

mation, while an even higher proportion had been so used the year before.

But of course, the future of Britain depends by no means on Britain alone. The idyllic picture must now be marred by the clashing colours of the world scene. Greatest weakness of all is the dependance of the British economy on the state of trade in the U.S. The present upward trend in Britain, that has resulted in the abolition of petrol rationing and many other economic controls is largely derived from the sustained activity in the American economy, which itself is sustained by heavy military expenditure, external loans and gifts and the Farm Support Programme. In Britain itself, military expenditure, at £800m. for the coming year, is the largest single item in the budget, so that, economically, the ending of the cold war would be disastrous for both Britain and America.

Then, while British exporters are protected from American competition by the dollar shortage, U.S. manufacturers in the lines in which European competition for their home market is strongest are beginning to press for added protection. British exporters have also been protected from German and Japanese competition by virtue of the fact that these two countries have not yet found it necessary to become self-supporting but have been able to rely on American support to bridge the gap between imports and exports. The failure of the Anglo-American joint textile mission to Japan is an indication of impending changes in this direction. While previously, Japanese manufacturers were willing to talk about a division of world markets, with a virtual monopoly for Lancashire in Africa, Australia and Canada, their attitude has now hardened and it is not unlikely that their production will double in the near future.

So, apart from tendencies to disequilibrium inherent in the British economy, the country is almost uniquely susceptible to forces from without. At the moment, those outside forces the buoyancy of the commodity markets in particular—are favourable to British prosperity, but some of them, e.g. the high price of rubber can obviously not be sustained much longer, American armament and stockpiling

would have to continue expanding at an impossible rate for this to happen.

Inside Britain, there is the added complication of the fine balance of power in parliament, so that both government and opposition are preoccupied rather with trying to make friends and influence people than to safeguard the country from dangers that will probably beset us only after another general election has been held. The release of petrol from the ration has undoubtedly pleased the very section of the population whose governmental support is weakest, but it is idle to pretend that there are not much better ways of using the country's resources than joy riding. One trouble, of course, is that the government's power to plan is now severely limited—for instance, the licensing of sheet steel and building is almost the last device that gives them power to influence the actions of private manufacturers.

Nonetheless, the government is determined to convey the impression that the weather is set fair, hoping that the electorate will conclude that this is the result of clever

government rather than extraneous causes. But, paradoxically enough, its method of doing this, by dispensing with controls, is the very method best calculated to disqualify it from remedying the bad weather, should it suddenly (or even gradually) appear. Even, on the ideological front, there is no longer the same unanimity—there are many people now who feel that for Britain, in her "special position," deficit spending might be a disastrous thing: that for the revival of foreign trade the only remedy will be a forced cut in costs by deflation and unemployment. Some would welcome the return of a fair degree (say 5 or 7%) of unemployment, on the grounds that it would result in a greater economy of resources, especially of living space, harder work and a diminished labour turnover. But whatever happens to the weather, an air of unreality pervades Britain today. An entertainer at a seaside resort is seeking to sue the B.B.C. for making pessimistic weather reports that don't come off. But for the public this is better than predicting sunshine when it is going to storm.

Planning Commission Gets to Work

(from *Our Delhi Correspondent*)

THE Planning Commission is gearing up its pace and, as the recruitment of the staff gets under way, its work is gathering momentum. Members are studying voluminous materials sent by the various Ministries of the Government of India on several Central projects, while details regarding the development schemes of the States are pouring in. It would be quite some time, possibly several months, before a full-fledged scheme of priorities is evolved.

Meanwhile, the question of control, on certain consumer articles, including cement, paper, salt, sugar, and steel and coal, is being actively considered. It is felt in knowledgeable circles that, production in the country being what it is, de-control of paper and cement may not present much difficulty.

On the other hand, few among the affected interests appear to mind the continuance of controls on steel and coal.

The restrictions over the prices and movement of salt and sugar, however, present ticklish problems and at least as many arguments can be adduced for their removal as otherwise.

It is expected, however, that the Commission will have reached some tentative conclusions by the middle of July when a meeting of the proposed Planning Advisory Board is summoned in Delhi to elicit representative public opinion on the crucial subject of controls.

Pending a decision on this question, the Commission is working on a basic plan for achieving self-sufficiency in three agricultural com-

modifies, viz., foodgrains, jute and cottons.

Prospects of achieving the target by the end of 1951, however, appear to be remote and most of the members realise it. The important thing, therefore, is to decide to which of three should be given priority and to what extent.

That the Commission is likely to lay an emphasis on agriculture is also indicated by the fact that it will shortly take up for study proposals for a programme of "agricultural extension." Mr. Meyers, a town planner, is keenly interested in the subject and may advise the members from time to time as to the best methods of helping the villager to help himself.

Another scheme, proposed by Mr. Gulzarilal Nanda, envisages the recruitment of two lakh volunteers for social service in villages.

The Commission would also examine the control of capital issues, the problem of foreign capital, and the constitution of an Economic Service in the Central Secretariat.

* * *

The inclusion of Mr. Chintaman Deshmukh in the Central Cabinet has been marked by frank jubilation in circles close to the Planning Commission. The feeling is unanimous that the position of that body, which has the Prime Minister for its Chairman, will be greatly strengthened. This is particularly welcomed for the previous Finance Minister Dr. John Matthai, was, in principle, opposed to the Commission commanding a better position than his own Ministry.

Another fundamental difference of opinion, between him and the Prime Minister, is understood to have been in regard to control of expenditure. Dr. Matthai is believed to have resented the day-to-day interference of various Ministries who, in many cases, went over his head to the Prime Minister, and got their favourite schemes sanctioned.

Lately, however, Dr. Matthai had accepted his position as a non-party Minister and would agree to any scheme sponsored by a Congress Minister as long as he could possibly manage it.

Mr. Deshmukh, however, is likely to bring a fresh mind to bear on the financial problems. He will have the powerful support of the Prime Minister and may be trusted to take independent decisions, free of all influences of party or poli-

tics. He would also have the advantage of combining the work of the Planning Commission with that of the Finance Ministry and thus achieving better co-ordination of economic policies.

Efficiency in Industrial Management

Ravi Chandra Prakash

THE history of industrial organization and management in India is unfortunately the history of the managing agency system. The country has relied too much on the managing agency whose defects and shortcomings have created wide gaps in our industrial system. The series of proposals put forward by the Ministry of Commerce some time ago for important amendments to the Indian Companies Act were intended to remedy these lacunae. In the wider perspective, the Central Advisory Council of Industries, at their second meeting held on the 28th July 1949 in New Delhi, stated in their resolution that in order to place industry in a healthy competitive position, both for supplying internal needs and for increasing exports, production must be increased, quality must be improved, and cost and prices reduced. This will require, according to the Council more efficient and better forms of management, rationalization of plant and machinery, further utilization of installed capacity and higher productivity of labour. These improvements can only be effected according to a well-planned programme of economic expansion and industrial reorganization. This vital problem of technical personnel, technical know-how and research and understanding of human relations in industry is the crux of industrial management in India and a necessary prelude to the successful operation of any scheme of planned industrial development. The Government are fully alive to his basic requirement of the industry and as stated in their Industrial Policy Statement dated the 6th April, 1948; they "are taking steps to remedy the situation; in particular they are considering steps to create a body of men trained in business methods and management."

Meanwhile, the productive organization of industrial establishments must be improved to increase the production. Even the worker's output depends to a considerable degree upon the efficiency with which each separate business unit is conducted. Efficiency in management requires that each firm be in the hands of most competent executives and that these, executives use the best managerial techniques that are known.

The success of any industrial organization must be judged in terms of social welfare. The management of industry, therefore, entails a three-fold obligation: the obligation to investors, to the workers, and to the public. Profit is the mainspring of economic action and it must be earned to maintain the flow of capital in industry intact. At the same time, workers must be treated as human beings deserving a decent standard of living. And finally, the needs of the public must be kept in view because the whole function of the industry is to create the means whereby human wants can be satisfied.

What are the essentials of good management? My good management 'we mean the management in those plants which may be classified as above the average in efficiency. The experience and accomplishments of the best industrial enterprises in operation should, therefore, serve as the measuring rod. The following seven aspects of efficient industrial management are chosen to guide our business executives: (1) suitable location; (2) proper layout for building and equipment; (3) plant organization; (4) efficient planning; (5) scientific job study; (6) modern methods of wage payment; and (7) effective management research.

And yet, it is not enough for efficient performance as an excep-