But the Proutist system is not ephemeral and, having been based on human psychology, spirit and evolution, it should apply to humanity at large and hence to all nations.

THE CONCEPT OF PROGRESS

To understand Prout, it is necessary to begin with its concept of progress. In common parlance, the term 'progress' is associated with technical and scientific advancement, or anything which enhances the comforts of life. Humanity is said to have made tremendous progress today because life seems to be much more comfortable these days than it was a few centuries ago. People today can travel fast by automobiles and air-planes, whereas only in the last century were they travelling by horse-drawn buggies or bullock-carts. And if we go back to ancient times, people had to travel on foot. Thus progress is commonly understood as an increase in living comforts through scientific inventions, which have eased our lives not only physically but also intellectually. The invention of paper has helped spread the ideas of scholars. People can now engage their minds reading novels and other literature. Thus scientific discoveries may be credited with tremendous advance that humanity has made in the physical and intellectual realm.

All this, to Sarkar, is not progress. To be sure, it has resulted in a great change in the mode of living, but he denies this to be progress because most scientific discoveries have created problems which were non-existent before. Faster travel today has increased the risk of accident; industrialization has resulted in environmental pollution and cancer and other diseases unheard of in the past; modern medicine quickly cures the malady but generates side-effects requiring further treatment. Even in the intellectual sphere, there is much available to keep the mind occupied, but people today suffer from emotional problems and neuroses that did not afflict them before. Increased comforts in physical and intellectual spheres have been accompanied by

deleterious side-effects, and who is to say that progress has really occurred in these realms. Indeed, Sarkar goes as far as saying that progress in the intellectual and physical sense is impossible unless there occurs a spiritual advance at the same time. In other words, the term "progress" in the intellectual and physical spheres is a misnomer [4, pp. 254-62].

Why can progress not occur in the physical and intellectual arenas? Why must any positive development there be associated with a negative movement? The reason lies in the very nature of the universe which exists in a vibrational flow balanced by positive and negative forces.

The idea of universe as a vibrational flow is supported by modern physics which has discarded Newton's concept of absolute space and accepted Einstein's theory of relativity. Einstein's ideas have been advanced further by what is commonly known as the Quantum theory of physics which holds that each and every atom of the universe is at once a wave as well as a particle. The atom is no longer regarded as a solid object by itself. Rather it has a nucleus in its center around which even smaller particles called electrons move in a continuous flow and at very high velocities. In the atom, there are two opposing forces. The gravity of the nucleus tends to bind the electrons together; this may be called the centripetal force which arises from the positively charged property of the nucleus. But the electrons, which are negatively charged, resist confinement because of what may be called the centrifugal force. If the centripetal force dominates the centrifugal force, the ever-moving electrons appear as atomic particles. Hence the atom is a wave in the sense that its electrons are in constant motion around its nucleus; it is a particle when its electrons rotate in such a way that there is an optimal balance between their resistance to confinement and the attraction of the nucleus.

What holds true with atoms also holds true with molecules which are simply clusters of various atoms bound together through same inter-play of the two opposing forces. The interaction between electrons and atomic nuclei is therefore at the heart of all solids, liquids and gases, and, for that matter, of everything else, dead or alive.

Quantum theory thus reveals a basic oneness of the universe. It reveals that the universe cannot be decomposed into small units existing independently of others. Everything is therefore interconnected. This is how a moving equilibrium has been maintained in the universe since eternity. If there is expansion in one area there must be contraction in another.

It is this interdependence in the cosmos that makes any progress impossible in the physical world. If there occurs a technical change that seemingly makes life easier than before, there must occur a corresponding side-effect adding misery to life.

The introduction of new technology in common parlance means one of two things : it may be a different combination of various factors of production such as machinery and labor to produce the same product at a higher level of factor (usually labor) productivity, or it may be a new product which apparently has more desirable properties than the one it replaces. Regardless of how the technical change is defined, in the ultimate analysis it results in a new combination of electrons crystallized into atoms, molecules and finally into factors of production. If this new combination is positively charged and adds comfort to life, then it being in the physical realm, there must occur a similar but negatively charged combination making life unpleasant, so that the moving equilibrium is maintained in the universe. In view of the interdependent nature of the physical world, it is not surprising that the results of new technology will be exactly counter-balanced by a side-effect. Therefore, if life becomes easier in some respects, it will become harder in some others. No one can laud science and technology as an unmixed blessing.

Sarkar's claim that progress is impossible in the physical realm is very strong indeed. It seems to be incredible, but it has an internal logic of its own. And today, with constructive and destructive fruits of science so visible in all directions, this logic has become manifestly clear. Can you think of any invention which while reducing life's boredom has not added to life's danger at the same time ? Repetitive work is drudgery; when machines do that work, life seems to be more pleasant than before. If dishwashers wash our dishes, air conditioners cool our rooms, clotheswashers

clean our clothes, automobiles do our walking and so on life certainly appears blissful relative to what our fathers had to endure in a scienceless world. But then they did not have to contend with electric shocks, fatal accidents, air, water, land and noise pollution, noxious automobile fumes, urban congestion, super-selfishness, crime, pornography, and so on.

Indeed, the harm done by an invention varies directly with its promise of comfort. Coal results in smoke pollution; so does oil. Nuclear power has none of this; besides it is one vast reservoir of power. Its promise is many times the promise of coal, electricity and oil combined. But then it is many times deadlier than traditional sources of energy. You can move away from the pollution of oil and coal, but from nuclear radiation there is no escape. It follows you wherever you go.

Today solar energy holds greater promise than nuclear plants. That is because its dangers are not as yet known. Every scientific device conceals invisible dangers that become apparent much later. When utilizing new technology, we do not expect any trouble from it. This is faulty logic and thinking. Sarkar corrects this thinking by saying that the side-effects of every invention are inevitable, because the entire universe is vibrational in nature, and any physical change producing comfort must be counter-balanced by an equivalent physical change producing misery.

Nuclear power today appears unacceptably risky. But a recent study by Dr. Herbert Inhaber, an Associate Scientific Adviser to Canada's Atomic Energy Control Board, concludes that solar power may be even riskier than atomic power [5]. Those who see solar power as a panacea for society's energy problems may be disappointed by this, but in view of Sarkar's concept of progress, the solar risk is perfectly understandable.

Does it mean that science should be discarded? Not at all. With all our overwhelming problems concerning energy, population and pollution, our relapse to pre-science days is unthinkable. All it means is that we have to be more cautious about inventions. Before translating any new invention into industrial technology,

its side-effects should be thoroughly studied, and investments should be simultaneously made in controlling its emissions. More will be said about this in the next chapter.

While the concept of progress in the material sphere is at best dubious, things are no better in the intellectual sphere. The world seems to have greatly advanced in the realm of intellect. There are more scholars today than ever before. People with M.A.'s and Ph.D.'s abound in many nations, and many more are habituated to regular reading and writing. But has all this occurred without a cost ?

People in ancient times were intellectually backward, but they did not suffer from emotional stress and neuroses. One who is less intelligent is also less prone to mental disturbances, whereas an intellectual is highly vulnerable in this regard. He creates unnecessary problems in his own web of imagination, and experiences sleepless nights. Hence in the intellectual sphere also progress is unlikely, if not impossible, because the feeling of increased pleasure is likely to be balanced by one of increased pain.

The barometer of progress in the ultimate analysis must be mental pleasure which is really nothing but a mental vibration expressed through the relaxation of nerves; that is, pleasure is nothing but a mental vibration emitted by relaxed nerves. On the other hand, pain is just an opposite experience. When the nerves are under tension, the vibration generated in the mind is called pain. In evaluating the impact of science, people usually focus on the conveniences it has provided, while ignoring the nervous tension it has created in our lives. The fact that progress is not possible in the material sphere only means that any scientific change increases both pleasure and pain in the same proportion.

The same holds true with the intellectual activity as well. In most states, mind experiences either pleasure or pain. There may be cases of either mental repression or of mental denial of discomforting things, but such mental states do not last long. Generally, mind is either happy or unhappy. Now the intellectual activity no doubt increases the feeling of pleasure. A person who has won an argument over another is usually very happy and sometimes delirious

with joy. But after a while, he will experience a corresponding amount of pain from some other aspect of his mind. The reason is that the human mind has a certain mass and volume. Purely intellectual study and analysis fails to enhance this mass; all it does is to increase the activity and play of ideas within a given intellectual arena. With a greater number of thoughts criss-crossing a given mental area, the result inevitably is an increased clash in the mind. Hence occur the mental breakdowns; hence the neuroses; hence the growing need for psychiatrists arising in intellectually developed societies.

Is then progress possible at all? The answer is yes. Human existence has three aspects—physical, mental and spiritual. While the first two aspects are not amenable to progress, the third is. Increased happiness in that sphere is not neutralized by increased misery.

What is spiritual activity? That action which enables the mind to move closer to its own witnessing entity constitutes a spiritual activity. The witnessing entity is that faculty in the human being which supports the mental action by its witness-ship of that action. For instance, when a person is engaged in a dream during sleep, some other entity must be watching the fact that the person is dreaming. It is because of this witness-ship that the person next day remembers the dream. Hence the mind and its witnessing entity are two different things. This witnessing counterpart of the mind is variously called spirit, soul, or atman. The sum-total of all these souls is God or parmatman. Defined in this way, God must exist, because the witnessing entity must exist for each and every mind. God is, therefore, the ultimate witnessing entity, or the cosmic being.

Note that there is nothing mysterious about God when defined in this way. The fact that there exists a witnessing entity providing support to the mental action is only logical. When we are conscious of the action, the witnessing entity does not seem to be present. But when we are not conscious of the action, as in a dream, the memory of dream the next day proves the existence of an entity coexisting with each mind. The sum-total of such entities is

what we call God. You can give it any other name, but the point is that it is there.

God is an infinite entity, for It cannot be measured by the human mind. The mind cannot even measure its own soul, as the latter supports each mental action by its witnessing presence. How could then mind provide any conceivable measuring-rod for God? The effort of the mind to come in contact with God is what we call spiritual activity. Hence the goal in the spiritual arena is not finite, but infinite. Therefore, the resulting feeling of pleasure is not accompanied by pain, or happiness by misery. This then is true progress. In the spiritual experience, there is no negative movement; every effort there is a forward march unaccompanied by any deleterious side-effect.

Spiritual activities include meditation and selfless living. Without providing help to the needy, the forward movement towards God is impossible. And since mind's goal is the infinite entity, the spiritual life results in an expansion in the volume as well as the mass of mind. As a result the mental conflict declines and the nerves get relaxation. The person becomes broad-minded. He seeks to serve others, to share in their pains. A community which respects the selfless beings and attempts to emulate them also then experiences increased happiness without suffering corresponding pain. That is when true progress occurs in the entire society. The degree of selflessness, therefore, is the true gauge of society's progress, not its material development, nor its intellectual attainments.

While real progress is unlikely in the material and mental sphere, Sarkar does not advocate that scientific and intellectual pursuits should be abandoned. Quite the contrary, he is a champion of science, art and literature. But he insists that they should be "spiritualized;" that is to say, they should be accompanied by spiritual practices at the same time. For such practices enable us to gain increasing mastery over our bodies and minds. And all detrimental effects of "scientific and intellectual developments on the human organism can be thus brought under control.

The introduction of new technology increases the pace of life. More decisions than before have to be made in a relatively short

span of time; one has to move fast from place to place in order to cope with the speed of machines. All this adversely affects the nerves, and in turn puts more stress on the brain and the heart. Heart failures and mental agonies are the inevitable by-products of science and technology. Spiritual practices, which calm the nerves, are therefore indispensable if we intend to master science and not be mastered by it.

THE CONCEPT OF RESOURCES

Another concept introduced by Sarkar deals with the notion of resources. Ordinarily, resources are defined to include a society's stock of capital, labour and land, its mineral wealth, its level of education, knowledge and technology. Sarkar's concept of resources includes these and much more. Here, as with everything else, Sarkar begins with fundamentals. He distinguishes between the resources available to an individual and those available to society. Although such distinction gets blurred at times, it is useful to keep it in mind. Not all individual resources may be available for collective utilization by society.

Let us begin with individual resources, which may be categorised as physical, mental and spiritual. The meaning of physical resource is obvious: it derives from the human body, its health, strength and stamina. The healthier a person is, the greater is his capacity for work as well as enjoyment. The mental resource includes the human mind and intellect. This is what we need to acquire education, skills or what economists call human capital. Mental resources are subtler than physical resources. Anything conceivable only as an idea is subtle and that which is conceivable as an idea as well as a physical reality may be defined to be crude. It is in this sense that human capital is subtler than physical resources. Our capacity for work and enjoyment also depends on our mental strength, stamina and intelligence. More specifically, mental resources signify ideas, concepts, languages, literature, art, scientific and technical inventions, and so on.

The third resource possessed by a person is his spiritual resource, one which is slighted by intellectuals today, although this is the most important for individual as well as social welfare.

Spiritual resources refer to the knowledge and techniques resulting in the broadening and expansion of mind. They refer to honesty, integrity and self-sacrifice of which every person is capable. Spiritual resources are the subtlest of the three individual resources, and for this reason are the hardest to acquire. One has to strive to develop them. But the point is that they cannot be excluded from any serious discussion of social welfare, something the modern-day economists and social scientists fail to recognize.

Let us now explore the resources available to society. The universe is composed of five rudimental factors, namely the ethereal, luminous, liquid and solid factors. The ethereal factor is simply space, or the void through which sound can pass. The aerial factor consists of all the gases, the luminous factor of light and fire, the liquid factor of water, oils, etc., the solid factor of galaxies, stars, earth down to the atom. To Sarkar, all these five rudimental factors constitute resources available to society for utilization. He groups them in three generic categories and calls them causal, subtle and crude. For instance, the solid factor is the crude factor, whereas the ethereal is the causal factor in the sense that it is the source of the remaining four rudimental factors. The aerial factor has sprung from the ethereal factor, the luminous from the aerial, the liquid from the luminous and finally the solid from the liquid factor. In this way, the rudimental factors are inter-connected. For instance, if two parts of Hydrogen gas are mixed with one part of Oxygen, water, the liquid factor, is born.

Modern physics traces the birth of the universe to the aerial factor. Some ten billion years ago, there was a big bang in a giant mass of gases, and light, liquids and solids later resulted from that massive explosion. But what provided support to the huge mass of gases? None other than the ethereal factor.

In our ordering, we may call the ethereal factor the causal resource and the solid factor the crude resource. The other three factors—*aerial, luminous, and liquid*—may be termed the subtle resources available to society. In general, the causal is the source of the subtle, and the subtle is the source of the crude.

In addition to the five rudimental factors, society's resources

include those available to individuals. Thus Sarkar's concept of social wealth is much broader than any conceived by scholars to this day.

THE PROGRESSIVE UTILIZATION THEORY

The concepts of progress and resources introduced by Sarkar are central to Prout, which is a normative idea, one that preaches what a society should be and not what it really is. Sarkar argues that society's utilization of all its resources at any moment of time should be such as to result in progress. Hence the caption: Progressive Utilization Theory, or in short, Prout. But progress to Sarkar occurs only in the spiritual arena. Science and technology are important, but they ought to be utilized in such a way that their harmful emissions are kept under control. Therefore, Sarkar's progress calls for harnessing not only the traditional resources such as land, labour, machinery, minerals and human capital, but all the rudimental factors along with the artistic and spiritual endowments of individuals and society.

How is this progress to be achieved? Here Sarkar presents five guidelines called the fundamental principles of Prout. Some of them pertain to static aspects of society, and some to its dynamic adjustments.

It was during a discourse in 1958 that Sarkar first outlined these principles [2]. Later, for the sake of sharper focus and precision, he slightly modified their wording without altering their essence. In my writing, I have followed the modified version which was compiled in a series of Sanskrit *sutras* or aphorisms. These *sutras* were translated into English in 1967 [3].

1. There should be no hoarding of wealth without the permission of society.

In the first principle, Prout gets involved with the concept of private property, which, according to Sarkar, is a misnomer. No one brings any property with him at the time of birth, and no one takes anything with him at the time of death. The world is the joint property of all. Everyone has the right to its enjoyment,

but no one is authorized to abuse it. Air and light are regarded as free and hence jointly owned by society. Why should the solids, which essentially are transformed versions of air and light, then not be regarded as jointly owned?

Quantum theory has taught us that the whole universe is one mass of energy. Solids, liquids, gases and light are ultimately the constituents of one and the same mass. If light and air are commonly owned by society, why should the solids or the physical resources such as land, capital, stocks, bonds, be treated in a different way? Is it not illogical to say that everyone has the same right to enjoy the liquid, aerial and the luminous particles of the universe, but not its solid particles? When everything including the human beings are part of one whole, then who owns this or that? Hence private property is a misnomer. It is an outmoded idea which derives from the Newtonian theory of physics wherein every unit is considered separate from every other unit. It is high time that the ideas of ownership kept pace with discoveries of modern science.

There cannot thus be any natural or fundamental human right to private property, nor to private inheritance. However, society may find it expedient to allow some private accumulation of physical wealth. Hence no individual should be permitted the hoarding of wealth unless society so approves.

Many inequities and injustices in the world result from the social sanction of private property. This is true today and was so in the past. It is because of the institution of private property that there is considerable poverty amidst opulence in rich capitalist countries. The same holds with poor underdeveloped nations, and with nations basking in their oil and mineral wealth. The very same idea of property sanctifies national restrictions over the transmission of capital and technology to the hunger-stricken nations. Thus the concept of private property has been for ages at the root of many brutalities that enable some persons and nations to be extravagant while a vast ocean of humanity goes under-nourished and even starves to death year after year.

Competing concurrently with the notion of private ownership is that of ownership by the state. The latter is supported most vehemently in communist and some democratic countries. If private property is a misnomer, so is the state property. If individuals should not be allowed to hoard physical wealth, so be it with the state or government.

In communist countries, the state, or supposedly the society, owns everything. There is no proprietor, and everyone is a wage-earner. This is another extreme and is as dangerous to human progress as the idea of private property. For the state ownership destroys all incentive to work hard, or to introduce new ideas to cope with a constantly changing world. It may even destroy many other individual liberties. Actually the urge to accumulate is natural in human beings. The future is uncertain and most people like to save something for the rainy day. The suppression of this urge is neither desirable nor possible. The past experience of all communist countries tells us just how difficult it is to deprive everyone of all his property. The great upheavals that the state in the past unleashed on its property-holders in Russia and China could have been avoided if this natural urge to accumulate had been permitted at least a limited expression.

Prout strikes a compromise between these two extremes. In the interest of incentive and initiative, society may allow persons to accumulate some wealth, but this permission cannot be unlimited. Otherwise there will be great income disparities resulting in corruption, poverty, personal envy, crime and excessive materialism attended by all the concomitant problems. For the wealthy tend to have social influence that hinders the distribution of maximum benefit to the maximum number of people.

2. There should be maximum utilization and rational distribution of the crude, subtle and causal resources of the universe.

This principle has two aspects—maximum utilization and rational distribution. Maximum utilization signifies the use of all material and non-material resources available to society at any moment in a way that yields maximum satisfaction to the maximum number of people over the maximum period of time. This implies

that all those able to work should be provided with employment opportunities, and that techniques of production should be the most modern or as efficient as possible. There might be conflict between these two goals. If the most efficient production methods are highly capital-intensive, their use could collide against the objective of providing suitable jobs to all able-bodied persons. In such cases, the objective of employment will have to take precedence over that of choosing the most efficient technique, or else, while using the most capital-intensive technology, the workers in an industry will be afforded more leisure time so that all could find employment.

To a materialist the availability of more leisure may amount to wasting time, but to someone who seeks to maximize mental satisfaction, leisure is most welcome. For then he can allocate some time to spiritual practices which in turn increase his happiness. Hence there may not be any conflict between the twin goals of maximum employment and efficient but capital-intensive production methods. Still the society will have to weigh among various alternatives available for maximum utilization, a question taken up later in the fourth principle of Prout.

While goods are to be produced from most efficient technology, the distribution of income among members of society should be rational. Prout, as stated in the first principle, does not advocate the abolition of private property; nor does it advocate completely equal distribution of income. Instead, it calls for rational distribution, one which furthers, and does not conflict with, the idea of maximum utilization. Only this kind of distribution can be compatible with the system of material incentives without which people will not give their best in the productive process. Sarkar argues that "diversity is the law of nature, equality will never be." Equality is possible only when the entire matter has been converted in the mass of energy; so complete equality amounts to cessation of all activity—the death of the universe. Hence society should not try for complete equality, because such attempts are doomed to failure. What it can do is to ensure equality of opportunity to all so that no one unjustly gets an advantage over anyone else. In addition, it should provide minimum necessities to all its members, and then try to raise the minimum living standard over time. Rational distribution of income is therefore one where (i) the real wage rate is so determined by society that everyone can

afford the necessities like food, clothing, housing, education and medical care, and (ii) the individuals' surplus income equals what remains after the minimum standard of living has been satisfied. Finally, those unable to work--the handicapped--are also to be provided at least their minimum physical requirements, whereas people with special skills and merits should be allowed to share the surplus income.

3. There should be maximum utilization of the physical, mental and spiritual potentialities of the individual and collective organisms.

In the third principle is established a link between the individual good and the collective good, between individual interests and the collective interests. Social welfare depends on individual welfare and individual welfare on social welfare. Both have to be stressed at the same time; one can be neglected only at the peril of the other. While all persons should be provided with guidance and opportunities, to maximize their physical, mental and spiritual potentialities, society should also be governed and administered on the basis of morality and honesty. "One must not forget," says Sarkar, "that collective good lies in individualities and individual good lies in collectivity." [3; p. 54]. Social welfare cannot be maximized if individual interests are neglected. For this reason, everyone should have the freedom of thought and expression; everyone should be provided the minimum physical requirements including leisure, so that he can devote some time to intellectual and spiritual pursuits. But individual welfare also depends on the nature of the government or the collective body. If the government is corrupt and dishonest, one cannot expect individuals to be uncorrupt and honest. Hence the individual good lies in the social good and conversely.

What is the collective body? Prout suggests that in order to keep the government honest, there should be another institution to serve the role of a watchdog over the administration. This ombudsman type of institution is Sarkar's collective body which should be composed only of morally and spiritually developed members of society. Only those who are selfless and brave, only those intelligent enough to see through the ruse of self-serving politicians can keep a

watch on potential mischief by the government. Hence if the government is to be kept honest, there should be an incorruptible body of staunch moralists overlooking its actions.

4. There should be a proper adjustment amongst the crude, subtle and causal utilizations.

The second principle calls for maximum utilization of the three types of natural resources, whereas the third principle recommends maximum utilization of the physical, mental and spiritual potentialities of each individual and society. The fourth principle advocates a proper adjustment in all these utilizations, so that individual and social welfare are maximized not only at any moment of time, but also over time. Humanity needs not only static balance in the use of resources and its faculties, but also a dynamic balance.

The requirement of balance in the use of natural resources suggests that society has to maintain a healthy environment or what economists call *ecosphere* or the biologists call *biosphere*. A healthy environment in turn calls for proper use of crude, subtle and causal resources. For instance, if the use of technology results in atmospheric pollution or poisoning of lakes and seas, it only means that an excessive use has been made of subtle resources deriving from the liquid and the aerial factors. It may also mean a faulty use of human intellect which led to the use of faulty technologies. Hence society has to maintain a balance in the use of all types of resources if social welfare is to be maximized.

Similarly, each individual is to be encouraged to maintain a balance among physical, mental and spiritual activities. Neglect or excess of anyone of them leads to unhappiness. To get the best out of life, all three have to be pursued simultaneously. Each individual should be first encouraged to attend to his body through a program of physical exercises; second, he should be provided a proper education incorporating not only the essential skills of the time, but the ideas of honesty, personal integrity and the spirit of helping others. Third, the individual should be encouraged to undertake spiritual practices involving meditation and actually going out of his way to help the needy without compensation. Spirituality

is essentially practicing what is taught by a broad-minded philosophy and education. It never contradicts logic, although some of its aspects may be beyond logic.

Spirituality is not religion, because religion mostly contradicts logic. Spirituality leads to broad-mindedness and universalism, religion to fanaticism and bigotry. Spirituality leads to happiness, religion to superstitions and misery. Hence each individual is to be encouraged to undertake spiritual practices, although these practices do not interfere with religious beliefs.

Maximum individual welfare calls for a balance among the physical, mental and spiritual aspects of life. Similarly, maximum social welfare, as suggested before, calls for a dynamic balance in the utilization of causal, subtle and crude resources. Society can neglect one at the expense of others only at its own peril. Take, for instance, the objective of maximizing the individual standard of living, or the economy's rate of growth. This goal deals purely with the utilization of crude resources with the help of best possible technology. But it could run into conflict with the proper use of subtle resources if it resulted in smog, or excessive carbon monoxide which among many other pollutants has contaminated the biosphere in many industrialized countries. It could also lead to grave health problems. It might also require the maximum allocation of people's time to producing goods and services, so that little time would be left for intellectual and spiritual pursuits. In such conflicts, which are inevitably there, society or the governing body will have to strike a compromise among various uses of natural resources and people's time.

The principle of adjustment also requires that as far as possible employment opportunities suit the employee's temperament. As a rule, persons with many-fold assets should be employed in subtler vocations. An intellectual or Vipra, for instance, should be employed in an intellectual service even if he possesses enough physical prowess of a Khatri. Similarly, a person endowed with spiritual knowledge should be given the duty of instructing others in spirituality, or a Khatri should be entrusted with the defense or police activities and so on. [For definitions of these terms, see (1)].

Spiritual knowledge is rare. That is why spiritualists are the most useful members of society. They are the ones in whom all three qualities—physical, mental and spiritual—are well developed. They may not be muscular; but they are intelligent, brave and selfless. Hence society should be governed and administered by spiritually awakened persons.

5. Utilizations should vary in accordance with changes in time, space and person, and the utilizations should be of a progressive nature.

The proper use of resources must vary with time, space and person. Every atom and molecule of this world is different from another. Not only that, everything is undergoing transformations all the time. If there is one constant other than the cosmic entity, it is change. Ideas of yesterday are obsolete today, and today's ideas will be obsolete tomorrow. Something worked in the past, but it may not in the future. Therefore the methods of resource utilization, the productive techniques, the ideas and theories, the spiritual practices all have to be adjusted and readjusted over time. They may have to be different from person to person, nation to nation, and, in the future, from planet to planet. Not only should resource utilization vary with the environment, it should also be progressive in nature; that is to say it should also result in a continuous spiritual advance of the individual and society. All new inventions, discoveries and techniques should be utilized with this notion of human progress in mind.

The fifth and final principle of Prout furnishes it the quality of adaptability lacking in all other systems. This is what imparts it a universal character and validity. This is what should make it appealing to all peoples on earth, to all societies, to all nations.

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PROUT'S ECONOMIC SYSTEM

The set of principles described in the previous chapter provides the guidelines to maximize individual and social welfare not only at any point of time but also over time. Maximization of individual and social productivity of all material and non-material resources at any moment ensures static efficiency in all three aspects of human existence—physical, mental and spiritual—whereas the principle of constant and progressive adjustment in the use of resources aims at dynamic-efficiency. However, the current world economic systems are incapable of translating these principles into reality. They lack a proper moral and intellectual atmosphere in which individual and social welfare can be maximized. Prout, therefore, proposes its own economic system which will give effect to its fundamental principles.

The purpose of all wealth, according to Prout, is to satisfy human wants and needs. Wealth is needed for consumption, both current and future, but not for excessive private hoarding or profiteering. Thus private accumulation and/or the profit motive should not be the sole basis of producing goods and services. The sole basis should be the consumption. Hence Prout's is a consumption based economy. Note that while excessive private hoarding is undesirable because of its social evils, the social accumulation of wealth is to be encouraged for further investment as well as for research in all aspects of human development.

The emphasis on consumption or the satisfaction of human needs is worth noting. Many developed countries are currently

enjoying prosperity unprecedented in their history. Their economies adequately satisfy the physical needs of their citizens. But they also suffer from unprecedented inequities in the distribution of their income and wealth, and as a result they have some minorities which are poor.

However, a need-based economy would give priority to fulfilling the needs of such relatively poor people. But the sole motive of production in developed countries is profit, something which is admitted in private but not in public. Investment in goods needed by the poor is risky, for the poor do not have the additional purchasing power. As a result, their needs are not adequately satisfied. People with money keep on making new investments in industries catering to tastes of the middle class or the wealthy, because that is where the profit is. New and new gadgets are produced to satisfy the already satisfied wants, and so poverty coexists with plenty. And if the new gadgetry cannot be easily sold, because the wants of the middle class have already been met from the purchase of some durable goods in the past, the manufacturer wastes millions on advertisement urging the public to scrap the old and buy new, sub-quality but high-fashioned goods. All this is a serious misallocation of crude resources.

Are the rich at fault? Not really, because no one likes to lose money, although but for their greed, the opulent could give away their wealth to feed the poor. The real fault is with the system which allows some persons to be filthy rich while the minimum needs of others go begging.

The same is true of underdeveloped countries including India where pockets of opulence mock the abject poverty of the masses. Hence it has to be granted that in the interest of maximum social welfare, the allocation of resources ought to be based on human need rather than human greed. How Prout ensures this, I will discuss later.

DISTRIBUTION OF INCOME

In the first principle, Prout advocates the minimum physical requirements, such as food, clothing, housing education, medicare,

should be guaranteed to all. But minimum requirements are not given; they vary with time and place. As human beings evolve, as their anatomy changes, as more and more scientific advances occur, the notion of what is minimum will also change. Hence the concept of minimum necessities will have to be revised over time. Not only that, with general economic advance, the minimum standard of living should also be raised periodically. This will ensure the spread of economic prosperity to all workers and not just a few privileged sections.

Minimum necessities will be guaranteed to all by providing them suitable jobs at money wage rates that can afford the necessities at market prices. ? Actually among necessities, Prout advocates that education, housing and health care should be provided free to everyone, so that food and clothing are the only main needs to be met from one's wages.

All through history, the class of physical worker has been the one exploited the most. This was true in all civilizations in the past and is true in every country today. The reason is, and was, that of all the workers the physical laborers have the least marketable skills. Yet their toil is indispensable to the survival of society. They perform jobs considered menial and insulting by others. They truly need and deserve a helping hand from the state. The government should fix a minimum wage rate high enough that the relatively unskilled workers can satisfy their minimum requirements. There are minimum wage laws in all democratic countries. But such minima are too low to make much dent in the poverty of physical workers. Prout's minimum wage, however would be high enough to ensure that everyone meets his basic needs.

* ||||| The critics of the minimum wage concept contend that it causes unemployment and inflation. I will argue later that such will not be the case in Proutist economy.

After the minimum requirements of all have been satisfied, the surplus national income, if any, should be distributed among people in proportion to their contribution to society. In Prout's terminology, this surplus is called *atiriktam*. The rational distribution of Prout actually furnishes a humanitarian and just way of distributing

national income or net national product (NNP) which equals gross national product (GNP) minus depreciation of capital. Let A stand for atiriktam, L for labor force and W for the real wage rate corresponding to the minimum standard of living. Then

$$A = \text{NNP} - wL$$

Let TP_j be the total product of the j th individual who contributes to the economy more than the minimum real wage rate. Then Prout's guideline for rational distribution suggests that incentive (I) income of the j th individual should be given by

$$I_j = (\text{NNP} - wL) \frac{TP_j}{\sum_{j=1}^n TP_j} = A \frac{TP_j}{\sum_{j=1}^n TP_j}$$

where n is the number of individuals producing more than w .

A simple example will illustrate this principle of distribution. Consider an economy where labor is the only factor of production. Suppose there are five individuals in the labour force, so that $L=5$. Their monthly income measured in current rupees equals 100, 200, 300, 1000, 1500. Then monthly $\text{NNP}=3100$. Suppose that the minimum necessities require a wage rate of 500. Then three persons are subsisting on income below the minimum living standard, while two are enjoying exuberant living standards—a situation not far removed from the present-day reality in most countries where a small minority consumes a disproportionately large proportion of income. If the economic system is left to itself then most likely the majority of these five persons will be doomed to their sub standard living forever. But Prout would ensure each person at least an income of 500 rupees per month, and the surplus would be distributed between the top two wage earners in accordance with their productivity. Assuming that incomes of the two rich persons reflect their contribution to society—an assumption not always valid—the surplus income can be determined in this way.

$$\text{Here } n = 2, \sum TP_j = 1000 + 1500 = 2500,$$

and

$$A = 3100 - 2500 = 600$$

(5 × 500)

The incentive income of the person earning 1000 rupees would be given by $600 \times (1000/2500) = 240$, whereas the incentive of the other rich person would be $600 \times (1500/2500) = 360$. Hence prior to social intervention, the income distribution looks like

(100, 200, 300, 1000, 1500),

but from Prout's formula, it becomes

(500, 500, 500, 740, 860)

*Prout's formula to re-Prout
this variable in Prout
economy.*

This is an illustration of Prout's distributive justice. As can be clearly seen, this distribution of income is not completely equal; nor is it extremely skewed, as the case would be if the collective body did not intervene in the economy. Hence, Prout's system reduces inequality, but does not destroy the incentive to work hard.

What if the NNP does not meet even the minimum requirements of all individuals. Many underdeveloped countries including India are not fully utilizing their resources. There the NNP may not be enough to satisfy everyone's minimum necessities as defined by Prout. In this case, of course, nothing will be left for incentive. Two objections may then be raised to the principle of rational distribution. First, if all the surplus income of those producing above the minimum requirements is taken away and redistributed among the extremely poor and currently unemployed, then the highly productive persons will be discouraged and reduce their own production. This will then result in a national income loss. Second, the rational distribution of income will increase current consumption and reduce savings, thereby adversely affecting the rate of growth. This, one may argue, would have many serious consequences especially in view of constantly rising population. It could, in the long run, increase the poverty of everyone including the currently impoverished people.

Prout certainly does not disregard these arguments. But it argues that currently resources in India and elsewhere are not being efficiently utilized. Not only are the intellectual potentialities being wasted, but the material resources are also being misallocated. In a country where the rational distribution of income fails to provide minimum requirements to all, any production of luxury goods and services is a misallocation of resources.

In such a case, Prout would completely ban the production of luxury items and utilize their plant and equipment to produce goods needed for current and future necessities. In other words, Prout will first correct the misallocation of resources, increase the production of necessities and introduce its system of rational distribution when it becomes feasible.

Minimum and Maximum Wage

In examining any system of income distribution, one has to tackle a thorny question. What is the optimum level of inequality in society? The question takes it for granted that complete equality of incomes is neither fair nor possible. It also presumes that in the absence of state intervention, the distribution of income is, and has been throughout history, extremely inequitable and exploitative of at least the physical worker.

The question of creative inequality has been raised and discussed by scholars before but no practical guideline as yet has been devised. There have been theoretical solutions, but no workable devices. My main concern here is not with theoretically sound judgements, but with matters of practical policy.

Some scholars of equality have suggested that national income should be so distributed that marginal utility of income is equal for all individuals. Given that individual tastes are different, this rule leads to maximum social welfare without producing complete equality. It is this argument that provides philosophic basis for the concept of progressive income taxation adopted by most countries. This tax takes away proportionately more money from the richer than it does from the poorer. Presumably, the tax revenue is meant to be spent for those with abysmally low levels of income.

The problem with equalizing individual marginal utilities is that they cannot be computed. Nor can we have any approximate idea about their magnitude. For practical policy, the marginal utility rule is imperfect, if not useless. Similarly, the efficiency of progressive taxation of income depends on the honesty of the rich person. The success of the policy, therefore, is at the mercy of the

taxpayer. What are the chances of this success ? Practically zero ! There is a well known saying that nobody becomes rich through honest living. We may not be able to prove its validity in a tax court, but most people know that this is the way of life. The system of progressive taxation, therefore, rests on the honesty of dishonest people. How many people pay their full share of tax in India or in any other country ? Their number could be counted on fingers. Even the political leaders in so many countries are known to have illegally evaded their taxes. Hence merely the progressive taxation of income would not do. We have to have a system free of loopholes. ?

Even if the government can collect enough revenue from the rich, the problem of its distribution among the poor remains. For this distribution also depends on political leaders and bureaucrats who are corrupt to the core. To them their own pockets come first, then their own relatives, then their own friends, and finally, if at all, the needy. This is the root cause of the failure of many welfare schemes in the United States, India and many other countries. Even if the bureaucrats are not corrupt, their mismanagement has often resulted in colossal waste of funds and fraud on the part of beneficiaries. No ! Egalitarianism should not rest on governmental dole, nor on the honesty of the taxpayer and the beneficiary. It should be built into the economic system itself. It should function with minimum of governmental intervention. I will presently argue that Prout's economy will generate such an egalitarian system. *

What should be done about income disparities in the short run ? Prout's system will one day become a reality, but not in the near future. No progressive idea can be kept in the leash forever, but it takes time, social conflict and sacrifice before it materializes. What should be done to reduce the yawning income gaps in the meanwhile ?

At the outset, we should recognize that no amount or variety of taxation short of confiscation will mitigate the income inequalities. Since confiscation of income is neither possible nor desirable today, what else should be done ? Why not impose a ceiling on the high wage rates. There are two sides to the problem of inequality, namely the extremely low incomes of physical workers, and the

exploitative incomes of those possessing high degree of economic power.

The topmost executive of General Motors earned more than a million dollars in 1978. He along with some economists would argue that that was his contribution to American society. And they would persist if reminded that the United States President only makes two hundred thousand dollars. Presumably, the job of the United States President is not as important as the job of the chairman of General Motors. Such are the ironies of capitalism.

At the rate of full time work of 40 hours a week or 2080 hours per year, the General Motors chairman earned more than 4,890 dollars per hour. The minimum wage in 1978 was 2.65 dollars per hour. Thus the maximum wage in the United States was more than 1800 times its minimum wage in 1978. How in the name of humanity can such monstrous inequities be justified? And in arriving at this comparison, we are not counting other millions which the General Motors chairman earned from his ownership of property—stocks, bonds, land, buildings. His was not an isolated example, either. The Chairmen of Ford Motors, IBM among few others were in the same boat.

The situation is not much different in India. The top executive in the private sector earned a total of 223,350 rupees, or more than 1000 rupees per hour in 1978. While the maximum wage is clear in India, the minimum wage is not, for there is so much unemployment; and then so many farm workers earn no more than a kilogram of coarse grain after toiling for 10 to 12 hours a day. If generously calculated, this wage comes to no more than 1/2 rupee per hour. Hence the maximum wage in India was, and is, at least 2000 times its sub-subsistence wage. How in the heavens can we justify such brutal inequities?

In the world economies today, there is a clear-cut need for concepts of minimum wage and maximum wage. The two should be inter-related to preserve a semblance of social justice. This way income inequities can never exceed the bounds of fairness. Under this policy, if the maximum wage rises, so will the minimum wage, and inequities will never grow out of sight.

How should the minimum and the maximum wage be related. Stated otherwise, how much inequality should the society permit? It is easier to raise this question than answer it. Many scholars today believe in the concept of optimum or "creative" inequality. But devising a mathematical formula for it is extremely difficult, if not impossible. For consider the formidability of this task. An economist would say that optimum inequality is one that fosters productive efficiency and growth. A sociologist would say that it should be just and moral. A "freedom-fighter" would say that it should not involve excessive governmental intervention in economic and social affairs. Others would say that it should not impede risk-taking, saving and incentives. There are just too many considerations here to produce a rigorous optimizing model that generates a formula for optimum inequality. It is just not possible to follow the usual method in economics of maximizing social welfare subject to the constraint of resources, simply because the social welfare function contains countless variables not subject to measurement.

Indeed, an argument such as this plays into the hands of freedom fighters. Since the concept of complete income equality is an easy target of attack, and since a formula for creative inequality has not so far been devised, the apologists of unlimited private property insist that the economic system should be left to itself.

But the question is: do we need a rigorous formula with universal appeal? Or can we afford to wait for the day until such a formula arrives? In view of the horrendous income inequities pervading all nations today, the answer is no. All we need is a practical guideline to make a start. And for a practical guideline, let us look not towards economists or sociologists, but to the age-old science of numbers. Let us look towards that primeval idea which is the very essence of Nature's diversity and hence of inequality.

When the human mind first molded itself out of animality, it must have been confronted with the thought of one and the many. When it saw a plant and its many flowers, or a tree and its fruit, it must have felt the need for counting—for numbers in order to make comparisons. There would have been no need for numbers, if everything were one and the same. Hence the numerical idea is the very essence of inequality, and conversely.

What did the human mind devise as early as the prehistoric time? These concepts of one and two! Then three and four, and so on until ten. To be sure, it must have taken early humans thousands of years before getting to ten. Nevertheless, the practice of counting based on a system of one to ten can be traced to antiquity. At ten humans took a pause, as the higher numbers could be made of combinations of the first ten numbers. Such was the case in all civilizations. This system of counting is called the decimal or denary scale, and, as is now obvious, this decimal scale has survived the onslaught of time.

The ten-based system of counting has been able to measure all of Nature's limitless diversity or inequality. Is it not suggestive of practical guidelines for social inequality? It is indeed, for social inequality derives from Nature's diversity. The decimal scale suggests that the maximum wage should be no more than ten times and no less than twice the minimum wage. Here is then a practical rule for income inequality. Here is then a rule for Proutist system of rational distribution.

Complete equality of wages for all occupations is desirable only when no surplus is left after meeting everyone's minimum requirements. The ideal income inequality on ethical grounds is one where the maximum wage is no more than twice the level of the minimum wage. Anything less than this disparity would infringe on our sense of fairness and incentives. However, the ideal may not be achieved for a long time to come. The second best solution may then be that the highest and lowest wage differ by a multiplicative factor lying between 2 and 10.

Will the system of income inequality based on the decimal scale maximize social welfare? I am not sure; but it will certainly raise social welfare. For the current economic systems where the maximum wage is more than 2000 times the minimum wage is simply brutal, and cannot be defended on any conceivable grounds.

What is so sacred about the decimal scale? Is it scientific or natural? It must be, for nothing illogical or unnatural could have survived from such ancient times. The Egyptians, the Greeks, the Romans, the Chinese, the Hindus have all used it for as long as can

be remembered. The modern-day system of numbers is called the place-value method, which is an eternal contribution of the Hindus to humanity. In this system, the Unit is the base and ten is the top of the scale. The same idea is embodied in the ten-based system of income distribution. Here minimum wage, satisfying everyone's minimum requirements, is the base, and the maximum wage is to be given to that person or group of persons endowed with exceptional ability and skills. To Pythagorous, the father of arithmetic, ten was the most celebrated number. In the same way, the maximum wage should be reserved for those making maximum contribution to society.

As a practical guideline, the decimal scale for income distribution is unimpeachable. It is simple, and not riddled with loopholes. Given the will of the people and governments, it should not be difficult to enforce it. Let us not waste any more time and proceed to implement it. Inequality is perhaps as old as humanity itself.

The debate over inequality also has ancient antecedents. The constant intellectual bickering in this regard simply clouds the issue and furnishes the wealthy with subtle arguments to justify the status quo. It is high time that intellectuals demanded action from their governments to make economic disparities less inhuman than before. It is high time that they asked for ceilings on maximum wages, rather than welfare schemes so open to fraud and mismanagement. Whenever feasible, and over time, the gap between the minimum and the maximum wage should be narrowed. This could be done by raising the minimum wage faster than the maximum wage. For instance, if the real per-capita income is expected to grow at the rate of 5% per year, then the minimum real wage could be raised at the rate of 10%. As a result, the maximum real wage will have to rise by less than 5%. But all should be permitted to partake of the rising prosperity, so that no one feels left out of the system.

In India, the minimum wage essential for minimum requirements at current prices is approximately 200 rupees per month. It means that the maximum wage should be no more than 2000 rupees per month. This will take care of (i) disparities in individual needs owing to dependents, eating habits, etc. and (ii) the

of-living differences. This concept of maximum wage should apply to all the top jobs in government as well as industry. Similarly, nobody should be paid a wage less than 200 rupees per month regardless of his vocation.

Ceilings on Wealth

So far I have concentrated on labor income, and given perfunctory treatment to incomes from the ownership of property such as stocks, bonds, land, buildings, patents among others. To complete the discussion of an economy's distributive system, the property incomes should also be examined. Indeed, it is well known that in most countries the inequalities of property ownership dwarf the inequalities of income. Some argue that they are the chief source, if not the only source, of income disparities.

In computing the maximum wage, the property incomes should also be included, unless, of course, the property-owner is handicapped and is unable to make a living from his labor. But this introduces a serious practical difficulty. Property ownership differs from person to person. If the same maximum income is to apply to everyone, then the maximum wage will also have to differ from person to person. In view of this, we might as well forget about the concept of income ceiling.

For practical reasons, therefore, there should be one standard maximum wage. At the same time efforts should be made to eliminate the inequities of wealth. Ceilings should be placed on property ownership as well. As a rule, except in the case of the handicapped, the income from property should not exceed the minimum wage. It is only fair that those property owners who are reluctant to work should be permitted to enjoy a living standard no better than the minimum. All resources are jointly owned by society and property ownership is neither a natural nor a human right. In most cases, it derives from large inheritances. Our birth in a particular family is beyond our control, but individual and social destiny is indeed under our control. It is imperative that as important a social concept as individual's wealth is not left to the chance occurrence of where one is born.

Yet everyone has the right to live. Hence the income from property ownership alone should be neither zero, nor above the minimum wage.

From practical experience we find that different types of wealth earn different rates of return. The rate of return from the leasing of land and buildings usually lies between 4% to 5% of their market value. In places where such property is very scarce, the return could be higher. For instance, suppose the value of a house in Delhi is 200,000 rupees. Then its rent normally varies between 8,000 to 10,000 rupees per year. On cash, stocks and bonds, the return varies from 8 to 15%. The formula for the ceiling on wealth can then be obtained by dividing the minimum wage by the prevailing rate of return. If P stands for property, w for wage, r for rate of return, max for maximum and min for minimum, then the wealth ceiling formula is given as follows :

$$P_{max} = \frac{W_{min}}{r}$$

Suppose

$$W_{min} = 2400 \text{ rupees per year}$$

and

$$r = 4\%$$

Then the ceiling on the value of a house, for instance equals $2400 \times (100/4)$ or 60,000 rupees.

Suppose the long run rate of interest on cash is 10%. Here the maximum limit on cash holding equals 2400×10 or 24,000 rupees. This way ceilings for the ownership of various types of wealth can be computed.

If a person owns both tangible property such as urban land and residence and intangible property such as cash and/or shares, he should be allowed to own the maximum allowable tangibles plus half the allowable intangibles. In the examples given above, the proper mix of both types of properties would be 60,000 rupees worth of residential property and 12,000 rupees in cash. The reason for this flexibility lies in the fact, that the tangibles and

intangibles have different degrees of liquidity. In times of emergency, meagre cash is much more valuable than an expensive residence, for the latter takes time to sell. This rule may allow the property owner a living equal to one and a half times the minimum standard, but it accords with norms of fairness.

Of course, the wealth ceilings may differ from city to city, state to state and country to country. This is because differences in the cost-of-living, social norms, etc. may result in different values for w_{min} and r . But the philosophy underlying the ceiling on tangible wealth everywhere should be that its income does not exceed the annual minimum wage.

In Bombay, for instance, where the cost of living is very high, the minimum wage may be 5,000 rupees per year. If the return from residential property is 4%, then the property-ceiling equals 125,000 rupees. This way property ceilings can be computed for all areas in the world; and they will have to be administered by local governments.

On practical and humanitarian grounds, some exceptions from the wealth-ceiling rule might be provided. The handicapped, the elderly, the widow, may be exempted from the ceiling on humanitarian grounds. The house that one owns and lives in may be exempted from the ceiling on practical grounds. Here the wealth-ceiling would then be either the house or that given by my formula, whichever has higher value. Similarly, different ceilings will have to be devised in the case of farm land. But no one should be allowed to abuse such exemptions. My essential argument is that once we agree on the concept of the ceilings on wealth, it is not difficult to calculate them.

The administration of wealth-ceilings should be afforded some degree of flexibility. Those who live purely on wealth should be provided suitable jobs before their excess wealth is taken away and distributed among the poor. We may call it the socialization of property. However, any wealth in excess of the amount yielding the maximum wage should be immediately socialized, for no one has the right to enjoy a living standard exceeding the maximum wage while his fellow citizens are struggling below subsistence.

Many more questions raise themselves in connection with my proposals. But if we agree with them, the administrative details can be worked out later.

Given the constraint of crude resources in relation to population, the ideal economy for India would be one where every able-bodied person has a suitable employment and some property yielding at least the equivalent of minimum wage. The best of this equivalent would be a house owned by every family.

INDUSTRIAL POLICY

Once the question of the distribution of income has been settled, we have to focus on the production of that income. Quite often the two issues cannot be separated, for income distribution may affect national income and conversely. Many economists today argue that we should not tinker with distributive arteries of the economic system, for that would adversely affect its productivity and growth. Their main argument is that any egalitarian policy aimed at income redistribution would weaken the work-incentive of the rich as well as their willingness to take risks. Investment would suffer and so would the total NNP.

These arguments are purely specious. If a person is very rich, what incentive does he have to work hard? If he already has millions, a few thousand more rupees are not going to spark him into diligence. And consider this. The amount of money that he wastes on alcohol, prostitutes and gluttony alone could produce so many extra jobs for the unemployed. If he refuses to work under the program of the maximum wage, then so be it, for there are many more ready to do his job for a fraction of his salary.

As regards the willingness to undertake new ventures, I say that such willingness depends not on how rich a person is but on his temperament. If he is venturesome and adventurous, then he is more likely to invest in bold projects than if he is wealthy. The great entrepreneurs in American history had more guts than money. They were not born rich. An adventurous mind likes to take risk for its own sake, not just to make money.

In any case, Prout's industrial policy is designed to make egalitarianism an integral part of the economic system. The

redistribution of income undertaken by the state will be at the minimum, as it will have to be done only for the handicapped, the elderly or those unable to work for some reason. Everyone will be provided with a suitable job at wages affording at least the minimum physical requirements prevailing at the time. And if available resources were plentiful, then the minimum wage would be set high enough to leave only a small gap between the lowest and the highest incomes.

In most countries, whether capitalist, communist or socialist, economic power is concentrated either in the state or in the hands of a few rich persons. This is a well known fact and does not need substantiation. As a result of such massive concentration of economic power, most people in most countries are being exploited in many ways. In some there is ubiquitous poverty, in others all human rights are openly trampled, and in still others poverty afflicts the minorities. The root cause of all these evils is this concentration of economic power and the materialistic ideology that supports it. Prout favours an industrial system based on decentralization of economic power, one in which much of the decision-making is done either by local governments or by the workers themselves. It favors a system of cooperative or labor-managed firms supported by an industrial base provided by the state.

If everyone is to be provided with jobs, then industrialization of the whole world is essential. The populations of India, China and the rest of the world are so high that industrialization is indispensable. Agriculture cannot be slighted, but it alone cannot carry the whole burden. Hence arises the need for an industrial policy.

The Pyramidal System

Prout's economic system compares well with a pyramid. It divides the economy into five major sectors including public, cooperative, private, education and health, with agriculture treated on the same footing as industries. Education and health could be part of the first three sectors, but they have enough features of their own that they deserve separate treatment. So does agriculture, although it is treated in the same way as the large scale coopera-

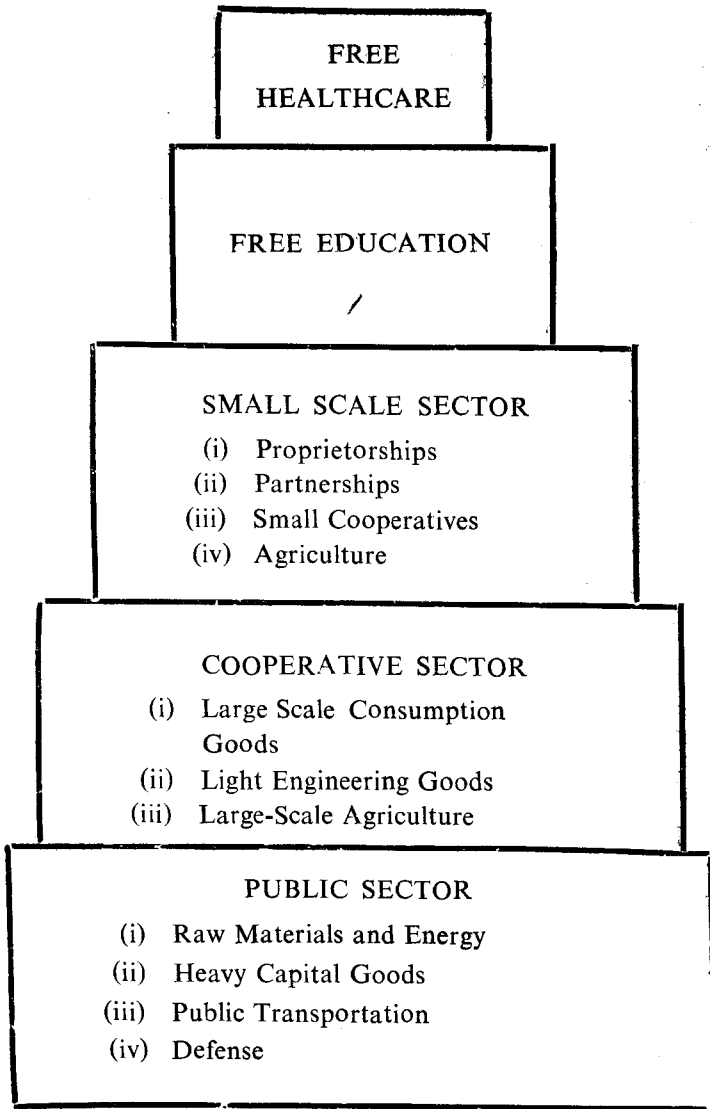
tives or small scale private firms. The public sector is the base, producing public goods and intermediate goods, on which stands the rest of the economic system. Then comes the cooperative sector incorporating large-scale enterprises producing consumer (including agricultural) goods and services. This is followed by small-scale industries, based on individual proprietorship, partnership or small cooperatives, producing final consumer goods, agricultural products, and services. The final two steps of the pyramid are free education and medicare.

Note that the public sector is the base of the pyramid not because it will be necessarily the largest sector in the economy, but because it will be the basis of all other sectors. Similarly, the second step of the pyramid, the large-scale cooperative firms, will be the basis of the third step, as small-scale industries will be geared to large enterprises. Finally the first three steps will support the final two. Let us now examine these five sectors turn by turn.

The Public Sector

In Prout's economy the public sector plays a very significant role. It is involved in the production of intermediate goods such as raw materials and machinery. Whether such products are produced on large or small scale, they are all reserved for the public sector. Such industries are the key industries, and they are too important to be left to the non-public sectors. The well being of the whole society depends upon their adequate supply, and for this reason the state should be solely responsible for their production. Such products as steel, fertilizers, oil and gas, copper, aluminium, cement, coal, machine tools, heavy engineering goods, petro-chemicals and the like are to be produced exclusively in the public sector. Private investment in such industries should not be allowed. Nor should they be run on the principles of cooperative firms.

They should be run by the immediate state governments. For instance, if a steel plant is located in Calcutta, then it should be run by the government of Bengal on the premise that the immediate government best understands the local economic conditions. The public industries are to be run on the basis of no profit, no loss, which means that the price of such goods is equated to the average



PROUT'S ECONOMIC PYRAMID

cost of production. The average cost should be the minimum possible, so that public enterprises obey norms of efficiency. They should use the most efficient techniques, which may or may not be the most capital-intensive. At the same time they should make sure that they do not contaminate the environment. (I will have more to say on this matter in the section on environmental quality.)

Economists in both the developed and the underdeveloped world today believe that the most capital-intensive techniques are also the most efficient. This is not necessarily true. For one thing, the efficient technique, defined as one resulting in minimum average cost, is that which utilizes a technology commensurate with local rewards of labor, machinery and other factors. In a low-wage economy, the most efficient technique may be the labour-intensive one. Secondly, capital-intensive techniques generally inflict heavy social costs on the environment in terms of increased pollution. Unless the producer compensates the victims of pollution—which is rarely done—such social costs do not enter into the total-costs calculations. The true average cost, therefore, exceeds the apparent one. Consequently the capital-intensive techniques need not be the most efficient.

Prout calls for a balance in the use of crude, subtle and casual resources. No single resource should be abused. Hence social costs of industrialization should be taken into account in industrial decisions.

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The average cost calculations should include the costs of labor, a normal return on capital, depreciation of assets, costs of other raw materials, and any costs incurred in eliminating pollution. The price of public-sector goods should be such as to cover all these costs.

The public industries should be run on the same basis as private industries facing tough competition are run in a capitalistic economy. The public-goods sector should not be inefficient, as is the case in all countries today. For this reason, the public sector should be operated by an autonomous body responsible to state governments. The officers of these bodies should be rewarded on the basis of their performance. Their salaries should depend upon

whether or not they earn normal rates of return on government's investment. And in industrial operations they should be given a good deal of freedom of decision-making. They should be free to lay off the lazy and incompetent workers. Just because it is a public project does not mean that its workers should be permanently employed regardless of their performance.

In the wage-structure also, hard work and competence should be rewarded, while niggardliness should be punished through demotions and, if necessary, through loss of job. In short, as far as efficiency is concerned, the public industries should be run on the same basis as private industries facing competition.

In addition to the production of intermediate products, the public sector should also be responsible for industries with extremely heavy capital requirements. This is generally true with transportation including railways, airplanes, ships among others. The defense related industries, needless to say, should be in the domain of the public sector.

One can easily appreciate the significance of the role that Prout assigns to the public sector. Key industries, to Sarkar, act as a nucleus that nourishes the rest of the economy. It furnishes the state a powerful tool to direct the allocation of resources into socially desirable areas. For if the country is too poor to afford luxuries, all the government has to do is to deprive them of the necessary raw materials.

Note that Prout's public sector rejects the rigidity and corruption found in the public sectors of communist or socialist countries. Individual initiative within the management of key industries is to be encouraged. Such enterprises are not to be run in the interests of state leaders, as is the case in regimented socialist nations; rather they must be operated in the best interests of all. But they cannot be entrusted to private producers who may take advantage of the rest of society. The oil industry in the U. S. and elsewhere is a pointed example of how private greed can blackmail the whole world.

A few countries today monopolize the production of crude oil which is the life-blood of the world economy. The oil producing

countries know this and they keep raising prices. The multinational oil companies also know this and they readily join in this barbaric game, for their profits also rise to dizzying heights. Who suffers? Everyone else! The underdeveloped countries, the brethren of the oil producing nations, are the most wretched victims. Hence raw materials such as oil, which are the nerve centers of economy, cannot be left to private companies, nor to private nations. (This has implications for a world government, of which I will speak in chapter 6.)

The Cooperative Sector

While transportation, defense and goods used for further production are to remain in the public domain, all final products should be reserved for non-public sectors. Here Prout recommends a democratic system of free enterprise, one in which everyone involved has a stake.

Because of technology, there are some consumption-goods industries which are efficient only under large-scale production; they employ a huge army of workers. Such industries should be owned and operated by workers themselves. Prout, in other words, favors what are usually called cooperatives or labor-managed firms.

It is only under this cooperative system that free enterprise can truly result. When workers themselves, through their elected representatives, are in charge of their destiny, then and then alone can there be real freedom of thought and speech. When a capitalist, or a majority share-holder, is the boss of a company, as is the case in democratic countries, no worker dare speak out against the company's anti-social policies. Who is going to offend the boss for the sake of society? Who is going to bell the cat?

Many private companies in America, Japan, Europe and India have been found to be involved in bribery on international scale. But none of their workers could blow the whistle on them. The Lockheed scandal, the Boeing Company's bribes and countless other cases of corruption constantly point to the fact that capitalist enterprises have to be answerable to those who are the real producers. They must be answerable to their workers. And the best way is to enable the workers to be masters of their own destiny.

The system of monopoly capital prevalent in democratic countries is really a system of *corporate serfdom*. The word 'serf' usually means a farmworker attached to a farm. He has no rights of his own; he must work on the farm and receive a subsistence wage. This kind of system prevailed in Russia and the West during 500 years of feudalism [2, chs. 5 and 6].



Whenever there is large-scale unemployment, the industrial worker's status is no different from that of a serf. In India this has been true ever since the British took over, and Independence has made no difference. In the West, barring the short period of post-war years, there has been significant unemployment throughout the last three centuries during which industrialization occurred at a rapid pace. There were, of course, periods of boom when workers prospered; but a year or two of their prosperity would be invariably followed by a recession and sometimes depression. With the threat of recessions constantly dangling over their heads, few workers would choose to move from one firm to another. Even though no worker was in theory bound to any single firm, the reality was something else. Hence for a long time in the industrial history of the West, the factory worker could act no differently from the feudal serf. He was no lackey attached to the firm, but his lack of economic power made him a defacto slave.

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Today the western world is passing through stagflation, which combines unemployment with inflation. It faces more uncertainty than anytime in the period following the second-world war. The workers again are afraid of losing their jobs. How can they move from one firm to another? Are they not attached to their companies? Are they treated any better than the feudal serf? Can they dare speak out against their boss if he has done anything wrong? True they are unionized today, and are somewhat better off than the industrial worker of the 19th century. Well the serfs had also prospered during the heyday of feudalism. A combination of improved technology and urbanization had greatly improved their lot. But they were still called serfs, because their landlords had flourished much more than they had. Today, while the worker is slightly better off than before, the producer simply basks in affluence. There are just too many similarities between farm workers of the feudal age and

industrial workers of today. In both cases, property is owned or controlled by the few, and labor for them is performed by the masses. It cannot, therefore, be refuted that capitalism, especially monopoly capitalism, has been, for the most part, a system of corporate serfdom.))

How can capitalism then be called free enterprise? A stark minority of producers does indeed have all the freedom in the world but the huge majority of the working class has little say in industries which flourish on its sweat and toil.

*American
Constitution.* Let us look deep in today's factory system. The producer is free to hire and fire a worker. Society allows him to be the owner of huge property, which enables him to control the fate of many persons. When business is good, the producer hires more workers; he pays them a fraction of what he earns. The moment the business slackens, he lays them off. He cares nothing for the starvation of the unemployed. He quickly forgets that the same people had helped him make his millions just a little while ago. They helped him when he needed them the most; he shirks them when they need him the most. And all this, because their society has been misguided into believing that ownership of property is a fundamental human right.))

The right to live, to speak and think freely, to settle anywhere in the world is our birth right. But the right to property--what ethical and moral sanction does it have? Who brings anything with him at birth other than his body and brains? The universe was here before the first human was born. He did not create it. How can then his progeny own anything?

No one becomes rich through honest work. The huge estates that some people have inherited in our times could not have been built by their fathers through honest means. Had their fathers not indulged in illegal bootlegging and profiteering, had they not bilked the poor, had they not cheated on their taxes, they could not have assembled vast financial empires. They were able to escape the law through wheeling and dealing. But should we allow their children the fruits of their extortions?

Prout favors the ownership of property not because it is a birth right, but because it accords with human psychology. Everyone likes to save something for the future. If a person accumulates wealth through honest living and hard work, it is only fair that he should be allowed to keep what he has assembled; he should also be allowed to pass a part of it to his children. But not huge estates ; because by definition they must have been acquired through shoddy means.

For the sake of free enterprise, therefore, the right to property must be curbed, but not eliminated. The countries where this right has been abolished are fine examples of diabolical tyranny. Russia is the ringleader among such countries. Of course, there, what is not permitted to ordinary citizens is reserved for the party leaders.

It is becoming increasingly clear today that concentration of wealth in the hands of a few people, or even nations, is injurious to the health of society. Capitalism is an institution which fosters this concentration, because vast sums of money in terms of profits are distributed among a few shareholders. The cooperative management of industries by elected representatives of workers will do away with this evil. If factories are owned and managed by laborers, then profits will be distributed among the masses. There cannot be inequities in the distribution of income in this system. Nor is there any need for the government to introduce welfare schemes to eliminate the non-existent inequities. Prout is not against profits, but against profiteering. Actually profits are essential if industries are to remain solvent over time, and if investment is to be increased for purposes of growth. But the same profits left in the coffers of monopolists become an engine of massive social exploitation. The cooperative economic system, however, does not permit this. Egalitarianism then becomes part and parcel of the system itself.

Labor-managed firms are not widespread, but they are being tried in some parts of the world. Yugoslavia is a prime example of their success. They can also be found in Britain, Germany, Australia and even the U.S.A. They are, however, the exceptions rather than the rule.

It may be noted that the labor-managed firms are not the same as profit-sharing capitalist firms. With the latter, management and control of the firm still rests with major stockholders, whereas with the former, the workers make all decisions. Labor-managed firms may not be fully owned by the workers; but they do own the majority interest; the rest may be owned by outside shareholders.

The economic literature has lately paid attention to the working of labor-managed firms. Ward [13], Domer [6], Vanek [11] and myself [3] among others have analyzed the decision-making in cooperative enterprises. As usual, among economists, as among intellectuals in general, there is little agreement. The efficiency of labor-managed firms versus capitalistic firms is in dispute. But one thing is clear. The world does not have to change drastically for the labor-managed systems to emerge and operate successfully.

Some suggest that labor-managed enterprises will not be as efficient as their capitalistic counterparts, while others argue to the contrary. Still others argue that the cooperative economic system will be less prone to pressures of inflation and unemployment. While this debate still goes on, some advantages of cooperative enterprises over the capitalist ones are obvious.

First of all, the distribution of income will be more equitable than it is now. Second, workers will work harder when they know that they will get a fair share of profits. This argument derives from ideas supplied by apologists of unlimited private property. They argue that property ownership contributes to our productivity. The same idea applies to the widespread ownership of firms. Third, with more equal distribution of income, crime and other social problems will recede. At times of recession, for example, workers will not be laid off; rather they will accept lower working hours. The system, in short, will be humanized.

There are not many empirical studies available to compare the efficiency of labor-managed economies with the capitalist or socialist economies. But the one done by Balassa and Bertrand [1] conclusively points towards the superiority of the self-managed system.

This study found that between 1953 and 1965, the total factor productivity in Yugoslavia grew at a rate of at least 4.5% per year. Whereas the comparable figures for the socialist economies of Bulgaria, Hungary, Poland and Czechoslovakia were all below 2.5%. Only Romania among socialist countries could match the Yugoslav performance. Among the capitalist countries of Greece, Ireland, Norway, the rate of productivity increase in the same period approximated 2.2%. Only Spain had similar performance as Yugoslavia. The study focussed on these countries because they were more or less at the same level of development. And on average the labour-managed Yugoslav economy, with a relatively new and untried system, fared much better than the long established systems of capitalist and socialist countries.

Granted that the large-scale factories producing consumer goods should be run on a cooperative basis, there is a troublesome question that must now be tackled. How can we translate the cooperative economic system into reality?

If some enterprising workers were to get together and with their meagre means establish some factories, they will be quickly submerged by the torrent of giant capitalist firms. Even if the state were to give generous loans to teams of workers willing to start their own firms, they will have little chance of competing against well-entrenched monopolies with their operations spread all over the world. Before such multinational giants, even sovereign governments shudder. Hear, for instance, what the U.S. Secretary of Energy, Dr. James Schlesinger, had to say in the summer of 1979 when the revolution in Iran had abruptly tightened the supply of oil. At a news conference, Schlesinger admitted that "using his power to force allocation of oil supplies to companies willing to refine more gasoline and heating oil might cause big oil companies to retaliate by keeping their oil on the high seas or abroad where it would be beyond the reach of government allocation orders." [5, p. 14A]. The next day Senator Edward Kennedy was moved to say, "I am appalled that the secretary of energy believes that he is powerless to prevent the multinational oil companies from withholding oil." The U. S. Congressman, Richard Ottinger, was more blunt. He said, "The oil companies are

holding us hostage by refusing to refine more crude oil. Energy Secretary Schlesinger is clearly content to be subject to their blackmail."

Schlesinger was just being realistic. No amount of fulmination from the U.S. lawmakers can mask the fact that the multinational corporations all over the world are too powerful to be controlled by democratic countries. If sovereign governments cannot stand up to them, what chance will the infant labor-managed firms have?

The labor-managed firms can become operational only if capitalists are forced to give away their stocks and bonds to their workers. This is the only way to rectify not only the present system but also several generations of inequities. The capitalists have no right to the industrial wealth because they and their forefathers must have earned them through shoddy tactics. Therefore the stocks and bonds of the current top executives of factories should be distributed among workers. Other minor shareholders who do not control the management of businesses, i.e., the very small shareholders may be allowed to keep their shares.

The formula for distributing these shares is given by my wealth-ceiling formula presented before. That is to say, no one, not even a worker, is to be allowed to own intangible wealth, including cash, stocks and bonds, that exceeds the area's minimum wage divided by the relevant rate of return. Here again, once the idea is accepted, details can be worked out later.

Let us now come to the question of compensation. It is clear at the outset that if capitalists were to be compensated for the social wealth they say is theirs, society will go bankrupt. I have already argued that no one owns anything from birth. Ownership through inheritance is also suspect if the wealth so transferred is huge. Consequently, the capitalist is not entitled to any compensation on moral grounds. However, exceptions may be made on humanitarian grounds.

If the shareholder is handicapped, old, or cannot work for some reason, then he should be given a suitable pension. He may

be permitted an average standard of living, one available from society's average wage. Otherwise, there can be no compensation. Of course, the able-bodied capitalists should be provided jobs commensurate with their qualifications.

The Small-Scale Sector

The third step of Prout's economic pyramid is the small-scale sector, which is mainly the private-sector, although in some cases goods and services may be produced by small-scale cooperatives. Private initiative fosters economic efficiency and productivity; it should be properly harnessed in the interest of social welfare. But it should not be permitted unbridled expansion, lest it become an instrument of mass exploitation. In recognition of these considerations, Prout encourages private investment and ingenuity, but only in small-scale concerns.

Firms which require small investment and hire very few workers should be left to the private entrepreneurs. Here the organization of the firm may be either individual proprietorship or partnership. And when there are many active partners, the firm is similar to a small cooperative. The definition of what is a small or a large firm should be left to a policy planning body.

The private sector will mainly be engaged in trade and service industries, for they do not require heavy start-up capital or complex technology. Restaurants, grocery store, tailoring, barber shops, laundries, handicrafts, auto-repairing and the like will constitute this sector. The private practices of physicians and lawyers will also come under the small-scale category.

Because of the small size, the private sector will normally operate under conditions of perfect competition. But still the state must make sure that various groups do not combine to follow restrictive trade practices. In the United States and some other countries including Germany and France among others, physicians have formed associations, and effectively controlled the supply of new physicians by limiting the number of medical graduates from universities. As a result, the medical profession enjoys one of the highest living standards in these countries. Lawyers have done the same thing. This is nothing but profiteering. Clearly these practices violate our sense of decency and fairness. Therefore, the state must ensure

competition in the private sector. Associations of various groups cannot be outlawed, but they should not be allowed to interfere with educational institutions.

Agriculture

Prout treats agriculture as one of the industries, and assigns it a very important role. Ordinarily, agriculture should have been included within the foregoing analysis of the large scale cooperatives and the small scale sector; but it has enough features of its own, and deserves a separate treatment.

In most developed economies, agriculture is highly mechanized and absorbs between 30 to 45 % of the population. In India this figure is as high as 80%, which is a mark of how far the Indian economy has to go. It is not surprising, therefore, that the labor-productivity in Indian agriculture is among the lowest in the world. Yet, because of favorable climate and bountiful water supplies, India's agricultural potential is next only to that of United States. Agriculture is also backward in many other underdeveloped countries, and a great deal needs to be done. In its economic set-up, therefore, Prout assigns agriculture a vital role.

While reducing the proportion of population relying on agriculture, it is not necessary to move people from rural to urban areas. Such movement in the past has caused unprecedented but avoidable problems. Urban congestion and pollution, skyrocketing prices of houses, transportation bottlenecks etc. in many underdeveloped countries could have all been avoided if small-scale, agri-based industries had been established in villages. Such industries should be built around crops available in a specific area. For instance, sugar producing enterprises should be established in an area producing sugar cane, paper industry near a forested area, and so on.

For the efficient production of crops, ceilings on land holding should be fixed at both the minimum and maximum levels, taking into account the area's fertility, availability of water for irrigation and other aspects determining land's productivity. Such ceilings can be obtained from my general formula for wealth limits presented earlier. The maximum farm-income, as with individual income in general, should not exceed the maximum wage. That is to say, in India, those who toil should be allowed to own farm land to the

extent that they earn no more than 2,000 rupees per month at current prices. Those who do not toil and must lease their land to farm workers cannot be allowed to own more land than that yielding income in excess of the minimum wage. In other words, an absentee landlord in India should be allowed to own that much land as currently yields a monthly income not exceeding 200 rupees. This way minimum and maximum ceilings on farm land can be computed from my formula.

Those owning the maximum allowable amount of land should be given the option of private or cooperative farming. But those with smaller land holdings should be encouraged to form agricultural cooperatives so that mechanization and large-scale farming can be introduced. The farmers will then not only get a wage for their labor but also a share of profits.

Apart from private and cooperative farming, there should be producers' cooperatives which will be responsible for the sale of crops, procurement of developed seeds, fertilizers, farm machinery, irrigation and other services vital for agricultural production. They would also provide loans at times of need, and purchase crop insurance, so that their members are not vulnerable to unforeseen crop failures caused by natural disasters.

As in the case of industry, the question of compensation arises in the case of agriculture as well. Should the landowners be compensated for any land that they have to give up in order that the ceilings are enforced? The answer clearly is no. For one thing, the landlords ought to be treated in the same way as other property owners. Secondly, as argued several times before, no body owns any wealth by right. The universe is the joint property of its inhabitants, and if, in the interest of maximum social welfare, some wealth has to be taken away from a few people, they are not entitled to any compensation, for they never owned anything to begin with. Similarly, the government does not own any thing either. Therefore, the recipients of land should also not be charged anything. However, the state may encourage the new and old landowners to form cooperatives.

Health and Education

Education and health constitute the final two steps of Prout's economic pyramid. A sound economy rests on a system of sound

education and health. That is why in Proutist set-up education and medicare will be provided to everyone free of charge. Private education and health care will be free to exist, but they will have to compete with their public counterparts.

Public education, for all levels, should be administered by autonomous bodies free of any political or other interference. The quality of education depends on the quality of teachers, on their scholarship, dedication, honesty and integrity. That is why society should respect its teachers and provide them an above-average wage. Teachers on their part must teach their students by setting an example; that is, they should practice what they preach. If the students are to be instructed in honesty and integrity, the teachers will first have to manifest such qualities.

Education should emphasize not only theoretical but also practical instruction. In countries where villages outnumber the cities, the urban-area students should be encouraged to attend annual camps in the rural areas. Students are by nature idealistic, and annual visits to poverty stricken villages will fire up their idealism. They might want to serve the villagers who desperately need help. It will do both villages and students tremendous good. While the rural areas will prosper, the students will become humble and broad-minded.

Free education to all at all levels will open up equal opportunity for material and intellectual advancement to everybody. No one, because of his wealth, will get an advantage over others in this regard. Furthermore, educational opportunities to all will increase the pool of talented technicians, scientists, economists and scholars among others. There will be more scope for new research and inventions. And society will be able to achieve maximum utilization of its intellectual resources.

With education, the health care should also be free. The government should open free clinics and hospitals all over the country. One reason why people accumulate wealth is the uncertainty of future health, especially the health in old age. In many democratic countries, medicare has become so expensive that one critical illness can wipe out a person's life-time savings. No one should be exposed to such risks and worries.

Physicians should be encouraged to work in state health-care institutions, but they should be free to run their own practices. However, medicare is one field where laws of supply and demand do not work properly, if at all. The patient has little bargaining power with his doctor as far as the latter's fees are concerned. Hence the government should regulate these fees; and, of course, they should be so determined that the physician's income does not exceed the maximum wage. This applies to all specialities in medicine including general practitioners, surgeons, and so on,

ALLOCATION OF RESOURCES

What determines the allocation of resources in Proutist economy? This question, of intrinsic interest in itself, must be raised and answered, if only to see how Prout's economic system compares with modern capitalist and communist economies.

Let us consider capitalism first. Under capitalism the consumer is supposed to be the sovereign, and the producer is supposed to utilize resources in such a way that the consumer needs are satisfied in the most efficient manner. All this, economists contend, happens through the media of market demand and supply. First consumer tastes are reflected in demands for various products. The producers meet these demands by hiring various resources at prices determined in factor markets. Naturally, it is in the interest of profit seeking producers to use technology and factors that minimize the average cost of production. The competition among producers ensures that the consumer needs are satisfied at the lowest possible price approximating the lowest average cost. Thus the consumer is sovereign under capitalism. He determines what the capitalist will produce. All this occurs through the operation of markets where the consumer presents his demands to which the producer adjusts his supply. In other words, the consumer determines the allocation of resources under capitalism.

The story presented above is the best face of capitalism. Critics contend that such an idealized version of capitalism prevails only in the textbooks of the apologists of capitalism, but not in reality. The reality is not one of competition among many producers, but of market-sharing and collusion among a few oligopolistic producers enjoying certain degree of monopoly power. In

this setting, a small number of producers is involved in supplying the needs of an industry. After determining their supplies, the producers act to influence consumer demand through extensive campaigns of advertisement. Therefore, instead of the supplies adjusting to consumer demands, as is supposed to occur in the ideal competitive setting, it is the consumer demands that have to adjust to supplies. The consumer sovereignty is, therefore, a myth. It is the producer who under modern-day capitalism mostly determines consumer needs through the glitter of television advertising.

Resource allocation under capitalism is no longer, if ever, determined by the consumer's need, but by private greed. Resources move not towards products reflecting urgent wants but towards those with highest rates of return on investment. This invariably means that investments are attracted by industries with the highest degree of monopoly power. As a result, oligopolistic industries expand at the expense of other sectors. The productive inefficiency of oligopolies is already well-known. Hence the most inefficient sectors of the economy expand at the expense of the competitive sectors which usually satisfy the most urgent needs. Thus, it is monopoly power or capitalistic greed that determines the allocation of resources under capitalism today. In a word, the system is inefficient, pure and simple.

When we come to the communist economies, the situation is even worse. Under capitalism, the consumer does not have much say in the allocation of resources, but he has some say. The producer does influence the consumer wants by means of advertisement, but at times despite all his persuasion he may not be able to sell all his product at the desired price. In that case, he has to lower price to attract more buyers. Therefore, even today there is some degree of flexibility in capitalist economies. The famed law of supply and demand still works, although the consumer demands are no longer independent of the actions of suppliers.

Under communism, however, there is not even this bit of flexibility. The allocation of resources there is decided by a few political leaders who are interested more in aggrandizement of the state than in social welfare. As a result, the state devotes a considerable proportion of resources to military goods (and hence capital goods), so that consumer needs get slighted by economic planners. As a

result, the supply of consumption goods remains limited, and the consumer demands have to fully adjust to constrained supplies.

Moreover the communist states of Russia and China, among others, regulate their economies at all levels. All important economic decisions are made by a central planning body, which is far removed from local conditions so relevant to efficiency of plants and factories. All factories, except a few industrial cooperatives involving handicrafts, are owned by the state. Each factory is headed by a government appointed manager who is judged by how well he meets the production target set by the planner. If, for instance, the manager faces the target of producing 10,000 shoes a year, then his promotion depends on whether he meets or exceeds this target, and not necessarily on the quality of production. And since the consumer has to make do with whatever is supplied by the state, the factory manager cares little for craftsmanship. It should not therefore come as a surprise to find the manager in the Soviet Union producing 20,000 shoes of the same foot.

When even the minor day-to-day economic decisions are made by a central body, then the efficiency of production must suffer, no matter how carefully the planning is done. Hence the command economies of communist countries are even more inefficient than private capitalist economies. With both, the economic power is centralized—under communism in a planning body, under capitalism in a few rich persons. And it is this centralization which ultimately neglects the fulfillment of urgent human needs.

Proutist economy is, however, need-oriented. There the allocation of resources is determined neither by the profit motive, nor by state aggrandizement, but by the urgency of human requirements. Prout has opted for a decentralized economy in which economic power is concentrated neither in the state nor in a small aristocracy. The state is to intervene in only those markets which, when left to private producers, are subject to abuse. Thus, no raw materials vital to the functioning of society are to be produced in non-public sectors.

There are two types of factors of production needed in the process of production. Inputs such as land, labor and capital

are called primary factors, whereas raw materials, which are inputs produced for further production, are usually classified as non-primary factors. It is the latter type of factors of which the production should be reserved for the public sector. The question of the extent to which the current stock of primary factors should be allocated to the production of non-primary factors will be determined by a policy planning body. This body will assess the needs of consumption goods in the economy, and draw upon available resources accordingly.

It is only logical that necessary goods should have the first claim on society's scarce resources. Such consumption goods as are to be produced in the cooperative and private sector should be given priority in allocating the remaining primary factors and the non-primary factors supplied by the state. The second priority should be given to capital goods, which are essential for an adequate rate of growth. In an underdeveloped economy, all the remaining primary and non-primary inputs, after minimum necessities have been produced, ought to be allocated to the production of machines. Nothing should be invested in luxuries, which will be defined by the planning body. In a developed economy, of course, the remaining inputs should be devoted to the production of capital goods as well as luxuries.

Capital goods may be produced in the public or the cooperative sector, depending on the investment requirement and complexity of technology. Light engineering goods may be reserved for the cooperative sectors, but heavy machinery such as transformers, cranes, tractors, etc. may be produced in the public sector. Such division among capital goods will also depend upon the country's level of technology and development. But in no case should the public and the non-public sectors overlap.

The role of the private or the small-scale sector should be complementary to the public and the cooperative sectors. Wherever large-scale firms are established, the small-scale firms should also be encouraged to supply spare-parts and the repairs. Similarly productive operations within an industry should also be separated. This will ensure further decentralization of economy. Take, for instance, the textile industry where usually cloth and yarn are produced in the same factory. However, Prout would split the textile operations

into two units. Yarn, the raw material for cloth, could be produced in a large-scale firm, but cloth could be produced either by large-scale cooperatives or by smaller economic units. Each weaver could weave cloth with the help of a modern loom in his own home. This is how small-scale industry should complement the large-scale concerns, and conversely.

In addition to the management of factories by workers, Prout's policy of decentralization also calls for establishing self-sufficient pockets of those industries which produce essential commodities such as food and clothing. The objective is to ensure a steady supply of necessities to all parts of a country and eventually to all parts of the world. Such a dispersal of industry would also not be vulnerable to any natural catastrophes.

Prout advocates minimum state intervention in the economy. Except for essential raw materials such as energy, etc., the government's main function should be to ensure competition within industries, so that the laws of demand and supply work freely. Wherever an economic unit has little bargaining power, the government should step in. Otherwise it should keep its hands off the economy. Thus, for instance, patients are at the mercy of doctors; so the physician's fees should be tightly regulated. Similarly, the physical worker, though indispensable to society, always seems to be in abundant supply. He may, therefore, command wages below the society's minimum requirements of food, housing, clothing, education and healthcare. Here again the state should step in and decree a minimum wage. In most other markets, the government need not intervene, because the cooperative economic system is not subject to manipulation by private citizens. It is a democratic set-up, and the worker's democracy will ensure that no one becomes powerful enough to exercise unusual economic power.

In Prout's decentralized economy, the consumer is sovereign. Economic planning is there, but its role is not to shape consumer preferences and tastes. It is only to see that no one places undue constraints on the supply side. Markets for consumption goods will freely function to meet at least the essential needs of all. Once every worker is guaranteed a wage providing minimum purchasing power at current prices, the co-operative firms and private concerns

will produce goods and services to meet the needs of all workers. The public sector will also be geared to these needs, for the government body will produce raw materials only to satisfy the requirements of the non-public sector for non-primary factors. Hence once the government ensures competition among firms within an industry and fixes a proper minimum wage, the allocation of resources at any moment of time will be guided by human needs through the media of demand and supply. The allocation will be efficient in the sense that it will satisfy essential requirements of all, generate an equitable distribution of income wherein profits are distributed among workers, and ensure consumer sovereignty. This is what free enterprise really is. Prout will thus abolish most of the economic evils of the present-day capitalist and communist economies.

THE QUALITY OF ENVIRONMENT

Since the 1960s there has been a growing debate in economically developed countries about the quality of life, about the environment in which we live and breathe, about the erosion of subtle values caused by super-materialism. By itself, this is a remarkable development in a world where the gross national product, the sum total of all economic activity, is considered the main index of social happiness, regardless of whether the goods produced cater to urgent needs of each and every citizen. The view that money cannot solve all problems or bring happiness and contentment is slowly emerging in societies which are overwhelmingly materialistic.

What is the cause? The unprecedented environmental pollution and degradation so visible in all directions! The side-effects of science and technology, thus far hidden from the naked eye, have abruptly come to the surface, and with a ferocity that just cannot be ignored. No longer can we ignore the automobile-fumes, the noxious doses of chemicals in urban air, congestion on the roads, rivers that spew fire or vomit dead fish, oil-slicks that destroy beaches, smog that suffocates our lungs and spirits, airplanes that deafen our ears, nuclear plants and wastes that yield deadly radiation. Nor can we ignore the growing health problems ranging from heart ailments, to respiratory diseases, to deformed babies, to cancer. These are the harmful emissions of our so called progress.

Pollution of the environment is not partial to any country or ideology. Communist nations are afflicted as much by it as the capitalist nations. Nor have the underdeveloped countries been spared, although there the pollution springs from poverty not affluence. Environmental degradation is not a capitalistic disease, but a disease of unbridled materialism.

While there is general agreement today about the gravity of our sickly environment, there is less agreement among scholars about its causes, and its cures. There is a widespread myth that industry is the main culprit; however, modern-day, mechanized agriculture is no less culpable in this regard. Our first task then is to identify major sources of pollution.

First of all there are the obvious contaminants—the factories, which discharge poisonous chemicals in rivers, lakes and pump millions of tons of pollutants into the air. Secondly, there are the consumers who use acidic detergents that eventually mix in water, and automobiles that poison the air. Finally, there are billions of tons of solid wastes, generated by businesses and consumers alike, for which dumping grounds must be found for storage. Many of these solids find their way into drinking water through the sewage system.

Given that life itself creates pollution, why does society not do anything about it? Various institutions and mores are responsible for it in various countries.

In a capitalist society, the main cause of pollution is the institution of private property and the attending profit motive. Here, the sole concern of businesses, large or small, is with maximum profits. Whether their discharge of chemicals into streams is going to contaminate drinking water or foul up the air or impair public health is none of their concern. It is not for me to document polluting actions by private industries all over the world. The evidence in this regard is just overwhelming. And the nuclear plant accident at the Three Mile Island in the United States is just the latest example of how far private greed will go to disregard public well-being. There is increasing evidence that the nuclear power plant in question was unsafe to begin with, but the electric utility responsible for it put it into operation to obtain some tax

benefits. And this is not an isolated example but a general pattern with capitalist firms.

In a competitive capitalist world the existence of pollution is an anomaly hard to explain. The capitalist system is supposed to solve all its problems by itself through the working of Adam Smith's "invisible hand" of the market. Apologists of capitalism now admit that with pollution at least, the market mechanism does not seem to provide enough safeguards. Their explanation is this. The producer economizes in the use of all scarce resources, because he has to pay a price for them. But water and air are public property and hence free. Their use and exploitation cost nothing. Therefore the producer uses these resources excessively and contaminates them in the process of production. Economists describe such social costs that do not enter into private calculations as externalities or external diseconomies. They maintain that such diseconomies are relatively unimportant and can be taken care of without much problem.

So obsessed are the proponents of capitalism with the concept of private property that, in order to solve the problem of pollution, they would divide air and water into private domains as well. Once air and water are converted into private property, people could buy them or sell them in the market. Then there will be competition between those who wish to use them for pollution and those who wish to use them for living and breathing. The producer will then have to pay for his right to pollute; it will enter into his cost calculations, and his very profit motive will induce him to economize on the use of air and water for pollution.

To defenders of capitalism, private property is so sacrosanct that they do not care how ridiculous their solution look. Since the problem arises because some property is public and some private, their solution is to make all resources privately owned. It hardly matters if air and water cannot by nature be divided. And what if the competitive owner of air and water over a certain area became a monopolist one day. Breathing could then become very expensive. Our right to breathe and drink water will then depend on our income.

Another solution, not as ridiculous as the one presented above, is that the government should tax the polluter for pollution damage, or subsidize him for his non-polluting agreement.

In a profit-oriented system, none of these solutions will work. The reason is that non-pollution benefits the entire society; but it does not raise private profit. So why should a business bother about evading pollution. Moreover, under monopoly capitalism, costs of pollution arising from the tax can be easily passed on to consumers. The consumer will then suffer a double bite: higher prices along with unchanged pollution. Finally, the government is controlled by businesses. Who is then going to enforce the tax ? *

Let us now analyze the environmental degradation in centrally planned economies of communist countries. There is no question of capitalistic greed there, although the state greed remains. Surely the planner, planning for a whole society, must take into account pollution damage in his cost calculations of various projects. But he did not, and does not. For every lake polluted in the United States, you can find another in the U.S.S.R. For every beach blackened by oil-slick in America, you can find one in Russia. For every dose of nuclear radiation in the West, you can find one in the East. The problems of pollution are as staggering in communist countries, as in capitalist nations.

Some of the reasons for pollution in Russia are the same as elsewhere. A Soviet enterprise also pays only for labor, equipment and raw-material costs, but not for social costs arising from contaminated water and air. Non-material resources in Russia have also been treated as free. Production there is not guided by profit motive, but by the motive of state aggrandizement. Hence the result is the same. Social welfare matters as little there as in capitalist economies. Moreover, state officials in Russia are rewarded mainly by their region's rate of economic growth. The government officials, therefore, favour growth and industrialization at all cost. They do not invest in pollution control which only diverts resources from the production of goods, and could thus lead to lower growth. And as long as it is the welfare of the state rather than of people that guides resource allocation in communist nations, pollution control will remain a dream.

Degradation of the environment spreads across the ideological spectrum. It also afflicts the underdeveloped economies, although for different reasons. The main reason there is poverty. Streets in India are dirty, because there are no resources to clean them. Water is filthy and not fit for drinking, because money to purify it is lacking. In addition to these, India has tried to follow the same path of industrialization as the capitalist and communist economies. The smog over Bombay is as heavy as that over Los Angeles, Tokyo, Moscow and London. At least in the United States today, the automobile fumes are less toxic than before because of the widespread use of the catalytic converter; the same is not the case in semi-industrialized nations of India, Korea, Taiwan, China among others. These countries simply cannot afford to clean up their environment.

So far we have examined some apparent causes of environmental pollution all over the world. What are its basic causes? Here there is less agreement among scholars than what meets the eye.

That the environmental damage is real is no longer debated. What is debated is its severity, whether or not humanity needs to drastically alter its values, its mode of living which everyone cherishes in developed countries and which most want to achieve in underdeveloped countries. The environmental controversy is now polarize d into two extreme positions. On the one hand there are those who argue that the crisis is here; that it is on a scale unprecedented in recorded history, and that we must surgically change materialistic lifestyles in developed countries, if an ecological catastrophe is to be averted in the near future. There are others, however, who admit that there is an environmental problem but not a crisis. True, errors of technology have been made in the past, but new technologies can be developed to correct past mistakes. In any case, the human metabolism is resilient enough to adapt to the fast changing milieu, and all we need to do is to divert a small fraction of resources to fight pollution without essentially changing our life-styles.

These are two extreme views. The first emits undiluted pessimism, the second unguarded optimism views. The acute divergence of the two views can be attributed to their perception of what technology can achieve.

The pessimistic view is quite old and owes its origin to Thomas Robert Malthus who alarmed his contemporaries by predicting an imminent disaster arising from the growing pressures of population. Malthus argued that the supply of food grows in arithmetic progression, whereas population multiplies in a much faster geometric progression. Therefore if there is no voluntary or "moral" restraint, then wars, famines and diseases will break out to control the population.

Malthus wrote his essay in 1798. Scientific developments since then have proved him wrong. Population, of course, has grown the way he predicted, but food supply has also kept pace. As a result, there has been no worldwide famine in the 20th century.

It became fashionable with scholars to denounce Malthus and his undue pessimism about the future of humankind. But he has been rehabilitated since the 1960s by writers expressing alarm at the growing pollution and depletion of natural resources. Prominent among the neo-Malthusians are Barry Commoner, Paul Ehrlich and Ezra Mishan. Commoner argues that technologies introduced over the last 75 years have been ecologically faulty; they have been producing harmful emissions without public recognition. But their cumulative effect has imperilled our life-support system in the ecosphere. As a result we must attend to the damage already done and make use of technologies that keep pollution under control. He contends that the current technology has been an economic success only because it is an ecological failure [4].

Ehrlich, in a book coauthored with his wife, argues that the basic cause of environmental degradation is population growth rather than technology. The Ehrlichs do not disregard other problems such as poverty, racial tension, energy, urban blight among others, but they argue that these problems cannot be cured without population control [7].

While Commoner and Ehrlich respectively attribute environmental pollution to faulty technology and population pressures, Mishan blames it on the worldwide mania for economic growth. To him social welfare is uniquely related to neither the GNP nor the expansion of consumer's choice through new gadgetry. In affluent countries the costs of economic growth, he argues, far exceed its

beneficial effects. And the relentless pursuit of technology at the expense of other values is nothing but a manifestation of this very mania for growth [8].

While Mishan has questioned the need for continued growth in developed economies, an international group of scholars, identified as the Club of Rome, has questioned our planet's capacity to sustain continued growth. Under the chairmanship of Aurelio Peccei, the Club issued a report entitled *The Limits to Growth*. And the title tells the whole story. The report followed an international approach, examined the five most important variables—population, natural resources, agricultural output, industrial output, and pollution—traced their global growth rates to 1900 and projected them to the year 2100. It concluded that the earth's resources will be seriously depleted early in the next century, causing a drop in population because of a lack of food [8].

By now we have a good idea of the major sources of resource depletion and environmental pollution. To sum up, the basic causes of pollution, according to scholars, are faulty technologies, exponential growth of world population, and mania for growth. Not surprisingly, their cures for the malady aim at controlling these sources of pollution. Thus, Commoner proposes to replace ecologically faulty technologies by ecologically wiser ones; the Ehrlichs call for restraints on global population; Mishan and the Club of Rome prescribe a no growth society. Many other participants of the environmental debate have called for a nostalgic return to communion with nature, to a simpler life devoid of noise and fumes.

Prout and the Environment

Let us now see what Prout has to add to the environmental debate, which is still raging and is expected to grow in the future. Our environment all over the world has become so contaminated today that any theory dealing with social welfare must tackle this crisis.

Prout shares many ideas of the environmental debate, but differs radically from its varied prescriptions. Sarkar's idea of progress itself identifies the basic cause of environmental degradation, and in no uncertain terms. Sarkar is very emphatic about it.

To him, progress is simply impossible in the physical realm with which the environmental debate has been mainly concerned. Writing four years before Commoner identified technical advance as the major source of pollution, Sarkar called for a balance in the use of material and non-material resources of the world. His idea of progress carries the following implications for scientific and technological change.

1. In Sarkar's view, every scientific invention or technological advance that seems to make life easier must emit harmful emissions that make life harder to the same extent. Technical change has been classified by economists into three categories, namely, capital-using, labour-using or neutral between the use of capital and labour. Technical advance is capital-using if at the old ratio of the wage rate and the rate of interest (assuming it equals the rental of machines) the use of capital or machinery increases relative to that of labour; it is neutral if the the capital-labour ratio remains the same and labour-using if the capital-labour ratio falls. Normally it is the capital-using technical change that seems to make life easier, for previously tedious, laborious and repetitive chores can now be performed by machines. But machines use energy, and the production of energy generates pollution. Therefore, increased use of machines leads to increased pollution.

In cases where machine-labour ratio remains unchanged or falls, the technical change by itself does not increase the damage to the environment. But then this kind of technical advance is not usually associated with scientific inventions. It results mainly from improved management or increased division of labour, but not from the invention of new machines. Therefore, we may conclude that only capital-using technical change hurts the environment. The neutral or labour-using change may not.

Wherever industrialization has occurred in the past 200 years, technical change has been mostly capital-using, and no wonder the cumulative effect of the past scientific inventions has now generated unprecedented pollution.

2. Sarkar's definition of progress is forceful and precise. It implies that any scientific invention, including that designed to

control pollution, will generate deleterious side-effects or what Mishan calls disamenities. The pollution controlling technologies will generate emissions of their own. Herein lies the gravity of the environmental problem. It should not be taken lightly, especially in countries where it has already begun to harm health and productive efficiency. *

In the United States, under the prodding of the government, factories have installed smokestacks to clean the air. These devices no doubt eliminate 99.8 percent of the smoke particulates that would otherwise be released in the air. But the U.S. scientists now report that these smokestacks generate pollution of their own. They release invisible thunderstorms of highly charged electrical particles, which could affect the rainfall in the area.

Those who say that the environmental degradation in industrialized countries can be solved through patchwork taxes affecting the market mechanism are dead wrong. It would take a monumental national, and eventually an international, effort to undo the cumulative harm of decades of uncontrolled, capital-using technological change that has been unleashed all over the world.

3. Since every capital-using technology must generate harmful emissions, it cannot be left to the private producer, for all he cares to see is its salutary effects on his profits, disregarding its unsalutary and inevitable side-effects on the rest of society. Hence the scientific research should be in the public domain. Private producers may engage in research activity, but no invention should be translated into industrial technology without approval from the government which will have to determine how far-reaching its side-effects are. ?

4. The fourth principle of Prout calls for maintaining a balance in the utilization of crude, subtle and causal resources of the universe. It may be remembered that crude resources include the earth and its solid raw materials; subtle resources include the liquid factor the aerial factor and the luminous factor; and the causal resource refers to the void of the space through which sound can pass.

Environmental degradation may be defined as an imbalance in the crude, subtle and causal resources resulting from the use of what Commoner calls ecologically faulty technologies. There is no doubt that such an imbalance currently exists in the world. *Hence Prout calls for an international effort to clean up the environment.*

How can it be done? The environmental cleanliness, as shown above, is not a simple task. Here Prout agrees with Commoner that only new technology can do the job. It is true that new inventions will also generate harmful emissions; but then technologies will have to be devised which not only eliminate previous pollution but also destroy each other's emissions. And such technologies are within the realm of possibility. Diamond cuts diamond: *Let technology cut technology.*

5. Those who believe that there are limits to growth and call for restraint on population are also dead wrong. In Prout's view, the present world population is only a short-run problem arising mainly from income inequities among nations. Population never was, and has never been, a long-run problem. The real problem has been the inadequate use of resources. Malthus could not foresee the tremendous potentialities of technological change which has already occurred since his prophecy of doom. Today's doomsayers are unable to visualize beyond the limited horizon of the spaceship earth. Their concept of resources is limited to our planet even though the historic journey of many Americans to the moon has demonstrated how myopic their vision is.

According to Prout, the ultimate limits to material resources are provided by the universe, not just by its tiny dot we call earth. If the earth cannot provide living space to all its denizens then humans would migrate to other planets, and build society anew. America was unknown to much of the world until 1492. But that does not mean that it had to remain inaccessible forever. Today our planetary system also seems inaccessible, perhaps devoid of life. But that is the challenge which human spirit will solve in the [same way it solved other formidable challenges in the past.

Human intellect created the environmental crisis, human intellect will also eliminate it. Whether population grows faster or at a slower pace does not matter.

Actually it is impossible to control population on a global scale. One nation or another may be able to restrain its growth, but not the whole world. This is what follows from the law of evolution wherein matter is converted first into unicellular ameba and eventually into multimillion cellar humans. In this evolutionary process, matter must sprout into life. That is the very property of matter. Therefore population will keep on growing. It may be checked in the short run through wars, famines and other catastrophes, and even through family planning. But it cannot remain in the leash over the long run. Hence all efforts to control population are destined to fail, and this is more evident today than ever before.

The growth of population is actually a blessing in disguise. Without large populations to support, the new technologies would have never been operational. Whatever the faults of science, no one can fault it for increasing human mastery over supplies of food which in the past was so vulnerable to vagaries of Nature. Similarly, without large populations to maintain, the human mental horizon would not have been as broad as it is today. With fewer people on earth, societies were first organized into village communes. As population increased, city states were born and then came provinces and finally nations. Thus expanding population has steadily expanded human loyalty from village communes to nations. The human mind and institutions, whatever their contradictions, have slowly become broad-minded. Further increase in population is needed to humanize our nationalistic institutions, which so selfishly want to preserve brutal inequities in the world. For the sake of univesalism, population growth is indispensable.

To sum up our discussion, Prout encourages scientific inventions, but they have to be such as to control the harmful emissions of each other. For it must be recognized that every scientific advance will have a unsalutary side-effect. Current population of the world is only a short-run inconvenience. The problem arises from the inefficient use of world-resources. One may object to continued growth in developed economies, but not

because there are limits to growth, but because it has generated materialism and selfishness in society. As regards underdeveloped countries, high growth rates are needed to solve their problems of survival. This is a matter to which I turn in the next section.

ECONOMIC DEVELOPMENT

Following the second world war, and especially following India's Independence, a number of economists have explored the problems facing a poverty-stricken economy. A huge literature has appeared apparently to solve economic dilemmas facing the poor countries. Such literature, whether theoretical or empirical, is usually classified under the rubric of economic development. Prout offers its own path of development, one which is drastically different from any offered by scholars before.

Most underdeveloped economies display common features. They suffer from shortage of capital and technical know-how, illiteracy, excessive dependence on agriculture, and lack of industrialization. All these features lead to low productivity and chronic unemployment, and that is why the poverty-stricken countries are mainly called labour-surplus economies. Obviously the abolition of poverty calls for the abolition of the causes of poverty, and that means economic planning aimed at the development of agriculture, industry, new technologies and educational facilities. All this requires massive investment which depends on the economy's rate of saving. But in a poor country, savings are low because its national income is low. This is the well-known vicious circle of poverty, whereby a country is poor because it is poor. Hence, the first step in economic development is to raise the economy's rate of saving so that investment can be increased.

There are several ways to increase an economy's rate of saving. The government can force the people to save more through draconian means. This is what Russia, specifically Stalinist Russia, did for a quarter century. Millions of Russians were sent to labour camps where they worked on abysmal wages in government's factories. At the same time, the state charged exorbitant prices for goods it produced, thereby further lowering

the workers' consumption. Similarly, agricultural prices were fixed at low levels, so that the agricultural profit, in addition to the profit in its industries, accrued to the state. For a long time, the working conditions in Russia were simply horrible, and millions of people revolted and paid with their lives. This is certainly not a prescription for welfare maximization. No civilized country would like to grind its citizens through such oppression so that the state can prosper.

Other methods recommended by experts and traditionally attempted by the poor economies include increasing savings through taxation or through deficit financing whereby the government simply prints more paper money, purchases resources from the public and utilizes them in new investment projects. Both these methods have been tried before, and they have some merit, although when put to excessive use they can be harmful. For high taxation may be evaded, or it may lead to serious loss of incentives to work. And deficit financing, a form of taxation, can cause serious inflation, thereby hampering the development effort.

Another source of investment is aid from rich foreign countries. But the rich never donate enough, nor is their donation without strings and motives. It is not surprising, therefore, that whatever meagre foreign aid the developing countries have received has done little to abolish their poverty.

Ultimately, each nation has to stand on its own feet, at least until the time a world government comes into being. Savings have to be generated from within an economy, and not under the threat of capital punishment. Prout's answer to the paucity of savings is morality. People have to be persuaded to increase their savings and to reduce wasteful consumption. And even in poor countries, there is a considerable amount of wastage, or conspicuous consumption. People have to be taught that saving is a virtue, as it will ultimately reduce poverty of their children and their fellow beings. People have to be encouraged to sacrifice their present consumption, especially those who can afford it. The virtue of saving has to be presented as a humanitarian idea indispensable for the well-being of all.

It is well-known that the power of morality dwarfs the power of authoritarian commands. It also dwarfs capitalistic greed. Will any of us offer to die for millions of rupees? But some of us might, for a cause. Will anyone have his head severed for all the creature comforts? But some of us might for the sake of a selfless idea. Hence, morality transcends brute force and human avarice, and it is this force which Prout calls for harnessing to achieve a high rate of saving. The connection between morality and economic development is very real, for consuming less and saving more can be presented before the people as an ideal involving sacrifice for their children, for those yet to be born.

Will such increased saving cause a decline in social welfare? No! If people are forced to reduce consumption under the threat of death-blows, there is certainly unimaginable misery in society. But when someone willingly makes sacrifices, especially for a cosmopolitan idea such as general economic development, individual welfare actually rises. Mind feels happier than before. Hence, increased savings under Prout's encouragement will never reduce social welfare. If anything, overall happiness in society will rise.

There is no doubt that, in theory at least, savings can be raised through the medium of moralistic preaching. But theory is one thing, and translating it into reality is another. The only way that people can be persuaded to save more is if their political leaders save more. People will be austere in their consumption, if their leaders do the same thing. Mere official preaching will not do. Nay, the leaders will have to be more austere than the people. They will have to live on the same subsistence on which the masses live. They will have to set examples before their subjects. Morality is a powerful force. But harnessing the best side of human conscience requires the leader to practice what he preaches. As is the king, so are his subjects. Hence, if leaders sacrifice their present consumption for posterity, so will the masses no matter how poor they are.

Prout's connection between morality and the savings rate is not a utopian idea. On the contrary, it is a practical and wonderful idea. For it will increase savings without reducing social happiness and harmony. Some rich people may not reduce their wasteful

consumption, no matter how altruistic their leaders are. In their case, force through high taxation or confiscation may be necessary. But by and large, Prout relies on human conscience and exemplary living for higher savings. A practical plan to raise savings in India has been worked out in the next chapter.

Once enough resources are generated through persuasion and even taxation, there arises the question of their utilization. Here Prout calls for balanced growth, which means allocating resources to all important sectors of the economy. Both agriculture and industry must be emphasized, and they should be developed in a way that each complements the other. Thus investment should be increased in such staples as wheat and rice; cash crops such as cotton, sugar and jute should also be promoted. Side by side, agri-based industries should be developed. This way agriculture is to complement the development of industry.

Industry, on its part, should provide fertilizers for agriculture, and modern machinery for agri-based industries. In other words, industry should be the base of agriculture and agriculture should be the base of industry.

We have already seen that Prout divides industry into three categories, namely the public sector producing key products, the cooperative sector comprising large-scale industries producing consumption goods, and the small-scale sector comprising mainly the private industries. We also saw how the basic sector is to complement the others in a pyramidal fashion. But how are these industries to get started? Where should they be located? Answer to these questions are required in any theory of economic development.

Prout favours an industrial organization that combines elements of the present-day factories and the putting-out system which, prevailing in Europe between the 16th to the 19th century, preceded the modern system. In the United States also, the primary form of manufacturing organization between the 18th and 19th centuries was the putting-out system. Sarkar believes that the answer to ubiquitous poverty in the poor nations lies not only in the most modern technologies leading to high labour productivity but also in employ-

ment-generating small-scale industries located not in urban centers but in rural areas. The latest techniques can be used only in large-scale factories. They require huge investments and can be profitable usually in urban areas where skilled labour and other economies of scale are available. However, urban centers in most underdeveloped economies are already congested ; besides, they have enough unemployed people of their own, and there is no need to lure rural workers to cities. Rather small industries should be established in the rural areas, and, as much as possible, their products should also be marketed there. Raw materials and modern machinies for these industries are to be supplied by the public sector [10].

As an example, take the taxtiles industry. Yarn and power looms can be produced in the public sector. The power looms and yarn may in turn be leased out to weavers in villages to weave cloth in their own homes. The cloth so produced should be sold in the surrounding villages, and only the surplus in cities. If power is not available in rural areas, then hand looms should be distributed. This is just one example which can be repeated in many industries.

Let us see how this location of small industries in villages compares with the putting-out system. In this system a merchant middleman or a putter-out supplied raw materials to skilled as well as unskilled labourers who worked in their houses. Later he would collect the finished product and carry it either to the market or to another artisan for another stage of manufacturing. The putting-out set-up was prevalent in almost every industry—paper, mining, ship-building, pottery, cutlery, iron, and especially woollen and cotton textiles. The merchant middleman varied in origin as well as scale of operations. Many had a humble beginning, starting as wage earners. But most belonged to the class of merchants organized in craft guilds.

Quite often the merchant provided raw materials on credit and bought the finished goods by the piece. Occasionally, the workers bought the raw-materials and contracted for payment in wages. The same applied to the equipment, with the putter-out mostly leasing but occasionally selling it to the workers.

While workers worked mostly in their homes, usually without external supervision, with the emergence of power machinery a

number of small workshops came into being in rural areas. In these workshops, eight to ten artisans worked under the supervision of a master tradesman. At times, workers would rent space in these workshops and produce goods for the putter-out. In England in early 17th century, for instance, the Earl of Shrewsbury rented out centrally located grinding wheels to master cutlers, who in their spare time subleased them to other workers.

Even when power machinery developed later and culminated in the large-scale factories in urban areas, the putting-out system worked well in rural areas for a long time. This shows that large-scale factories can coexist with profitable small-scale industries in villages. And Prout advocates the use of this latter model for rapid economic development to generate high growth and employment without large scale migration from rural to urban centers. This would avoid urban congestion and myriad related problems.

Prout modifies this factory cum putting-out system by injecting a dynamic role of the government which is to invest directly in modernized plants producing raw materials and equipment. The raw materials and equipment in turn should be provided to artisans in villages through the medium of a central small-scale-industries agency having branches spread all over the economy. Since most workers initially will be too poor to invest money on their own, the agency should lease the equipment and raw materials to workers. Or they could purchase the machinery in installments to be deducted from their earnings. The workers could either work at home, or, if necessary, in rural workshops.

In addition to these tasks, the agency should (i) provide workers the necessary training in the use of machinery, (ii) supervise their work for quality control, at least initially, and (iii) purchase their goods on piece basis. The goods can be marketed either directly by the agency in the surrounding areas or sold at wholesale prices to consumer-cooperatives, which in turn sell goods to final consumers. Alternatively, the agency may encourage the formation of workers' cooperatives which will lease raw materials and equipment, engage in the production process, and perform functions of quality control and the marketing of finished goods. This way workers' cooperatives may be formed for all essential commodities in rural areas. The same holds true for agri-based industries.

where the raw materials will come from agriculture and equipment from the small-industries agency. Small-scale industries in urban centers can also be established on the same model.

The factory cum putting-out model of economic development proposed by Prout has several advantages over the path of industrialization followed by poor nations over the last three decades. First and the obvious advantage is that no disruptive migration need occur from rural to urban areas, avoiding all concomitant problems of congestion and city pollution. The second advantage is that to the extent workers can work at home, investment in huge buildings and other infra-structure of large factories is unnecessary. As a result, substantial savings in the cost of capital can be achieved. Third, workers' cooperatives, or even workers' leasing or owning their own equipment, have higher labour productivity than similar production organization based on the capitalistic firm where a producer hires workers. This point has been emphasized by Vanek in his analysis of economic development in a subsistence economy [12]. Fourth, the system will generate a relatively equitable distribution of income, and unlike the case with past developmental efforts, the poor, not just the rich, will be able to taste the fruits of economic development. Finally, with rural areas self-sufficient in essential commodities, transportation bottlenecks or disruptions caused by national disasters will not cause famines in remote places.

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ECONOMIC REFORM IN INDIA

There is a widespread feeling among economists that three decades of planning in India has done little to ease the plight of its masses. Malnutrition, semi-starvation, unemployment, income and wealth disparities plague the land with as much ferocity as at the dawn of Independence. Nay, things in some respects are even worse today than they were before. A candid report issued by the Reserve Bank of India in 1977 reveals that the number of the poor rose sharply during the decade of the 60s. Between 1960 to 1970, the number of destitute rural households went up by 6.4 million to 27.1 million, or by a staggering 32 percent in just ten years. Similarly, the number of poor farmers increased by 2.2 million to 10.3 million, and the number of rural households owning nothing whatsoever rose from 750,000 to 2.1 million, or by an eye-popping 280 per cent. And this in a country where the maximum wage, as noted in the previous chapter, is at least 2000 times its minimum wage.

The three decades of development have really been the three decades of economic pestilence. All the industrial showpieces of modern technology bedecking the map of India pale before the monumental injustice afflicting the masses. The statistics reveal the joke that we call India's economic development, but they cannot capture the agony of hunger, the cries of the starving, the anguish of the semi-fed, semi-clothed masses, the deafening silence of rural graveyards that consume thousands of people in their teens.

What has gone wrong? What has happened to all those dreams and promises that danced before Indian society on the day of Independence?

Economists differ in their diagnosis. Some Western economists blame it all on India's religion. Thus a celebrated economist, Gunnar Myrdal, contends that Hinduism and Islam are responsible for "low social and spatial mobility, little free competition in its wider sense, and great inequalities." [5, p. 104]. Allan Gruchy argues in the same vein: "Indian religion, rigid and resistant to change, constitutes a cause of economic and social inertia and an obstacle to sound national planning, because its sanction is basically irrational and opposed to a logical way of thinking." [2, p. 655].

Such arguments reveal nothing but ignorance. For one thing, is there any religion in the world that is not resistant to change? Is there any religion in the world that preaches a logical way of thinking? Most religions hover around some holy books whose word is to be taken as final. Why, then, is India's religion an obstacle to economic development any more than other religions?

Moreover, the question for rural masses in India is one of life and death, not one of earning a decent living. How can religious considerations come in the way of survival ?

Some economists argue that India discourages private investment and initiative through its excessive controls and bureaucratic red tape. There is a point in this argument, but the lack of private investment does not come close to explaining the misery of Indian masses. As in Western economies, private capital in India will not flow to industries producing necessities. It will flow to luxuries, thereby diverting whatever resources are currently employed in necessities. Capitalism is not the answer to India's economic dilemmas. There is already enough of income and wealth disparity in society, and it has grown worse over the last three decades. Actually private business has flourished as never before.

While capitalism cannot solve India's problems, nor can communism, nor even democratic socialism. Even if communism could do the job, it should not be inflicted on any society. Who would like to linger through another Stalinist regime? Democratic socialism, on the other hand, combines the evils of private and state capitalism. It produces a mixed economy where

relatively efficient private industries, lacking competition from inefficient state enterprises, prosper even more. Profits soar, but the masses roar.

What is then the answer? What is the prescription for India's economic ills?

A diagnosis of India's sickness over the past three decades reveals that the country suffers from four tumours, namely (i) incompetent and selfish leadership, (ii) widespread corruption, (iii) the dowry system, and (iv) the caste system. Of these, which afflict entire society and hence its economy, the first tumour is cancerous and either causes the other three or directly impedes their cure. The dowry and the caste system are age-old and blaming them on post-Independence leadership may seem unfair. But they can be cured, provided those in power practice what they preach.

The Indian leaders have not been short on slogans and good intentions, only on implementation. Many scholars recognize these tumours, but fail to comprehend their true cause.

So many Indian leaders have denounced the dowry and caste system. But how many have married out of caste? How many have rejected dowries for themselves or their sons? How many have refused to pay dowries for their daughters?

So many leaders preach honesty and integrity to others. But how many pay all their taxes? How many fail to hoard wealth?

So many leaders exhort doctors to spend some time serving villages. But how many have followed their own advice?

So many leaders have called for ceilings on wealth. But how many have listened to their own slogans? How many have failed to profit from their self-invented loopholes?

So many leaders have asked others to consume less and save more. But how many have reduced their own consumption? How many lead austere lives themselves?

Words! Sweet words, that is all the Indian leaders offer to their people. Is there any wonder that the people emulate them, and engage in black-marketing and profiteering with abandon? Is there any wonder that there is massive corruption in society. When leaders are corrupt to the core, how can their subjects be any different? Corruption is so rampant now that you cannot get anything done without greasing a bureaucrat's palm.

Let us give a deep look to the quality of Indian leadership since Independence. Pandit Nehru, the first Prime Minister of India, was a charismatic leader with a mass following. Having been so prominent in India's freedom movement, he had earned the natural trust of his people. In his thinking, he was influenced by Mahatma Gandhi, Marx and Lenin, and he could have imposed the kind of austerity needed for developing a subsistence economy. He could have introduced and implemented land reforms right at the time of Independence. He could have eliminated usury which has been the scourge of peasantry ever since the British conquest of India. He could have decentralized whatever little industry existed at that time, thereby reducing income and wealth disparities. In short, he could have imposed the kind of social discipline needed in society to promote rapid economic development. If force was needed to achieve it, he had the authority because people had given him virtually absolute power. And with the kind of blind following he had, only minimum amount of force would have been needed to carry out egalitarian reforms.

Instead, Nehru chose a "soft", or a gradualist approach. Why he did that, it is hard to know. For nowhere in history have the wealthy given up their ill-deserved wealth voluntarily. He chose the path of a mixed economy, where the public and private sectors would both flourish. And the inevitable happened. While private industries prospered, the public industries languished.

To attain his mixed economy, Nehru introduced five year plans, beginning with 1951. The first plan could not but be successful because of its modest goals. The second plan was more ambitious and less successful. The third plan was a complete

failure, and so was the fourth plan. The Plans called for an annual rate of growth of 5.5 percent. The actual rate has been close to 3 percent. But even this bit of growth conceals the fact that the rich have grown much richer than indicated by the 3 percent rate. Consequently, the poor have grown poorer.

At Independence, Nehru's position was such that he could have taken strong measures to implement economic and social reforms. He wasted away people's trust in him and took only feeble measures. His government did introduce a few reforms, some of which were effective. But by and large they did little to undo the injustices of past 200 years of British rule. The result was that within ten years, Nehru's once unassailable views began to face challenges from the Left as well as the Right. Some members of his Congress party left the organization and formed their own parties. And the slow pace at which Nehru was introducing reforms came to a grinding halt. He now had to defer to vested interests which became vocal in his party. He himself was caught in intra-party squabbles and hypocracies such as the Kamraj plan, while the country and its millions of people continued to suffer.

When Nehru died in 1964, he left behind a divided country unsure of its goals and destiny. Lal Bahadur Shastri was the next Prime Minister, but he died two years later. He was succeeded by Mrs. Indira Gandhi.

Nehru and Shastri had forceful personalities, and as long as they were alive, the power of wealth had remained under the leash. Following Shastri's departure, however, opulence began to display its strength with characteristic arrogance. Politicians demonstrated an open willingness to be bought by money. The power of Birlas, Tatas and other magnates reached new heights.

Nehru and Shastri, though feeble administrators, were above board in their personal life. They themselves were uncorrupt. But Mrs. Gandhi was made of different stuff. She displayed a cunning unmatched by her contemporaries. Economic policy became a mere political tool in her hands. The merit of an economic project

mattered little to her. What mattered was its political appeal. For instance, this is what led to a hurried nationalization of banks. Whether nationalization was right or wrong is a different matter. What is questionable is the thoughtless way it was introduced.

The hypocrisy with which Mrs. Gandhi administered the country naturally weakened the nation's moral and intellectual fibre. Intellectuals and politicians who could profit from it, adored her. Others remained critical, but they were blind to their own lives, to their own double talk and perfidy. And the nation lay prostrate and bleeding. Lawlessness and union strikes became rampant. Students became disobedient and restive from massive unemployment. Police firings became common.

Being Nehru's daughter, Mrs. Gandhi, like her father, has always regarded herself as indispensable to India. Whenever her position was threatened, this conviction brought an electric response from her. When the Congress bosses challenged her in 1969, bank-nationalization was the result. Similarly in 1975, she was challenged by a court-decision which nullified her election. In response, she imposed the state of emergency : She was determined to serve the people to the bitter end.

During the Emergency, many members of opposition parties and thousands of innocent persons were sent to jail. Along with summary arrests came censorship of newspapers. Later, Mrs. Gandhi was able to tell foreign journalists that she was not against responsible dissent. In fact, all her life, she had championed the Opposition's right to dissent : she would even tell them what to dissent about. She surely did not want the yes-men around ; if she said "No," she wanted them to say " No."

The Emergency also saw the rise of another personality—her heir apparent, Mr. Sanjay Gandhi. He had proved himself to be her great and worthy son : he was there when he needed her. Sanjay's opportunism was matched only by his ruthlessness. He had lots of bright ideas to use other people's cash. While he had already made millions from his Maruti car project in which he invested as much as 100 rupees, the Emergency afforded a chance

for millions more. He was a man of convictions—and he may now have to serve time for everyone of them.

In 1977, Mrs Gandhi called a surprise election. The surprise was hers, for she and her party were trounced by the very leaders she had put in jail. Since then the Janta party, headed mostly by former Congress bosses, has been holding the reins.

Thus we have seen that ever since Independence India has had incompetent leadership. The current group of leaders is no different from that in the past. Some of them are known to have cheated on their taxes ; some are known for their arrogance. Most of them are rich and beholden to wealth. Few have any ideals, or any sense of direction for the country. They and their children hardly practice what they preach. Morarji Desai, the last of the Prime Ministers, did not want others to make fuss over him—just to treat him as they would any other great man.

India has an abundance of natural resources. But the one resource it has been lacking is moral, courageous and intelligent leadership. As a result, all other resources remain underdeveloped. India is one vast reservoir of human intellect. Scientists, economists, historians and physicians of Indian origin are prominent in so many other lands. They teach, they treat patients, they solve socio-economic problems in many other countries. Can they not do the same for their own country ? They certainly can. And remember that only a fraction of India's intellectual resource is working abroad. That is why I say that India is one vast reservoir of human intellect. If it is properly harnessed, within a decade the Indian economy and society will be out of shambles. All we need to do is to divert this intellect away from selfishness to selflessness and sacrifice.

To my mind, if India is to move out of the rut of poverty, it needs a political leader who displays most of the following qualities.

1. If he or she is married, then he (she) should have married out of caste without accepting any dowry. His (her) children should follow the same ideal. If unmarried, he (she) should be a great champion of inter-caste marriages devoid of gifts.

2. He (she) should be willing to spend long hours in villages where the masses live. He (she) may have his (her) office in a city, but frequent visits to rural areas are indispensable to keep a personal touch with the poorest people.

3. He (she) should be well-educated, practical and honest to the core.

4. He (she) should be prepared to live on the area's minimum standard of living. His (her) duties may preclude his (her) living like a pauper, but he (she) should own no wealth. In any case, his (her) living standard should not exceed that available from the average wage.

5. Finally, he (she) should be a humanitarian with a deaf ear to vested interests and ready to introduce social and economic reforms, using force if necessary. He (she) should not cling to office, and should be ready to quit at the first indication of mass unrest in society. He (she) should be able to inspire others through his (her) austerity, integrity, intelligence and humility. In short, he (she) should take the lead in making sacrifices that others may have to make.

India's socio-economic problems are indeed gigantic. But these problems can be solved if, and only if, a giant among the masses emerges to take charge and give them new hopes and directions through exemplary living. The leader must have transcended the mental weaknesses. He must have boundless love for the masses and not for office.

Is it possible to find such a leader in today's India? The answer is yes. For leaders emerge in response to urgent cries of downtrodden humanity. And there is no doubt that the suffering in India has been long and real. One after another incompetent and self-centered persons have been at the top. As a result, the chaos, the unrest and insecurity that surfeit society today have become irreversible. But before long a new leader should emerge to wrest the initiative and provide new hope to glum eyes.

It is this incompetent leadership, which has thus far followed toothless and faulty economic policies, that is solely responsible

for India's economic problems. Prout's economic system, presented in the previous chapter, is designed to increase savings and labor productivity, eliminate injustices and provide at least minimum living standards to all workers as well as the handicapped. To solve India's problems, we need a new leader and a five point economic program that flows from Proutist guidelines.

(i) Every rural worker should receive a monthly income of at least 200 rupees, and an urban worker at least 300 rupees; but no wage should exceed 2,000 rupees, per month;

(ii) No family should own more than one house or residential property exceeding 60,000 rupees in rural areas, whichever is higher in value. Similar ceilings on urban tangible property, to be obtained from my formula developed in the previous chapter, should be enforced in cities;

(iii) No able-bodied capitalist should own stocks and bonds exceeding the area's wealth-ceiling on cash, and the surplus stock should be properly distributed among workers;

(iv) Appropriate land-ceilings should be enforced in agriculture

(v) Finally all private firms competing with public firms in key industries producing intermediate goods such as steel, coal, yarn, among others, should be nationalized and assigned to autonomous bodies which should run them on the same basis as private firms facing competition are run. No one should be given the luxury of job security just for seniority. Only performance should count.

Feasibility of Reforms

Let us now see if the reforms advocated above are feasible. Some economists suggest that measures aimed at reducing income inequalities induce a decline in savings as well as the economy's rate of growth. Others suggest that a national minimum wage should not be introduced in India, or it should be low enough to be compatible with the capacity of private industries to pay it. I will presently argue that the Proutist reforms presented above are

not only feasible, but they will also reduce social misery and stimulate economic growth.

As early as 1948, a minimum wage act was introduced to set minimum wages for certain industries. It was a landmark act designed to prevent the "sweating" of unskilled labour by unscrupulous employers. It had good intentions, but, as usual, its intentions were not translated into reality, especially when it was applied to industries with no or weak labour unions. The Act soon became a farce, and the employers continued to pay pitiful wages determined by conditions of low demand and excessive supply of unskilled workers. In any case the 1948 act did not call for a national minimum wage.

Ever since, the concept of a minimum wage has been debated from time to time. It was taken up by the 15th Indian Labour Conference which called for the fixation of a standard wage ensuring the minimum human needs of an industrial worker. The minimum wage was to provide for a daily diet of 2700 calories, 72 yards of clothing for the family per annum and a house conforming to the minimum rent charged by the government in its subsidized housing schemes. While the labour conference provided guidelines for fixing minimum wages in industries, it stopped short of recommending a standard need-based wage applicable to all sectors. In other words, it left room for differential minimum wages in different sectors of production.

In 1966, the government appointed a National Commission on Labour to look anew at the wage structure. The commission presented its report in 1969, recommending a need-based minimum wage, regardless of the industry's capacity to pay. As with the Labour Conference, it also did not advocate a national minimum wage.

Recently the government appointed a Study Group on Wages, Incomes and Prices, which presented its report in May 1978. After examining all pros and cons, the study group has indeed called for the fixation of a national minimum wage, which is to equal 150 rupees and is to be enforced in seven years.

The study group has moved in the right direction. The current wage structure is indefensible on all conceivable grounds, and as the study group points out, "The wage structure abounds in disparities, distortions and anomalies between the government, public and private sectors and within each sector itself." [7, p. 19]. When an office clerk in some firms earns more than a deputy secretary to the government or a doctor, you know there is something wrong with the system.

But while the concept of a uniform nationwide minimum wage has its merit, the great differences in rural and urban areas cannot be ignored. The argument of the 1966 National Commission on Labour is quite convincing in this regard. In the Commission's view, "a national minimum wage in the sense of a uniform minimum monetary remuneration for the country as a whole is neither feasible nor desirable. If one is fixed, the dangers are that there will be areas which will not afford the minimum if the minimum is worked out somewhat optimistically. And if calculations are allowed to be influenced by what a poorer region or industry can pay, the national minimum will not be worth enforcing," [6, p. 234].

In view of the internal merit of the minimum wage and wide regional disparities in the cost of living, I have called for a dual minimum wage system with one wage applying to rural areas and the other to urban areas. In the rural sector, I recommend a minimum wage of 200 rupees per month for any worker 18 years old or above. This is to apply to continuous employment. For day-to-day work, the minimum rural wage should be 8 rupees per eight-hour day, on the principle that full time work usually calls for working 25 days a month. This will then produce a monthly income of 200 rupees.

In the urban sector, the minimum wage should be 300 rupees per month or 12 rupees per eight-hour day. It should be remembered that these are minimum wages only for unskilled work. For skilled work, wages should be higher, depending on conditions of demand and supply. But in no case should they be less than the minimum wage.

Let me now compare my dual-wage system with the one recommended by the study group which calls for a national uniform minimum wage of 150 rupees, beginning with 100 rupees in the first year, but rising to its equivalent in real terms over seven years.

First of all, the study group glosses over all the valid arguments against a uniform minimum wage in India. Second, its minimum wage is a joke ; it is far below subsistence. In a recent paper, Subbarayudu argues that the need-based minimum wage today is about 300 rupees per month [9, p, 990] and that is what I have recommended for urban areas. However, the same need-based minimum wage in rural areas approximates 200 rupees, And the study group recommends half of this amount in the first year in both villages and cities.

To the study group, a minimum wage above 100 rupees would cause great dislocations in industry. I say that if an industry cannot even pay the need-based wage to all, then it must be paying excessive and undeserving wages to its white-collar workers and executives. To be feasible, the minimum wage must be combined with the maximum wage. Based on the decimal-scale of income distribution described in the previous chapter, the maximum wage should be no more than 2000 rupees per month. And the maximum should apply to all sectors.

Let us see if this egalitarian wage-structure is feasible. Hereafter, I make the following assumptions for my analysis.

(i) Top 5 percent of households consume 30 percent of national income in India.

(ii) Each household, on the average, is a family of 6 persons, including children and other dependents.

(iii) Bottom 20 percent of households consume 4 percent of national income.

I have made these assumptions on the basis of previous studies of family size and income inequities. The two assumptions about income distribution derive from the Lorenz curve drawn by Rajinder Koshal [3, p. 141]. The studies of India's income

distribution conducted by Ojha and Bhatt, ECAFE and the NCAER more or less support these assumptions which convey the indisputable fact that India suffers from pathetic income disparities. (See Mahajan [5] who cites these studies.) The average size of a family of 6 also draws some support from existing literature. The numbers I have chosen may not please everybody, but the point that I make below stands on its own.

The Central Statistical Organization (CSO) has recently released "quick estimates" of national income for the year 1977-78 [1]. According to these estimates, national income in the year in question stood at 822,650 millions of rupees. If 30% of that income went to income earners in the top 5% bracket, the richest section earned 246,795 million rupees. With a population estimate of 630 million and household of 6, the number of the top 5% families was 5.25 million. The average income of the top 5% families, therefore, equalled 47,008 rupees per year. This income is almost twice the maximum wage of 24,000. If such maximum were to be enforced, roughly half of the income going to the top 5 percent bracket of population would be freed for other use. Let us say the income so released is 122,000 million rupees.

On the other end of the income ladder, 20 percent of population earned a lowly 4 percent of income. This means that in 1977-78 21 million families earned 32,906 million, or an average of 1,567 rupees per year. If the minimum wage of 200 is enforced, an average family at the lowest income level will receive an extra 833 rupees, or a total of 17,493 million, which is easily covered by the income released by the top 5 percent bracket. Even if the minimum wage for all workers is 300 rupees per month, the additional income of the poorest people will add to only 42,693 million, which is far below the released income. Thus, it is clear that my need-based concept of minimum wage is easily feasible, provided the maximum wage is enforced at the same time.

The mini-maxi wage structure that I have recommended, while reducing income disparities, will increase savings, thereby promoting growth. And as growth occurs, both the minimum and the maximum wage can be raised.

Let us examine the question of savings more carefully. The richest people in society are supposed to have the highest propensity to save. The average rate of household saving in India has been around 5 percent. The rich waste a lot of money, and they may not necessarily save at a higher rate. In fact, Raj Kumar Sen has recently argued that reducing income inequalities in India will not reduce savings [8, p. 97]. However, the wage-structure that I have suggested will actually raise total savings.

Suppose the propensity to save of the rich is, say, as high as 20 percent. Any higher figure is unlikely. And suppose, the top five percent of income earners save nothing after the maximum wage is imposed. Then the total household savings will decline by 49,359 million. But the income released by them was 122,000 million, and that transferred to the poorest people was at the most 42,693 million. If the poor consume all they earn, even then the net income released (after deducting the saving loss and the income-transfer) will be 29,948 million. Hence total savings in the economy will rise by this last amount.

The following objections may be raised to my analysis. To begin with, not all the income of the rich comes from wage earning. A part of it, and a substantial part, derives from property. A mere imposition of a maximum wage will not then cut their earnings by nearly half, as I have calculated above, so that the net savings may or may not rise. Excessive incomes from property will have to be abolished from my recommendation of ceilings on wealth. And the workers will then earn not only a minimum wage but also some income from wealth, for stocks and bonds should be distributed among labourers. The implementation of this wealthy distribution may take two or three years, and during the transition much of the income from stocks and bonds will accrue to the state, thereby raising total savings and hence growth. In that interregnum, the government will also be able to provide training to representatives of workers in the management of industries.

What about the self-employed in rural and urban areas? Rich farmers, store-owners, physicians, etc., are self-employed, and their incomes may escape the maximum ceiling. This will be a real problem, especially when the tax system in India is notorious

for its ineffectiveness. This dilemma could be tackled in various ways. Since the government will have little need to enforce the tax laws over wage-earners, it could concentrate on the self-employed and collect the extra income through taxation. Recognizing that some income will still escape the tax-collector, the government could impose stiff excise taxes on luxury goods bought by the remaining rich, thereby collecting a portion of their extra incomes. Finally, the government could fix lower prices to be charged by the rich sections of the self-employed.

Some may object to my assumptions. The top 5 percent of households may be receiving less than 30 percent of national income. Maybe the family size of a wage earner is not 6 but 5, or even 4. Maybe ! But my point still remains. For no matter what the assumptions are, the income released by the top bracket will be several times the income transfer required to arise consumption of the poorest people to the minimum level. And if the released income, for some reason, is not enough, then the maximum wage should be reduced further to, say, 9 times the minimum wage. For providing the minimum needs of each and every one is the most urgent task facing society.

I may add, however, that my estimate of the income freed from the upper-income group may be on the low side. For I have examined only that group whose average income is about 4,000 rupees per month. There must be another large group with monthly incomes between 2,000 to 4,000. Given the maximum wage limit, this group will also free income that could be used either for raising the incomes of the poorest people or for capital formation. Thus the mini-maxi wage structure flowing from Proutist principles will not only reduce income disparity, not only reduce social misery on a vast scale, but will also promote healthy economic growth.

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PHILOSOPHY OF HISTORY

Sarkar's views regarding society and its organizations partly derive from his understanding of history. As with every other subject, his vision of history is novel and original. Much like Marx, Toynbee and Spengler, Sarkar detects a certain pattern in the quagmire of past events, but his hypothesis, called the law of social cycle, is more general than similar hypotheses combined. It is an answer to all the pointed darts that critics in the past have hurled at once popular dogmas of historical determinism.

I have examined this subject in great detail in another book [1]. Here I will present a brief outline, and let the reader decide for himself how brilliant and prophetic is Sarkar's diagnosis of the human past. Sarkar argues that the law of social cycle has operated without fail in all civilizations, and will continue to operate in the future as well.

CHARACTERISTICS OF HUMAN MIND

Every author, with a new and deep message to convey, introduces his own terms, concepts and definitions. In this respect, Sarkar is no exception. Even where he borrows a bit from the stock of already known ideas, especially those of Marx and Toynbee, his exposition reveals new insights.

Sarkar's thought is based on a simple and yet deep perception. It begins with the fact that society is basically composed of four types of people, each with a different frame of mind. Some by nature are warriors, some intellectuals; some are capitalists and

some laborers. This way there are four broad groups or classes in a community. Thus Sarkar differs sharply from Marx and other socialists who define classes on economic grounds—on the basis of income and wealth. Sarkar, of course, does not neglect the economic aspect, but to him it is only one of the four aspects that describe the totality of society. Class divisions, in his view, exist, and have existed ever since the genesis of Civilization, because of inherent differences in human nature.

The four types of people mentioned above do not, of course, cover the full range of society. There are many gradations among the stated groups. Among laborers, for instance, some are highly skilled and some unskilled. Similarly, capitalists did not exist in the past in several societies. In order to provide class definitions independent of time and space, Sarkar goes deep into human behavior and commences with the fundamentals—with characteristics of the mind which he classifies into four distinct categories. That is why every society basically comprises only four types of people whom he groups into *Shudras*, *Khatris*, *Vipras* and *Vashyas*. To a scholar of Hindu civilization, these groups relate either to the caste system still lingering in India or, as in ancient times, to one's occupation. But to Sarkar they convey an altogether different meaning and significance: They simply reflect four types of mind, each manifesting itself in nothing else but one's deeds, thinking, and outlook towards life. Of course, given the freedom of choice, the mental make-up is also reflected in one's occupation. Therefore in the case of society's privileged classes, which are usually free to make such choice, the profession is a true gauge of their mentality.

A Shudra-mind is one that is completely dominated by the environment surrounding it. It is passive, and unintelligent relative to the other types, and those whose actions and behaviour exude such mentality are the ones called Shudras. The Shudra-mind fails to do anything subtle or intellectual, for it is ruled by materialistic thoughts which run parallel to the crude waves of matter. Sarkar believes that every entity in this universe emits certain waves and vibrations which the naked eye cannot perceive. The waves of the Shudran mind are similar to those of inert matter, and therefore a Shudra cannot subjugate material forces or the physical

environment in which he or she resides. Unskilled workers, peasants, serfs generally belong, or have in the past belonged, to this class. Exceptions, of course, may be discerned in all these occupations. Some peasants or farm workers may be persons of keen intelligence, or there may be other physical workers who perform hard labor not by choice but under social oppression. Such persons are not, of course, Shudras. Similarly, in virtually all societies in the past slavery was a common institution and slaves were forced to do the servile, physical work. But in no way does it mean that the slaves were Shudras. A Shudra is simply one who performs physical labour either by choice, or because he or she is unable to acquire technical skills. Even though imbued with physical strength, Shudras lack the initiative, ambition and drive to subdue matter or to succeed in the world : Seldom do they shine in society.

The mind that is moved by the spirit of subduing matter is the Khatrian mind. "To make a slave of matter," says Sarkar, "is the wont of a Khatri." [2. p. 14]. Thus, a Khatri is one who loves adventure, is full of courage and high-spiritedness, has natural curiosity to learn new ways, and applies his physical strength and skills to solve his problems. Since the Khatrian intellect is subtler (more intelligent) than the Shudran intellect, the Khatri makes the Shudra do a considerable amount of his work. Of the three divisions of time—past, present and future—a Shudra abides only in the present, whereas the Khatrian mind abides in the past as well as the present. A Khatri does not just live ; he lives with dignity and self-esteem. Those endowed with superlative Khatrian qualities want to leave their mark on history, to seek eternity through their exploits. The Khatrian class is usually composed of army officers, skilled workers, adventurers, professional athletes, etc.—anyone who struggles to solve the problems through a direct fight or through physical prowess.

A Vipran mind is one that is more prone to intellectual pursuits than the Khatrian mind. Like the Khatri, the Vipra too wants to subjugate matter, he too strives to make the environment conducive to his living, but, unlike the Khatri who wrestles material forces with his heroism and physical skills, the Vipra uses his intellectual forte to attain the comforts of life. The Vipran mind is

subtler than the Khatrian mind : hence in social interactions as well as politics, the Vipra eventually comes to sway the Khatri. Thus the ambitious Vipras, lacking in the Khatrian endowments of virility and fearlessness, endeavor to dominate society by controlling the Khatrian mind and through it the Shudra. In Sarkar's words, "The Khatri wants to bring matter under his subjection by a direct fight and the Vipra wants to keep the Khatri, the conqueror of matter, under his own subjection through the battle of wits." [2, p. 36]. Thus, a Khatri's behavior is straight and simple, not difficult to read, but Vipras usually approach a problem in a roundabout way. They devise theories, cults and dogmas to confuse the Khatri and take advantage of his intellectual poverty.

Priests, scribes, poets, scientists, lawyers, physicians, teachers and the like constitute this group. Most intellectuals keep aloof from politics and earn a living by dint of their intellectual caliber; but those seeking high social status and political power attain them by prevailing over the Khatrian mind. Thus, whenever Vipras rule, they rule, by winning over the Khatri who alone are physically and mentally equipped to maintain order in society.

Finally, we come to the Vashyan mind. Most people want enjoyment from material things, but the Vashyan mind also has a penchant for their accumulation. In fact, Vashyas, according to Sarkar, "are more partial to possession than to the enjoyment from material objects—want to feel peace in the mind thinking of them or feasting upon them with their eyes." [2, p. 101]. Of the three intervals of time, the Vashyan mind frets constantly about the future and seeks to amass wealth for a rainy day. At some point in time, the affluent Vashya comes to dominate the other three groups by purchasing their services with his opulence. In other words, accumulation of wealth is the lever through which the Vashya seeks not only the comforts of life and the security of future, but also prestige and dominion in society. Money lenders, merchants, feudal lords and capitalists belong to this class. Not all Vashyas, of course, are interested in politics, but those who are usually surge in society by hiring the Vipras. However, before this, Khatri were working for Vipras, and Shudras for the Khatri. So at some point in time

all non-Vashyan sections submit to men of fortune—to those abounding in acquisitive mentality.

Let me illustrate the difference in the four mental types through a simple example. If a problem crops up, a Shudra simply ignores it or tries to postpone the solution as long as possible. A Khatri, by contrast, faces it head on, uses his physical prowess, and does not rest until the resolution is in sight. A Vipra applies his intellect, but, if that does not work, either requests help from a Khatri, or attempts to win him over through persuasive arguments. Finally, a Vashya tackles the problem by pouring down his money to hire Vipras, Khatriis and Shudras. This illustration does not cover all cases, but pretty much gives an idea of the different attitudes with which men and women in general lead their lives.

Wherever civilization developed, in Africa, Asia, Europe or anywhere else, a careful examination of history reveals this four-pronged division of body social. Sarkar calls it the “quadri-divisional social system.” His categories of mind are broad enough to cover the full range of a mature society. Thus every civilization, which is what we call a mature society, is composed of four sections, each comprising people reflecting the predominance of a certain type of mind. Ordinarily, individual behavior displays two, or even all, of the four attitudes, but for the most part and especially under duress only one mentality betrays its true colors. There is a bit of Vashya or acquisitive instinct in each and every one of us, but only a few constantly long for money and make it the summum bonum of life. We are all after a comfortable living standard and social prestige, but some of us attempt to attain them through physical strength and skills, some through intellectual pursuits and excellence, and some by ceaselessly saving money or making more money with money already at hand. In this order, we are Khatriis, Vipras, and Vashyas. Those of us imbued with little ambition or drive, wanting in basic education and skills of the time are the Shudras.

It is worth noting that Sarkar’s division of society into four different groups is very flexible. Social mobility among the groups may occur if an individual’s mental characteristics change over time. Through concerted effort or through prolonged contact with others, a person may move into the realm of the other class. For example, a

Shudra, under the command of a warrior may become a genuine Khatri, or through vigorous education he or she may become a Vipra, and so on. Similarly the Vipran intellect, through contact with money, may turn into the acquisitive intellect of a Vashya, or a Vashya may turn into a Shudra. Thus even though class distinctions in society, according to Sarkar, derive from differences in human nature, they may or may not be hereditary.

The Theory of Social Cycle

Having described the four types of people in society, I am now in a position to state Sarkar's theory of social cycle. In accordance with his quadri-divisional social system, he argues that a society evolves over time in terms of four distinct eras. Sometimes Khatri, sometimes Vipras and sometimes Vashyas dominate the social and political system. Shudras never hold the reins, but at times the ruling class becomes so self-centered and decadent that for a while society may have to languish through the disorder of Shudran times. Thus no single group can exercise social supremacy and power forever. What is more interesting, as well as intriguing, is that the movement of society from one epoch to another follows a clear-cut pattern. Specifically, in the development of every civilization, ancient or modern, oriental or occidental,

the Shudran era is to be followed by the Khatrian era the Khatrian era by the Vipran era and the Vipran era by the Vashyan era, culminating in a social revolution—such a social evolution is the infallible Law of Nature. [2, p. 40].

This is Sarkar's law of social cycle. Note the word "evolution." This law of nature is "infallible," because it is based on evolutionary principle. Just as human evolution from animal life is indisputable, just as the onward march of humanity along the evolutionary ladder cannot be arrested, so is this movement of social cycle an inevitable natural phenomenon, whereby social hegemony shifts from one section of society to the other, from the collectivity of one type of mind to the other. Thus underneath the seemingly haphazard change in society lies the invisible but unmistakable imprint of certain laws of nature: Social evolution goes hand in hand with human evolution. It is in such apocalyptic terms that Sarkar conveys his message. To him society is a dynamic entity and perpetual change

is its essence. A civilization emerges with the advent of the Khatrian era, and, after considerable ups and downs through Vipran Vashyan and Shudran eras, it goes back to the Khatrian age, only to resume its evolutionary march in tune with the same old rhythm. This, in short, is Sarkar's social cycle.

Why must society go through these changes? Why must it move in cycles and not in a straight line? Sarkar argues that the dynamics of every mundane entity—singular or collective such as society—is systaltic; that is to say, just like the heart-motion its movement is characterized by alternate flow of systole and diastole—ups and downs. The systolic aspect of every movement is simply an expression of its progressive state, at the culmination of which it reverts to its retrogressive or diastolic phase. The reason why every relative movement is systaltic is that its source of inspiration is the state of motionlessness, which to Sarkar defines not a static state but a state of equilibrium and poise: It is from motionlessness that every activity springs, and it is back towards motionlessness that every activity proceeds. For instance, suppose that the equilibrium of an entity is disturbed by some extraneous force. Then this deviation from equilibrium and the corresponding agitation of that entity constitutes its diastolic phase. If during that phase, it still has some vitality left, there begins its systolic phase marked by a reverse movement. The entity, which may have been transfigured in the process, then goes back towards equilibrium or towards what may be called a steady state. Depending on its momentum, it may evolve during the systolic phase with a far greater inspiration than ever before. However, if during the disequilibrium or diastolic phase, no reverse movement occurs, the entity meets its death. Thus all relative movements are pulsatory. They may perish before or after the completion of a full cycle or, depending upon the innate strength, may indefinitely move along a cyclical path marked by alternate currents of diastoles and systoles. Uninterrupted, unidirectional flow of any entity is impossible.

A civilization also is a relative movement. It also like every action has certain velocity along which society evolves at a much faster rate than a primitive community—one that according to Toynbee [3] fails to offer adequate response to challenges of life.

Being relative movements, civilizations, are also systaltic; they too are subject to the phenomenon of cyclical variations that Sarkar's social eras represent.

What then is the Shudran era? The society of Shudras is one that suffers from complete lack of guidance, and authority; one where the so-called leaders become so egocentric that the majority of people, following in their footsteps, display Shudran mentality, a mentality ruled by instinctive behavior and pure self-concern. The Shudran era is then characterized by anarchy, by a lack of social order. There the family ties are not binding, people scoff at higher values and finer things of life, religious behavior, if any, is born out of fear of the unknown, morals are extremely loose, crime is rampant, and materialism permeates society to the core. People of Shudra-like propensities exist at all places and in all civilizations, but it is only when society lacks all purpose and the repression of the masses is at the maximum that the Shudran era begins. The state or government may exist in the Shudran era, but its dominion is not respected. And in any case the Shudras, despite their majority, do not control the government; the important point is that the Shudran era arises because of the self-conceit of the dominant groups who care nothing for how their actions affect others.

The Khatrian era, in terms of the political and social structure, is diametrically opposite to the Shudran era where, as stated above, Shudras are in the majority but the government, if any, is controlled by a different group of people. In the Khatrian age, the Khatri-minded persons, though not necessarily in the majority, dominate society as well as the government. There the political authority is extremely centralized, people are highly disciplined, family ties are morally binding, social prestige through physical prowess and feats is earnestly sought, the religious behaviour of people reflects the common Khatrian desire for victory over the crude matter, and so on. Vipras and Vashyas enjoy some respect in the Khatrian era, although they have little say in governance. But Shudras perform physical labor for the Khatri, and in the closing stage of this period, as in that of every other era, they are mercilessly exploited. However, at the dawn of the Khatrian era, the ruler respects their contribution and treats them with care and compassion.

The Vipran era is marked by the rise of priests and intellectuals, though here again the ruling class does not have to have a-numerical superiority. Many new theories dealing with various aspects of life are then born. Although most Vipras are interested mainly in pursuing their worldly careers, a few, through earnest yearning, come to attain a beatific experience transcending the mind. It is through them that the ideal of prayer to God for love alone was born. Whereas in the beginning of the Khatrian era, strong, benign leadership comes from persons of physical might, in the Vipran era it comes from selfless intellectuals and a few rare, enlightened beings. Unscrupulous Vipras, however, exploit Khattris and Shudras in the name of these sages who themselves had tamed all infirmities. Near the end of the Vipran age this exploitation becomes oppressive.

The Vashyan era bears close resemblance with the final stages of the Vipran era where, as mentioned above, Khattris and Shudras are heavily exploited. The Vipras, however, are no longer at the helm of the polity; rather they work for the affluent class. It is in this era that the practical value of things is reduced literally to zero. Everything is valued in terms of rupees and *pice*. Human values begin to recede; art, music, religion, sports, everything is commercialized. Crime flourishes, family ties again become loose, and gradually the Vashyan age heads to lawlessness of the Shudran age. At the end of the Vashyan era, all non-Vashyan groups are remorselessly exploited by the limitless rapacity of the Vashyas. Society then passes through a period, which may be very brief, of the Shudran age, only to be engulfed in a social revolution, following which it resumes its march in terms of another Khatrian era, and so on.

Note that in every age other than Vashyan era the transfer of government may come about through social evolution or revolution, but the Vashyan era positively ends up in a social revolution of the Shudras. This rotation of societal dominance along the hub of Khattris, Vipras and Vashyas culminating in the Shudran revolution is Sarkar's law of social cycle. In his view most countries today are in the moribund phase of the Khatrian age; at places the Vipran era is about to be established, whereas in many democratic countries the Vashyan period is in vogue.

Examples from Indo-Aryan and Western Civilizations

Let us now briefly explore the annals of some well-known civilizations and see if they evolved in terms of the law of social cycle.

In the case of Indo-Aryan society, modern historians such as K.M. Munshi, R.C. Majumdar among others agree that the foundation of this civilization was laid by the Aryans who migrated to India from Central Asia around 1500 B.C. Much of what we know about the early Aryans has been preserved in the Vedas, of which there are four, and of which Rig-Veda is the oldest. And the society that Rig-Veda describes fits neatly with Sarkar's Khatrian age. The Rig-Vedic period lasted from around 1500 B.C. to 1200 B.C. or to as late as 1000 B.C.

Following this appeared what is known as the Brahmanic age, which is so called to reflect the brahman's or priest's ascendancy over all other classes. This was then the Vipran era which lasted until about 600 B.C.. India's caste system is the handiwork of those brahmans who thus sought to perpetuate their strangle hold over society.

Following this came what historians call the Buddhist period during which merchants came to dominate the Khatris, priests and, of course, the Shudras. This was the Vashyan age of the Indo-Aryan society and it lasted till 324 B.C.

The Vashyan age generated unprecedented exploitation of Shudras, and a time came when a Khatrian warrior Chandragupta Maurya and a Vipran priest Chanakya pooled their resources together to overthrow the rule of wealth. The dethronement of the then King Dhana Nanda by Chandragupta Maurya in 324 B.C. marked the first Shudran revolution in recorded annals of India.

Following this Shudran revolution began another Khatrian period known as the Mauryan age. The fall of the Mauryas was followed by the resurgence of brahmans, culminating in another Vipran age. Then came another Vashyan era coinciding with India's disintegration into small, decentralized states in the third century.

It is to another Khatrian warrior named Samudra Gupta that the credit goes for launching the second Shudran revolution, following which the Khatrian era appeared for the third time in Indo-Aryan society. The new period of absolutism lasted with ups and downs until the eighth century when Vipran prime ministers and priests took over major parts of India again. Following this Vipran epoch appeared India's feudalism where big landlords, and hence the wealthy, came to power. This was India's third Vashyan age, which culminated in the Shudran era.

Around these times when India was internally weak and divided, systematic invasions began from the Muslims. Muhammad of Ghur defeated Prithvi Raj Chauhan in 1192 and laid the foundation of subsequent Muslim conquests. The new Shudran era coincided with the barbarity with which the Muslim rulers such as Iltmush, Balban among others ruled over much of Northern India. The chaos that thus resulted was ultimately put to end by another Muslim ruler, Alauddin Khilji, who came to power in 1296 and soon unified almost all of India under his centralized rule. In other words, his Khatrian genius brought about yet another Shudran revolution in Indian history, and initiated what may be called the Muslim Khatrian age.

The Muslim Khatrian age lasted till the rule of Akbar the Great, and then began another Vipran age which may be called the Mughal-Maratha Vipran Era. In the first part of this period, Muslim Priests, *Ulemas*, ascended to the peak of power in the reign of Aurangzeb, whereas in the second part, this peak was held by brahman Peshwas who controlled the Maratha Kings.

The Maratha dominion in India lasted, with inevitable vicissitudes, until the end of the 18th century, when the British dealt a crushing blow to the Peshwa in 1804. Then began another Vashyan age during which the village money-lender, *Baniya*, *Zamindars* and capitalists came to prominence. Today, India is passing through the Vashya-Cum-Shudran age in which the Vashya rules and the materialism of the ruler comes to infect the masses, resulting thereby in chaos. This chaos will continue until the current system is overthrown by another Shudran revolution, which may not be far off.

According to my calculations, the new Shudran revolution should occur within the next decade and no later than the year 2000. [1, p. 216]. The current lusting for power among hungry politicians is by far the clearest indication of the coming revolution.

This is how the Indian society has evolved. Let us now see how the West has evolved.

Going as far back as the first century, we find that the period of the Roman Empire conforms with the Khatrian era, of the early middle Ages in Europe with the Vipran era, of the later Middle Ages or Feudalism with the Vashyan era, of the peasant rebellions with the Shudran era, culminating in the Shudran revolution that was brought about by Louis XI in France, Isabella and Ferdinand in Spain, and Henry VII in England. The evolution of this entire period of about fourteen hundred years following the birth of Christ completed one rotation of the social cycle. Another cycle commenced with the new Khatrian period of centralized national monarchies, followed first by the Vipran age portraying the influence of the Prime Ministers and then by the Vashyan era dominated by affluent capitalists. Today, the West is also passing through the Vashya-Cum-Shudran age and is inching towards the avalanche of Shudran revolution which is sure to occur around the year 2000.

So far I have shown the validity of the law of social cycle in two ancient and diametrically different civilizations. The reader can examine other societies, and they will all be found to have evolved in tune with one and the same pattern. Herein lies the universality of Sarkar's message. Herein lies its generality and breadth, its brilliance and vision.

HUMAN EXPLOITATION

If it is necessary to describe the annals of human past by only one word, then 'exploitation' describes it better than any other. This exploitation followed more or less a similar pattern. Towards the end of each era, the ruling class would oppress the masses. It would be opposed by the class next in line of succession, and when the "opposition" came to power in the new era, people would ex-

perience a temporary relief. Before long, however, the new ruling class would become an engine of brutal repression of others, until yet another class emerged to wrest the reigns of government, and so on. Thus one class after another ascended to power in the past in all civilizations, and exploited the other three in accordance with its mental characteristics. When Khatris were at the top, they constantly fought with each other to expand their empires and in the process conscripted the Shudras in their armies. Shudras thus became victims of their ambition.

When Vipras attained prominence, they inflicted intellectual exploitation on society. They devised illogical dogmas to bind the Khatris and through them the Shudras. They started the oppression of woman, calling her a temptress, inherently evil, and devoid of soul. They are the ones responsible for prostitution which began in the temples. When Vashyas came to power, they imposed economic repression on the masses. Much of society's income and wealth became concentrated in their coffers. Consequently, prostitution and crime soared during their rule.

The broad pattern of human exploitation just described was repeated verbatim in all civilizations. The question is : can we do something to rupture this age-old pattern ? Given that the eternal rhythm of the law of social cycle cannot be broken, is humanity foredoomed to undergo the agony of ups and downs, of momentary benevolence and prolonged persecution ? Are we predestined to be trampled, as in the past, under the grinding wheels of oppression perpetrated in turn by the three classes of Khatris, Vipras and Vashyas ? My answer is a definite no ! The law of social cycle indeed cannot be violated, but once we understand the pattern of historical events, we can devise a political system designed to fit into this pattern in such a way that the period of persecution is minimized. What we need is a Constitution that establishes a nucleus of benevolent people who control the movement of the social cycle. Society, like any other entity, is subject to ups and downs. This is the inviolable law of Nature. What we must and can do is to shorten the downward period as much as possible. All this, however, points to a new political system which is taken up in the next chapter.

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PROUT'S POLITICAL SYSTEM

Every socio-economic system has a political system that supports it. Capitalism, for instance, derives from the social sanction of unlimited private property, of everyone's right to enrich himself no matter how opulent he already is. In such a socio-economic setting, it is not surprising that political power also rests with the class of the rich, the owners of property, who, with the help of mercenary intellectuals, have sanctified capitalistic greed in the unimpeachable garb of liberty, justice and human rights. Capitalism is propped by a political system we call democracy, where at least two political parties compete for people's votes. There are at least two points of view facing the voters. However, none but the rich can afford to seek elections. The candidates, therefore, belong mainly to the class of the affluent. Where then is the choice?

True, the candidates make different promises. They belong to different parties. But their basic philosophy, their life-styles are essentially the same. Hence they all end up promoting interests of one and the same class—the class of the wealthy. Hence spring all the loopholes in the tax system; hence the inconceivable maldistribution of income and wealth in all the so called democratic countries; hence the super-materialism surfeiting society.

Communism is the other extreme. To capitalism private-property is a sacred word; to communism it is an anathma. The social setting in communist countries is that the masses, as opposed to their comrades in power, should enjoy no fruit from property. The state, and its delicate leaders, should have it all. Hence

arises the need for totalitarian regimes to choke human freedoms and the natural urge for accumulation. Hence the ugly dictatorships in the name of proletarian welfare.

Thus every socio-economic system rests on the pillars of a congenial political system. Prout is no exception. And as in all other respects, it radically differs from current or past frameworks of government. It is based on strict morality, on what is good and shining in human beings. It contends that ever since the genesis of civilization some six thousand years ago, humanity has been brutally exploited by one class after another. There were, of course, short phases lighted by the ruler's benevolence, but by and large history reveals that the three groups of Khattris, Vipras and Vashyas came to power turn by turn and brutally oppressed the classes not in power as well as the Shudras. Today, in many countries Vashyas are at the helm, and for this reason materialism and the attendant malaise pervade the world. (See the previous chapter.)

Is humanity doomed to such exploitation forever? Is there no escape from our inhuman past, or must the past be projected into the future? Prout's answer is in the negative. It contends that although the law of social cycle, being based on social evolution, is inviolable, humanity is by no means condemned forever to the cycles of exploitation. In order to escape from the clutches of the past, those representing the best tendencies of human beings should be established in the nucleus of social order. The staunch moralists and spiritualists should come forward and take charge of the administration of society. For too long the field of government has been left to predatory politicians who can at least temporarily fool the people through sweet words, promises and slogans. Government is a serious matter; the administration of society should not be a play-ground for the self-seeking and the corrupt. It should be in the hands of what Sarkar calls **Sadvipras**.

The Collective Body of Sadvipras

Plainly speaking, Sadvipras are those persons who cannot even think of acting in self interest. They are honest, intelligent

and compassionate persons whose nature is to fight injustice and corruption in society. Since such people represent our best sides, since they are beyond selfishness, political power should be centralized in a board or Collective Body of Sadvipras. From such centralization of power, no one has to fear, because the selfless act only in the interest of others.

One may legitimately ask if such people actually exist in society. For if they do not, the Collective Body proposed by Sarkar is no more than a utopian institution. Sarkar argues that Sadvipras have frequently appeared in the past. Many people gave up their lives fighting the entrenched citadels of corruption; many persons died serving humanity, but under the pressures exerted by forces of oppression, society did not take their guidance. Therefore, Sadvipras are rare, but they are there today and will be in the future. Indeed, Sarkar is optimistic that soon society, while reeling under the engines of Vashyan repression, will recognize the services, selfless love and intellectual brilliance of the present-day Sadvipras, and then demand that they be placed at the helm.

A Sadvipra has to be a spiritualist. A spiritualist is one who is constantly fighting with his base instincts such as greed, selfishness, egocentricity, bigotry among others. He has no room for illogical religious dogmas; nor does he tolerate subsisting only for oneself. He is ever prepared to serve the needy, the exploited, and to fight the corrupt, the exploiter. Having realized that the base instincts flourish on mind's attachment for the external world, he turns to the world within himself. He meditates. He makes his extroverted mind introverted, so as to render maximum service to society. For he knows that service to the needy is ultimately the only source of true happiness.

A spiritualist alone can be a Sadvipra. Not a religious quack who has to cite scriptures to get his point across. A spiritualist quotes no holy books, for his knowledge derives from spiritual experience gained from intense meditation and selfless service. Reading books is an intellectual activity. Therefore, a priest, who has read holy books, is an intellectual, not a spiritualist. Everybody who can read and write, can thus become a religious leader. But

to be a spiritualist is no easy affair. Reading books will not lead to selflessness. Only intense love for the suffering humanity, combined with dedication, meditation and austerity, will. Religion breeds intolerance, spirituality universalism. For a broad-minded person, the whole world is his family.

The first mark of a Sadvipra is that he (she) is a spiritualist. The second mark is that he is a great intellectual. Meditation brings intelligence. Hence a spiritualist is also very intelligent. A Sadvipra, therefore, understands the problems of the day. With his intuition he can anticipate incoming troubles. With no selfishness in his heart, he can easily see through the catchy schemes of vested interests. And since he is above all interests, he serves only the masses.

Whenever one talks of a spiritualist, people immediately think of religion. There can be no greater misconception than this. A religious person may be fanatic, illogical and self-centered. But a spiritualist is the complete opposite of that. He has no room for irrational thinking, no respect for those who, for the sake of their God and their own hegemony, impose the "infallible" word of their scriptures on others.

A spiritualist is a scientist. With the help of meditation, he conducts experiments in the laboratory of his mind. He accepts only those subtle truths which he can thus verify.

There are phenomena that the naked eye cannot perceive. A person with a microscope will testify to that. But the spiritualist wants to decipher all mysteries with his naked eye. And his meditation makes his mind so subtle and broad, that he can see what others cannot.

A spiritualist is a fighter. The natural tendency of the mind is to move outwards, to run after external things. Reversing this natural tendency is harder than swimming upstream in a swollen river. The struggle with base instincts of mind is a life and death struggle. Those who do not meditate, but just read holy books or periodically visit temples for spiritual needs, do not have the faintest idea of how ceaseless and strenuous is the spiritualist's conflict with his mind, with latent obsessions and fears, with innate bigotry

and temptations. Only the brave, the mighty can survive and win in this struggle.

The one who has mastered his mind or is striving tirelessly to master it is a Sadvipra. The one who has tamed or is in the process of taming all his infirmities through meditation and self-sacrifice is a Sadvipra. From such a person, no one but the exploiter has anything to fear. But the Sadvipra loves all. He belongs to all. He has kind words even for the exploiter, for he knows that given proper education and guidance, all ruthless hearts can be tamed into selfless ones.

The Sadvipra, however, is not opposed to using forces. If someone is earning 2000 times the minimum wage of others because of his selfish hold over property, then the Sadvipra will first request him to give away his property to others. He will try to reform him by pointing out the fact that greed is a sickness which ultimately will breed misery for him and others. But the Sadvipra is not going to wait for months or even weeks before the property owner experiences a change in heart. He is too practical a person to do that. Instead he will incite others to take quick action and take away much of the property which the exploiter never owned to begin with. Hence the Sadvipra combines the qualities of a spiritualist, an intellectual and a pragmatist. He loves everyone, and that is why a Sadvipra alone should be trusted with the administration of society.

Prout argues that political power should be vested with a collective body or a board of Sadvipras. From history we know that one class after another came to power in all civilizations. Each class exploited the other three in accordance with its mental characteristics. In the future also, the three classes of Khatrias, Vipras and Vashyas will gain prominence in accordance with the law of social cycle. If nothing is done, they will continue to exploit women and Shudras. Therefore, to obliterate all vestiges of exploitation, a collective body of Sadvipras, overseeing the actions of the class in prominence, must be established in society. The Constitution should give this body the ultimate power.

The rule of Sadvipras will not be a rule of religious irrationalism and tyranny of the Medieval Age. On the contrary, it will be a

rule of logic, scientific outlook and humanitarian love. Sadvipras will make sure that the caprice of the class in prominence remains under the leash. While the Constitution will indeed give them the final word, their real source of strength will be their contact with the masses.

The role that Prout assigns to this Collective Body is one of planning and general supervision in important aspects of life. It does not assign the Body any legislative, judicial or executive functions, which are to be performed by elected or appointed officials in accordance with the Constitution. Sadvipras, therefore, are in the nucleus of society. Their major function is to see that the class in power does not abuse its authority. Khatris, Vipras and Vashyas will go on succeeding each other in governing society, but the repressive phases of their rules will be very short. Whenever the class in power starts oppressing the other classes, the Sadvipras will educate and incite the masses and with their help enable the succeeding class to come to power. This way the social cycle will keep on revolving, but humanity will not have to undergo the upheaval that it has so often experienced in the past.

Are Sadvipras rare? Yes. But the world was blessed with them in the past and will be blessed with them in the future. In any case, Sarkar shows the way through which any person can become a Sadvipra. Meditation, selfless service, dedication, intense love for humanity, and an indomitable will are the weapons a person needs to tame the base tendencies of his mind. Any person who utilizes these weapons and strives for about twenty years can become a Sadvipra.

To become a Sadvipra is extremely difficult, but it is not impossible. Once the means are known, the inaccessible becomes accessible. And is it not fitting that the leadership of society should be in those hands which have accomplished what many regard as impossible? Leadership cannot be taken lightly. Responsibility for the well-being of each and everyone rests on shoulders of the one at the helm. Should these shoulders not be rugged? Should they not be battle-tested? One who survives the battle with his mind is the most courageous of all. Is he not our natural leader? Does he not represent our best interests? Is he not our guide in every walk of life? He alone is; not the crooked politician-

There is another reason why people should have no fear from the rule of Sadvipras. Their rise to power will occur only after society gives recognition to their selfless service. Their influence will derive from their contact with the masses and not from any temporal power which will still be vested with legislative and executive bodies. Sadvipras will only have a supervisory role and will be answerable to the general public just as any elected official today is. Society that brought them into power could just as easily throw them out if they were found misusing their positions. Hence there is really nothing to fear from concentrating power in the hands of a group of moralists.

While there is nothing to fear from the establishment of the Collective Body, there is a good deal to be gained from it. Find any country today and you will find massive abuse of power. If there were a collective body overlooking the actions of the government, such abuse would not occur. It can be easily seen how such a group at the nucleus would keep the government under leash in a totalitarian regime. But even in democratic countries, where each of the legislative, executive and judicial branches of government is supposed to serve as a check on high-handed actions of the other, the Collective Body would be very useful. In the presence of such a body, the Emergency would not have occurred in India, or Watergate and Koreagate in the U.S., or the brutal abuse of human rights in Russia, China, Vietnam, Uganda and many other countries. Hence a body of Sadvipras is the need of the day, and the hope of tomorrow. In every country, whether democratic or authoritarian, the ruling bodies are usually composed of people belonging to the same class. Hence they fail to serve properly as checks and balances. Separation of powers is not enough; there has to be another powerful institution guaranteed by the Constitution, an institution whose members stand above all mean and narrow tendencies, which belongs to all classes, and whose word prevails over that of others.

How will the Collective Body of Sadvipras come into being? Here Prout calls for a "selecto-electional" process, that is, for elections of the members of government at regional and federal levels by a large group of voters satisfying certain qualifications. It

rejects the idea of universal suffrage, unless, of course, all members of society are honest and highly educated. The idea of 'one person, one vote' sounds sweet and appealing, but it never works that way in practice. Rich politicians have usually been able to buy votes from some people not only in India but in many advanced democratic nations. This is simply a mockery of the election process, and the fault here lies not just with the affluence of the politician but also with the poverty, illiteracy and irresponsibility of those voters who are thus sold out to money. If the election process is to be above board, then only those with integrity and education should have the right to vote. Hence Prout advocates the formation of an Electoral College whose members satisfy the following qualities : They should

(i) be educated to the extent that they understand the pros and cons of proposals made by those contesting elections,

(ii) have a sense of responsibility and a socio-economic consciousness,

(iii) and, above all, be moral.

Prout preaches that every person should be provided the opportunities to imbibe such qualities, but until that is achieved the membership of the Electoral College will have to be restricted to ensure true and impartial elections. "Without a proper system of selection," says Acharya Raghunath, a close student of Sarkar, "democracy gets degenerated into 'mobocracy,' thereby creating a circumstance of exploitation". If all the voters possessed civic consciousness, then politicians will not be able to get elected by appealing to regional, parochial, racial and caste sentiments. Big business and money will have little role to play in the election process, and only then will democracy have a chance of success.

Prout does not reject the idea of democracy, only the current system of elections that in reality produces an oligarchy of the affluent. For democracy is 'rule by the people, for the people, of the people,' but the present-day election process reduces it to 'rule by the rich, for the rich, of the rich.' And the rich then exploit the general public in the name of public welfare. They offer a little bonus here, a little carrot there, while pocketing millions in their

vaults. Hence to ensure democracy, to ensure that the interests of the poor and the masses are not neglected, political power has to be centralized in the hands of those who feel for the poor, the downtrodden, the handicapped. Not those who merely say that they feel for the poor, nor those who mask their ugly actions by making eloquent speeches, but those who have demonstrated through their actions the capacity to suffer for others. In the hands of such Sadvipras alone can the people repose their trust. Thus what Prout in effect suggests is that the essence of democracy can be preserved only if the current system of rigged elections gives way to one of a powerful Collective Body of Sadvipras elected by an Electoral College with membership ultimately running into millions.

In order to expand the scope of this Electoral College, Prout suggests that institutions should be established to provide moral and social education to people, thereby qualifying them as voters. Such institutions should be free from any political influence; they should be administered by an independent body like the Election Commission or the Public Service Commission, and their curriculum should be carefully designed by experts—educationists, sociologists, philanthropists, spiritualists among others.

Those who pass the tests of such institutions should alone be the members of the Electoral College which may be divided into regions or administrative units to elect candidates for various arms of the government. The candidates themselves will, of course, have to come from the Electoral College, that is, they too will have to satisfy certain qualifications of education and integrity.

The Electoral College should not only elect members of various legislative and executive bodies, but also the constituents of the Collective Body vested with the supreme authority. The process of election by the selected voters should be direct. Even though the Collective Body is given ultimate authority in the land, with no other body restraining it, there is no possibility of autocracy or totalitarianism for various reasons. First, the Collective Body provides collective leadership, and power is not vested with one person only. Secondly, it is answerable to the mass-conscious Electoral College and ultimately to the general public. Thirdly,

the members of the Collective Body themselves satisfy certain credentials of honesty and integrity. They can never go against the common good and welfare. Finally, the Proutist system calls for a full guarantee of all human rights including the right to free speech, criticism, assembly and employment. As long as the media are free and independent, no system is likely to lapse into autocracy.

In the Proutist system the role of the Electoral College is not over even after it has elected members of various political bodies including the Collective Body. It will continue to remain in touch with the people and apprise them of the points and counter-points of various socio-economic issues. Constant vigil is required to make sure that all the arms of government function efficiently and honestly, and this vigil will have to be exercised not only by the Collective Body but by the ever watchful Electoral College as well.

In present democratic systems, government's actions and policies are carefully examined by opposition parties and the press. This is a healthy practice which serves to keep the official arbitrariness under control. But it also has its faults. Quite often the opposition engages in destructive criticism, or plays upon the narrow tendencies of the public. The party in power counters with the same game, and, as a result, the country does get two viewpoints of any issue but not necessarily the best viewpoint. The Electoral College that Prout calls for will have a different role to play. Since it will not belong to any faction or party, it will be able to offer constructive criticism of government's policies.

WORLD FEDERATION

Prout believes in universalism and hence in one world government. The entire universe is our joint property; therefore every person has the right to settle anywhere in the world. Restrictions imposed by various nations in the free inter-country migration of people are reflective of narrow tendencies of the mind. In most cases they manifest nationalism, but in some they reveal racism and bigotry. All these restrictions conflict with the spirit of universalism, and hence are eventually doomed to extinction. For only that which is cosmopolitan eventually survives and then endures for

ever. This has been the trend in every civilization in the past as public loyalty has gradually expanded from villages to towns to provinces and now to nations. The next broad-minded step is not internationalism, but universalism. This is because internationalism simply calls for cooperation among various nations without destroying the virus of nationalism. In any case, this concept has been so blatantly abused by the communist giant, Russia, which has furthered petty national interests in the name of Marxian internationalism.

Prout advocates universalism, and for this calls for the spread of a common ideology based on spirituality. It professes that we are all children of the same cosmic parents, Purusha (cosmic consciousness) and Prakriti (the operative principle), and the universe is our common abode. All other philosophies and religions which collide with this sentiment of cosmic inheritance are divisive and hence the cause of all the friction. Humanity is the same everywhere, and only this sentiment can unite humankind and eventually lay the foundation of one world government.

As regards the structure of the world government, Prout favors the formation of a world federation with two legislative chambers—a lower council and an upper council. The lower council should consist of representatives elected by each country on the basis of its population, whereas the upper council should be composed of a fixed number of representatives from each country. In this arrangement, all countries, even those with small populations, will find due representation. All legislation should proceed from lower council, but it cannot be passed without the approval of the upper council.

At the outset this world federation may act only as a law-making institution, whereas the administration of various regions may continue to be vested in the local government of each country. As a result, says Sarkar, "it will not be an easy affair for any government to oppress the linguistic, religious or political minorities according to the whims of the governing majority." [1, p. 31]. Various countries have various laws for various crimes. The very idea of crime and virtue differs from country to country. Prout realizes that one world fraternity is impossible as long as

different definitions and laws regarding crime prevail in different nations. Justice cannot and ought not be different from country to country. Hence among the first tasks of the world federation will be bridging the gap in criminal laws of various countries. In general, virtue consists of all those actions that further human development in mental, physical and spiritual spheres, whereas vice comprises those activities that hinder social development in these three spheres.

The formation of world government also necessitates the acceptance of one common language. English now should be accepted as the international language without inhibiting the development of other languages at the country level. However, conditions vary over time, and languages are also subject to death. Therefore in any period, only that language which is in maximum use in different parts of the world should be accepted as the world language.

The basic rules guiding the world federation are the same as those guiding the national governments. The five fundamental principles of Prout as well as its economic program apply to the world government as well. Thus, it will be the responsibility of the world federation to provide minimum physical requirements to all human beings, and so on. Maintenance of law and order, and the vital raw materials such as oil, coal among others should be vested with the federation. Similarly, there should be a Collective Body of Sadvipras for the whole world.

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PROUT : AN EVALUATION

In the preceding chapters I have introduced the reader to the fundamental principles of Prout and the economic and political reforms that flow from them. It is now time for an evaluation, for a panoramic view of where it stands in relation to other schools of thought.

That Prout differs from any socio-economic system prevalent in the world today or in the past is amply clear even from a cursory reading. But is it a serious system--serious enough to warrant study, intellectual debate and criticism? Is it simply a hotch-potch of religion and secular philosophies or a rational ideology with a well thought out basis rooted in human needs and psychology? Many people in India have heard of Prout, but few have studied it, and fewer still have understood it. Many others have submerged its message under the barrage of official propaganda and denunciation.

This is extremely unfortunate, because in my view Prout has indeed many new ideas to offer. All systems in the world today are cracking under the weight of ultra-selfish materialistic philosophies. Capitalism is tottering; communism is artificially propped by authoritarian machines; and the underdeveloped countries are torn by poverty, corruption and internal conflicts while some rich but dictatorial oil producing nations bilk them of millions year after year. The world has exceedingly grown interdependent. Can any country today prosper without international trade and cooperation?

Can anything happen at a place today without creating ripples in other parts of the world? The need of the hour is a common ideology and universalism offered by Prout.

Prout is the first comprehensive theory which comes to grips with the requirements of economic development and one world government. This statement will perhaps startle many economists and social scientists who have worked in the fields of economic development and internationalism. But my stress is on the word 'comprehensive.' True, many ideas that Prout offers have been offered before. And in this respect I differ with many of Sarkar's students who regard Prout as a completely original philosophy. Some of its ideas have in fact been expounded by others before--Bertrand Russell, Marx, Toynbee, Tawney are conspicuous examples-- but Sarkar is the first one to realize the unity between spiritual and material needs, between spiritual and secular ideas. He is the first one to offer a philosophy which is comprehensive, logical and intensely practical.

Economists have written thousands of papers regarding a country's economic growth; they have provided myriad theories as to what should be done to improve living standards in underdeveloped nations, but the underdeveloped nations continue to be as poor as they were before these theories came into prominence. This is because these theories are not comprehensive. They treat the symptoms of the problem of poverty without diagnosing the underlying malady. Some suggest that the poor nations should follow the path of capitalistic development, while others exalt the virtues of communistic command economies. The underdeveloped countries have followed both these paths, but their problems of poverty are as staggering as they were three decades ago. Today many economists call for increased foreign aid, while others insist on increased foreign trade. All these ideas are one-sided, and that is why developmental experiments of so many nations have ended in a fiasco.

Sarkar sees virtue in all these ideas, but even if their best is combined together, they will not be enough to generate economic and social development. If the path of private ownership and capitalistic growth is followed, many underdeveloped countries will perhaps eventually prosper, but it will take them two or three hundred years. For this is precisely the time that developed nations such as England, France and America have, taken to be where they are today: They did not grow rich overnight. Furthermore, despite fabulous

growth, these nations have passed through internal catastrophe and turmoil. Today they suffer from air pollution, drug addiction, pornography and prostitution, abominable crime rate, a horrid divorce rate and other social tumours that do not afflict several underdeveloped nations to the same degree. Do the underdeveloped nations want to repeat their mistakes, commit their follies? Above all, do they have hundreds of years to come up to where the developed nations are today? Of course not; Nor do they have the capacity to inflict the kind of horror that Stalin let loose on his hapless citizens so as to promote rapid industrialization, nor the capacity to undergo the purges that China inflicted on its moot denizens during the Cultural Revolution.

The whole world, including the underdeveloped countries, today faces two alternatives in its forward movement—the path of monopoly capitalism or of state capitalism (communism). Sarkar proposes a third alternative: economic development based on the foundation of morality. To the developed world; Prout offers social and spiritual progress through its program of rational distribution and the establishment of the Collective Body of Sadvipras. It offers them a reprieve from economic uncertainty and mental tortures of of materialism. To the underdeveloped world, Prout offers rapid economic development unaccompanied by the modern ills of capitalism and communist societies. Private ownership has been tried, and so has been the state ownership. Both have failed in the poor countries. The path of morality is yet to be tried, and this will not fail.

The model of capitalist development says that the state should lend all encouragement to owners of capital in establishing factories, hiring factors and determining the wage rate. Capitalists will then save more money, increase their investments, hire more workers, and all this will contribute to a rise in total wages, profits and national income. With no state intervention, producers will reinvest a considerable part of their profits and so on, so that year after year the national economy will grow at a healthy rate. The distribution of income will, of course, become more unequal, but that is a small price to pay for rapid increases in employment and national income. The proponents of capitalism, however, forget

that capitalist economies are subject to shocks of recessions and depressions, that extreme income inequities foster social ills afflicting the capitalist world today, and that small-firm capitalism eventually turns into monopoly capitalism which leads to grossly inefficient use of material resources.

The model of communist development, on the other hand, vests the ownership of all land and factories in the hands of the state, which now does the task of saving and investing, and of wage and price determination. This model calls for the abolition of private property and since it collides with the natural human urge for accumulation, it has to become repressive and authoritarian. It must continue to trample all the fundamental human rights for its existence, as can be seen in Russia, China and other communist countries today. Besides this repression, the communist system is basically inefficient because the state planners are themselves corrupt, and also because it destroys the human incentive to work hard.

The underdeveloped countries, as stated before, have followed one of these two models, or a combination of them, and it is no wonder that they continue to languish in the abyss of poverty.

Prout establishes a connection between morality and economic development. Human greed provides powerful stimulus for growth, and finds its full-blooded expression in capitalism; the state power can also brutally goad a person to work hard, save more or consume less, and has found its culmination in the communist mode of development. But transcending these two forces that propel us to work hard is the force of self-sacrifice. Towering above greed and the state command is human conscience which can inspire a person to perform miracles. Many people in the past accepted torture rather than a compromise with principles. The authoritarian commands could not bend them; nor could the lures of money. They were great moralists. They were humans like you and I, but they had in them a spark that would not bow to the weapons and wiles of tyranny. Hence morality transcends brute force and human avarice, and it is this force which Prout calls for harnessing to achieve rapid economic development. The connection between morality and economic growth is thus very real, for consuming less

and saving more can be presented before the people as an ideal which will lead to physical, intellectual and spiritual development of the entire society.

At the practical level also, it can be easily seen that without moralistic government, economic development can be a long-drawn-out process. Billions of rupees in India have been invested in the economy in the course of its five year plans, but a considerable portion has gone into the coffers of ministers and petty bureaucrats. Is this, may I ask, economic development, or a diabolic joke of those professing to serve the people? Is this economic or personal development? Hence springs Sarkar's call for morality, hence his stress on the need for a Collective Body of Sadvipras who will give effect to a just, efficient and honest plan for economic prosperity.

I started my evaluation of Prout by suggesting that it is the first comprehensive theory of economic development. Its 'comprehensiveness' lies in the fact that it sees the need for reforms not only in economic spheres but also in the social, educational and political spheres. For a nation's economic health depends not only on efficient functioning of its economy, but also on its social and political structure supporting that economy. The economy may be streamlined, its industries may be overhauled, but if its political structure is corrupt, real progress is impossible. Therefore, Prout argues that the political and educational reforms must precede any thrust for economic development.

Prout is an eclectic philosophy. It sifts the best out of many theories, blends them with morality and spirituality, and then produces a magnificent flower with so many ideas deftly arranged as its petals. Marxian humanism finds expression in Prout's emphasis on a guaranteed minimum living standard to all, a 'minimum' that includes food, housing, clothing, education, and medicine, that varies from place to place, and that must be made to grow over time so that the gap between the minimum and the maximum real wage rate is progressively reduced. Prout, however, rejects the Marxian ideal of complete equality, but adopts Rawls' sense of justice and humanism. Rawls has argued that "all social values—liberty and opportunity, income and wealth'

and the bases of self respect—are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone's advantage" [7]. Compare this with Sarkar who writes, "Except when a special favor becomes necessary to give certain individuals impetus and inspiration, all persons must be given equal rights and opportunities in all spheres" [8]. Basically, therefore, it is Rawls' idea that finds expression in Prout's system of rational distribution which accepts inequality of income so that the economic incentive given to socially more productive persons will enable society to raise welfare of the worst-off section of the population. Furthermore, the rational distribution formula presented in Chapter 2 is also practical and capable of management without recourse to official repression. For the abolition of private property and hence of inequality, being in violation of natural human instincts, can be accomplished only in an autocratic framework.

Until now my appraisal of Prout has been at the philosophical level. Let me now closely examine the theoretical basis underlying its economic program. I have already analyzed Prout's idea of rational distribution and found that it is a superb blending of egalitarianism, economic incentives and a sense of justice. Let us now explore Prout's program of industrialization.

First of all, Prout accepts the highly popular view that industrialization is essential for economic development, but, by according agriculture the status of an industry, it does not slight the role of agriculture. It thus favors Nurkse's idea of balanced growth in which the state has a definite role to play, but in which the private initiative is to be encouraged and channeled into small scale industries where it becomes an engine of social progress rather than an engine of social evil.

Prout's economy does not derive from any one theoretical idea; it puts together a number of practical ideas commensurate with its own broad version of individual and social welfare. Thus, while it calls for state ownership of some key industries producing raw materials on a large scale, it also favours large and small scale industries independent of state control but managed by representatives of workers. All the essential final commodities that make up the minimum wage basket are to be produced by cooperative

firms, whereas some luxury goods may be produced by private owners on a small scale. There are thus two basic ideas underlying Prout's economic framework : the theory of economic decentralization, and the putting-out system.

The virtues of economic decentralization in a monopolistic system are well known. If large scale industries are managed by workers themselves, there will be profits but they will mostly be distributed among workers, thereby avoiding the ill effects of extremely skewed income distribution. In addition, these firms will be more efficient, because workers will work harder and have little incentive to go on strike. Much of labour unrest and friction will thus disappear. The cooperative firms will also be more amenable to mechanization which will not result in lay-offs but in diminished working hours. Actually this will only occur in the short run. In the long run, the firm introducing new machinery may be able to expand output to such an extent that the working hours need not be reduced. If anything, the employment opportunities might even expand owing to overall economic growth.

In any case, the system of cooperative firms is much preferable to that of capitalistic firms where the producer fires workers at the slightest economic shock, leading to bitterness and economic uncertainty for those who really toil for society. Under capitalism, where workers often resist technical change for fear of being laid off, several working hours are lost because of countless strikes. On top of this, there is so much monopoly induced waste and inefficiency.

The concept of economic decentralization also manifests itself in the separation of producing raw materials and final commodities. Many giant multinational firms today unfairly restrict competition by controlling their sources of raw materials. Economists call it vertical integration, a situation where a firm produces its own raw materials. This invariably leads to increased concentration in an industry and to many other abuses directly responsible for inflation. Prout, in effect, calls for what is sometimes called vertical disintegration, where the production of raw materials is separated from the production of final goods.

The other idea underlying the Proutist economy is reminiscent of the putting-out system which was the primary form of manufacturing organization in western Europe from the early sixteenth century to the mid-nineteenth. Although its remnants are discernible in places today, since the second-half of the nineteenth century, the putting-out system has gradually given way to the more integrated form of economic organization—the factory or the firm. The most important characteristic of the putting-out system as pointed out in Chapter 2 is a merchant middleman, a putter-out. Prior to the rise of factories, this middleman supplied raw materials to skilled and unskilled workers who mostly worked in their homes. At times, he supplied them with machinery also, but the important point is that work on the machines was generally not carried out under one roof. Later, the middleman recovered the goods from the workers and either took them directly to the market or to another batch of artisans for a second stage of manufacturing. The system perhaps originated with Italian textiles, but later it spread to many other industries such as mining, iron, furniture, paper, ship-building, pottery among many others.

The most relevant feature of this system today is that it promoted a rapid expansion of industrialization in many rural areas which loom large in most, if not all, underdeveloped countries. If this system is even partially adopted, the rural sector can be industrialized without transporting rural labor to towns and cities, thereby avoiding all the material and psychological costs associated with such transformation. Sarkar's example of how the cotton textile industry should be organized resembles this historical system, except that he favors the state to be producing raw materials on large scale basis, thereby reaping all the benefits of mechanization. The state should then supply these raw materials and machines to rural and urban workers who could produce finished goods at home. The scale of production of the final goods could vary from industry to industry. There is no need to supply workers with obsolete machinery, who could thus be highly productive while working at home or a place nearby. These workers in turn could supply their goods to consumers' cooperatives which will market the finished goods.

Sarkar's program of industrialization therefore is a modified version of the historical putting-out system. It combines the efficien-

cy of modern methods of production with the old economic organization which is very suitable to the economies of underdeveloped countries today. I have called it the pyramidal system of production, because, in this, key industries constitute a big base on which large and small scale industries are to be built as various steps of a pyramid. Each higher step rests on the one below it; the whole arrangement requires keen coordination. This, one might say, is Prout's version of balanced growth, wherein agriculture, being one of the industries, is a step on the economic pyramid.

This modified version of the putting-out system is an excellent idea which, I believe, holds the key to economic growth of the poor nations. Most of them suffer from high unemployment, low capital stock and inadequate levels of industry. Industrialization is necessary for their survival, but this goal may conflict with the need to rapidly generate employment opportunities on a massive scale. However, the pyramidal economic system will industrialize the rural areas without drastically disrupting the rural life; simultaneously it will create the necessary employment opportunities. It will also require less capital stock to produce a given level of output, for some goods that are now produced in large buildings could be produced in homes. As a consequence, the economy's requirement of overhead capital will go down: the result will be a fall in overall capital-output ratio and hence a rise in the rate of growth.

The pyramidal economic system, which draws inspiration from the twins of economic decentralization and the putting-out system, offers advantages absent in the capitalistic frame. Industrialization, either under monopoly or under state capitalism, has given rise to large scale pollution and destruction of the environment. The reason lies in the fact that the economic decision-makers themselves do not suffer from the side effects of this so-called progress. Under monopoly capitalism, producers are bent on profit maximization and they care nothing for how their factories pollute the air or contaminate the rivers. In the state-capitalistic systems, the condition is just as bad, if not worse. For the central planner, while sitting in cozy buildings far removed from the scene of action, has little idea of how his policies affect the environment. He has to fill certain production quotas, and no one worries about

the side effects. Above all, industrialization in both capitalist and communist countries has produced workers' alienation as the production process has become more and more impersonal.

In the pyramidal system, however, workers are to be involved, as much as possible, in the production and decision-making process. The entire industrial set-up is to be humanized, so as to reduce this alienation. Furthermore, if workers manage the industries then being producers as well as consumers, they are likely to make sure that their factories do not harm the environment in which they live. For instance, if a new technique is to be introduced, they would try to minimize its side-effects; by introducing pollution controlling devices as well. This is a far cry from the current economic systems where the centralized economic power has blindly incorporated mechanization with little regard for the subtle aspects of life including a healthy environment.

PROUT AND NIEO

Let me now turn to an idea which is currently popular with economists specializing in international economics : the new international economic order (NIEO). The idea has been floating around for more than two decades, but since 1973 when OPEC succeeded in quadrupling the oil price, it has received a remarkable impetus and attention. The message of those calling for NIEO, in a nutshell, is that the current international trade and monetary system is at least partly responsible for the poverty in underdeveloped countries, and that the developed countries must among other things.

- (i) increase their foreign aid to developing nations,
- (ii) provide them with general debt relief,
- (iii) index the prices of goods exported by developing nations with goods they import, and
- (iv) lower their trade barriers which inhibit exports from developing countries without demanding any reciprocal trade relief.

These demands are certainly compatible with the universalism preached by Prout which advocates the distribution and utilization

of world's resources in such a way that every person is provided with the minimum standard of living and that the gap between the minimum and the maximum real wage rate is progressively reduced. But from the Proutist viewpoint the NIEO is destined to failure for various reasons. Firstly, given the pervasiveness of extreme materialism in developed nations, it is too much to expect them to transfer anything more than a negligible amount of resources to the poor nations. But even if by some stroke of miracle, they agree to a substantial level of foreign aid, the corrupt officials in developing nations themselves will squander away all this aid just as they have done in the past. True, some affluent persons will grow more affluent than before, but real economic progress will not occur. Economic development in the poor nations not only requires international economic reforms, but also reforms in domestic economies of the developing countries as well. It requires not only a new international economic order, but also a new international political order as well. But above all, it requires a shift from the current materialistic ideology in all nations to a humanitarian basis of life.

The demand for NIEO by some intellectuals may be compared to India's Bhudan movement which was started by Vinoba Bhave in the 1950s, and which has miserably failed. If the poor have to rely on the rich man's change of heart for an improvement in their economic conditions, then they will have to wait forever. Any theory based on this idea is impractical. The Bhudan movement was one such idea which sought to persuade the big landlords in India to transfer a portion of their lands to the landless labourers. Sarkar had written about the intellectual bankruptcy of this movement as far back as 1959, when it was still popular among Indian intellectuals. Today this idea has been all but discarded, but it might have delayed the passage of laws requiring mandatory land reforms, which, of course, have still not been implemented.

What about Prout—is it a practical idea? In the present world milieu, I find practicality in all of Sarkar's views except his call for the Collective Body of Sadvipras. The socio-economic reforms flowing from Prout are needed all over the world which suffers from tremendous inequities existing not only within but

among all nations. The minimum and the maximum wages must be interrelated everywhere so that all humans at least meet their minimum requirements. Similarly, in all nations stocks and bonds of private corporations producing consumption goods ought to be distributed among workers so that income inequalities never grow out of sight.

These are some of the ideas that can be materialized in the world today. But the body of Sadvipras is another matter. In a world where mutual distrust prevails among races, religions, philosophies and nations, is it possible to locate a group of Sadvipras who appear to be super-human beings? Ours is the age of materialism; can this age be the cradle of completely selfless sages? True, such sages did appear in the past, and will in the future; but they were rare. Should we expect them to appear in a cluster at some future date?

Sarkar seems to realize that the present world ideology and environment are not fertile for the sprouting of Prout. Perhaps that is why he takes recourse to futurism, suggesting that Sadvipras will most certainly come to power in the future; rather, people will demand that Sadvipras be given the supreme authority to put an end to the wretched living conditions generated by those entrenched in the seat of power.

Sarkar's optimism is not without foundation. For he has prescribed the path by following which anyone can become a Sadvipra. Meditation, dedication, intense love for the suffering humanity, austerity and tireless struggle with one's mind are the weapons that one needs to become a selfless being. This is a formidable arsenal of spirituality, one known to us since ancient times. This is the arsenal for salvation. But Sarkar prescribes the use of this arsenal not only for personal salvation but also for the salvation of society. And the beauty of it all is that there is not an iota of narrowness and irrationality in his message. It is universal, although from a distance it may appear unreal. It is only a matter of time that by utilizing the variegated weaponry provided by Sarkar, some people will become Sadvipras.

There is no doubt that Prout's comprehensive economic program is superior to NIEO. For the success of NIEO is at best dubious, whereas that of Prout is assured. True, Prout requires revolutionary changes in thought all over the world, but if it is revolution that is needed, then it is revolution that should be preached, not some theories which are basically faulty and only deflect attention from multifaceted reforms.

PROUT, OPEC AND MULTINATIONAL CORPORATIONS

If two tumours afflicting the world today are to be singled out for their virulence, then the Organization of Petroleum Exporting Countries (OPEC) and the multinational corporation (MNC) are way out in the front. These tumours are fast becoming cancerous, if they have not already become so. Both derive from single human disease—greed. If the world body is to survive, both have to be surgically removed.

The rise of OPEC is recent, but the MNC has existed for a long time. It may not be unfair to say that OPEC was infected by the virus of its predecessor. For until 1973, the multinational oil companies exploited the petroleum producing nations to the hilt, as they offered them only one dollar and eighty cents for a barrel of oil. The oil companies were vertically integrated. They produced their own crude, refined it and marketed it through their own gasoline stations. They had the monopoly power, with the result that the OPEC, which was formed in 1960, had to beg for every small rise in oil's price. Of course, the oil companies reaped hefty profits which mainly benefited their own executives.

The situation took a drastic turn in October 1973 during the Egyptian-Israeli war when Saudi Arabia, out of political considerations, imposed an oil embargo over the world. Soon, to the amazement of all including the OPEC, the oil prices shot up, as the oil importing nations scrambled for tight supplies. The OPEC nations awoke to a new reality, namely that as a cartel they could do what the multinational oil companies had done all along; that they could extort huge profits from the rest of the world by curtailing their production and jacking up their price. They increased the oil price manifold and have been continually doing so ever since.

Today the oil price has gone up by 1000 percent over its pre-embargo level.

Is there any justification for OPEC's actions ? Could we call it a case of reverse-justice where the once hapless OPEC nations now take revenge against the MNCs involved in oil ? Not really. For the profits of the oil companies are higher than ever before. Under monopoly capitalism using administered prices, profits usually go up with the rise in raw material costs; and the oil companies are among the worst oligopolies. The OPEC is indeed taking a sweet revenge against its former exploiters.

While the OPEC and oil companies profit as never before, the rest of the world has to pay a heavy ransom. Steep rises in oil prices have definitely pinched the western world, but they have proved catastrophic for the under-developed countries. It is the poorest nations that have been hurt the most; while their debt has sky-rocketed, the OPEC greed shows no signs of abatement. OPEC is running amuck like a drunk bull and it bludgeons the rich and the poor alike.

The oil cartel provides a classic justification for Sarkar's insistence that the production of vital raw materials such as oil should be completely under the control of a central authority, such as the world federation. No private company or nation or group should be permitted to be in a position to blackmail society. Only a world government can assure this. For the good of the world, the OPEC has to be exterminated.

Given the divisions in the world today, prospects for such extermination are gloomy. Oil prices will continue to rise through one pretext after another. For this is the nature of the rich. No matter how much physical wealth they have, they want more. From my calculations, oil production will drastically fall in 1986 owing to political considerations. As a result, first Europe and then the rest of the world will be plunged into the worst depression ever. The OPEC might disappear in the aftermath.

THE MULTINATIONAL CORPORATION

While the OPEC has turned predatory only recently, the MNC has been plundering the poorer sections of the world for a long

time. The plunder began during the colonial times when the MNCs from Europe spread their tentacles over the colonies. They invested in plantations and raw materials, paid lowly wages and inflicted dismal terms of trade over the servile nations. All this, of course, subsidized the standard of living in rich countries.

Since the second world war, the home of the dominant MNCs has shifted from Europe to the United States. The MNC today is not only a menace for America, it is a menace for the whole world. For the assets of the MNCs are rising much faster than the assets of local or 'national' firms. As a result, as with the U.S. and European economies, the economy of the whole world will become oligopolistic with all the attending ills. Today the distribution of income and wealth within the U.S., Europe and other nations is extremely skewed. Soon, with further spread of the MNCs, it will get worse. The rich will grow richer and the poor grow poorer all over the world. The social ills of Western society will also then come to afflict other countries. Crime, drug and alcoholic addiction, family disharmony, social indiscipline etc., are all the by-products of excessive materialism of the capitalists, the class now in power in the West. When the MNCs export their technology to other countries, they also export envy and their greed. The social ills of the West will eventually infect many other nations.

While the MNCs do more harm than good to most countries, their impact on the underdeveloped economies is, and has been, disastrous. Aside from their exploitation of the colonies in the past the profit-making goals of the MNC are in direct conflict with developmental goals of the poor nations.

The MNCs have aroused a great storm of controversy not only among the politicians but also among intellectuals. There are those who plead for the global corporation by pointing towards its record of unprecedented growth; they applaud it for being a supremely efficient engine transmitting advanced technology all over the world. Many others, however, assail its penchant for profit maximization that brings it into collision with needs and aspirations of the host countries. Much of this debate among scholars has been at the empirical level, and its theoretical aspects have been neglec-

ted. As a result, the proponents of the MNC, the neoclassical economists, have at times implied that their opponents do not really have a grasp over economic theory. This is a familiar tactic which the apologists of capitalism usually use when they cannot adequately respond to critics.

I myself have been exploring the controversy afresh. In a couple of papers, Hadar and myself [4] and Ramachandran and myself [3] have constructed theoretical models examining the decision-making of the MNCs in developed European economies. Among others doing this are Horst [5] and Itagaki [6]. The consensus emerging from these studies is that (i) the MNCs have increased economic interdependence of the developed Western economies, (ii) their economic impact in general has been favourable, and (iii) any minor problems they have caused can be corrected through an appropriate set of tariffs and taxes on international investment. Now this is what neoclassical economists regard as true economic theory, one that utilizes production or cost functions, mathematical rigour and so on.

In another paper [2], using the same mathematical tools commonly employed in the pure theory of international trade, I have shown that, as far as the underdeveloped countries are concerned, the MNCs cause (i) unemployment, (ii) national income loss and (iii) foreign exchange shortage by inflicting unfavourable terms of trade through the mechanism of transfer pricing. In arriving at these conclusions I have made the same assumptions regarding production functions and technology that are commonly made in trade theory. But while my mathematical model is new the economic explanation of my results is old. In the case of developed countries, the MNCs have usually taken their capital and technology to some specific industries and then set up their own plants and factories or purchased outright the local firms in host countries. The developed host nations have thus benefited not only from the transmission of more efficient technology and managerial know-how, but also from the inflow of capital. Since the political situation in developed countries is relatively stable, investments are not considered inordinately risky and a relatively small portion of excess profits is repatriated to the country of origin, i.e., the source country.

In underdeveloped countries, by contrast, the investment by the multinational firms has been paltry in comparison to the vast degree of economic control that they exercise. In other words, the underdeveloped world has been the recipient of superior, though profusely capital-intensive technology, but not of much foreign capital. Citing Fajnzylber, Richard Barnett and Ronald Muller report that during 1957-65, the multinational firms of U.S. origin financed 83% of their investment in Latin America from local sources—either through reinvested earnings or from local banks. Thus, less than one-fifth of total investment of the U.S. firms in Latin America during this period represented an inflow of foreign capital.

This practice—which perhaps is attributable to uncertain political situation in many developing countries—has the effect of either generating or accentuating severe imperfections in local capital markets. For one thing, the local banks and businessmen are only too eager to lend money to the credit-worthy global giants, and this creates scarcity of capital to the local firms which already suffer its pinch. Secondly, the high credit rating of the multinational firms enables them to borrow money at lower interest rates than those that the local firms have to pay, thereby causing a capital-market imperfection. Such imperfections may also be caused by the host nation's courtship of the multinational capital. Thirdly, as the local firms face paucity of capital, they become easy prey for outright acquisition. Barnett and Muller report that during 1958-67, 45 percent of all manufacturing operations by the U.S. based firms in Latin America involved takeovers of domestic industries [1].

As regards employment opportunities, apologists of the multinational firms allude to the thousands of workers that these firms employ in less developed countries; however, the concomitant shortage of capital to indigenous firms produces loss of employment there, and the net effect on employment is ambiguous. The U.N. statistics, however, show that the unemployment situation in the underdeveloped countries where the multinational firms operate has actually deteriorated. Finally, the multinational firms have usually thwarted the effectiveness of any income tax policy by the host countries by manipulating the transfer prices on export transactions, i.e., by lowering the prices on goods that are subsidiary exports to the parent firm. On the whole then, the activities of multinational

corporations have proved detrimental to the economic health of underdeveloped countries, although part of the blame, I think, rests with the faulty policies of the host countries themselves.

How can the MNCs be controlled? As I argued in chapter 2, before these multinational giants, even sovereign democratic governments shudder. What chance then do the poor underdeveloped nations have? Prout does suggest some practical measures in this regard, but only keen coordination between the United States, the home-base of most of the powerful MNCs, and the rest of the non-communist world can exterminate the global evils of the global enterprise. The Proutist reforms that I have earlier suggested for a nation can be reformulated for the world economy. They are given as follows :

(i) All firms producing vital raw materials should be nationalized everywhere in the world, and their operations should be assigned to autonomous bodies responsible to national governments and ultimately to the world federation.

(ii) The OPEC nations should also be made to give up control over their oil concerns.

(iii) The stocks and bonds of all other giant firms, including the multinationals, should be distributed among their workers. The evil, let me point out here, is not the bigness of the firms, but the greed of the multimillionaires who spread materialism because of their aura of success. The MNCs could be a boon to society if they did not constantly hanker after profits, if they only invested their money in rural areas of underdeveloped countries to generate more housing, to fight pollution, to provide clean water to millions. But, for such humanitarian projects the multinationals display no concern.

The Proutist reforms suggested above are the only ways through which the twin evils of the OPEC and the MNCs can be controlled. Other half-hearted measures such as NIEO are mere palliatives destined to meet the fate of India's Bhudan movement. It must be remembered that any institution based solely on human greed eventually brings about ruin. The sooner it is controlled, the better it is. Otherwise, when it dies its own death, it takes others with it.

The trouble with scholars today is that they continue to think in narrow nationalistic terms while humanity's problems have acquired international dimensions.

The good and welfare of everybody in the world, the rich, the poor, the handicapped, the capitalist, the communist, the socialist, the religious, the atheist, of all, lies in implementation of the fundamental principles of Prout. Prout is universal. It is not a reaction to the present-day malaise in the world. It seeks to harness all three aspects of human personality—the physical, mental and spiritual. Because of its universality, Prout will materialize one day. But our full-fledged support to it will hasten the demise of corrupt establishments and the dawn of the benevolent age which will mark an unprecedented break from thousands of years of past human exploitation.

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SARKAR'S VISION OF SOCIETY

In the foregoing pages, I have examined Sarkar's contributions to history, economics and political science. To Sarkar, these apparently diverse subjects are interconnected. We cannot analyze one without analyzing the others. All this enables me to present an integrated account of Sarkar's vision of a human being and society.

"Human existence," says Sarkar, "is an ideological flow." That is to say, every person has a certain mode of thinking, a certain ideology which may be materialistic, intellectual, spiritual or a combination of the three. The ideological flow may vary with time, but all our actions at any moment reflect a certain line of thought. For the sake of all-round progress and harmony in life, we need to focus on all three aspects of our personality—physical, mental and spiritual. If only physical aspect is exalted we become extremely materialistic; society may then develop economically, but spiritual and moral values lag behind, and as a result pornography, drug and alcoholic addiction, family problems, crime, social conflicts and indiscipline eventually soar high enough to make everyone's life miserable. This has been the path followed by western democratic and communist countries. They have advanced materially, but are now confronting insurmountable social problems despite incredulous levels of prosperity.

If we focus excessively on intellectual development and disregard the physical and the spiritual, we are bound to develop ill

health, arrogance and eventually bigotry or mean mentality. A person may then become an intellectual giant possessing vast knowledge, eloquence and pedantry, but his resulting arrogance invariably hinders his spiritual development and hence mental happiness. Similarly, a society which emphasizes the mental aspect to the exclusion of the other two eventually grows sickly and intolerant of other people's views. That is why all societies that were dominated by priests, who exalted religious dogmas at the expense of true spirituality, bred intolerance and wars of religion.

Finally, if we attend mostly to our spiritual needs, i.e., meditate hard or pray a lot, and neglect the physical aspect of our existence, we will lack the desired harmony, and even the spiritual progress will be slowed. Similarly, if the society focuses primarily on the spiritual, or on religion in the name of spirituality, it would painfully lag behind in the economic sphere, and would ultimately impede its spiritual advance as well. For subsistence comes first, and then do subtler aspects of life. This has been the case with India, China and some other eastern societies, and today they are finding it difficult to ensure even a minimal living standard to their people. True, they have a rich spiritual heritage, but all that fades into insignificance if they cannot properly feed their citizens.

The upshot is that for a smooth overall progress, each person as well as his society have to attend to all three aspects of life; otherwise tensions will emerge and some people will be exploited by others economically as well as intellectually. This, in short, is Sarkar's message; this is his vision of a human being and of human society. All his writings manifest this central theme. The goal of our life, to him, should be the merger with the supreme infinite consciousness, but we should move towards this goal through meditation, physical exercises (yogic asanas and sports), intellectual pursuits--including true education, sciences, arts--and above all social service. All this should be done because they are all in our own interest. By following this track and by serving others, we ultimately serve ourselves. This, and this alone, leads to mental happiness.

But if certain individuals move along this path, and society does not, then only a few will develop while the large majority under-

goes untold sufferings. Welfare of some individuals will be maximized, but not of all. Hence the entire society has to be so organized as to further human development in all three aspects of life. All its institutions—economic, artistic, social, political—have to be geared towards this common end. None can be overlooked, none can be separated from others. If economic reforms are introduced, but the political structure remains decadent, all efforts towards general prosperity will prove abortive. Similarly, if political institutions are overhauled with no change in others, no lasting good will result. Therefore, when Sarkar advocates economic reforms, he combines them with reforms in political institutions as well. When he speaks of the world federation, he speaks of the need to spread a universal ideology as well, for otherwise the world government will remain only a visionary's dream.

Sarkar's is a unique and sublime vision of society. There is no aspect of life that he does not touch. All his views derive from his singular concern for individual and social progress in all spheres. His ideals rise to dizzying heights, and he has faith in the ultimate nobility of every human being. His Sadvipras, as I have said before, are super-human beings. If we can recognize them then we should have no hesitation in putting our trust completely in their hands. They alone should have the supreme authority to shape our destinies in all three spheres, not corrupt politicians whose actions contradict their eloquence, nor any dictators who suppress all our human rights and liberties.

Sarkar's manifold contributions are all original and unorthodox. They challenge the stereotyped thinking; they humble the parochial views by their cosmic spirit and universalism. And it is no wonder that they have met fierce opposition from all quarters, it is no wonder that they have been misunderstood, intentionally misinterpreted and abused. This is a misfortune for which the Indian society so far has paid a heavy price.

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