

Productive Activity and Taxation

M. P. Chitale

UNION Budget proposals for 1964-65 seek to check inflation and promote economic growth. None of these objectives can however be fulfilled without increase in agricultural and industrial production. Yet our economic system looks upon productive industrial activity with singular disfavour. Manufacturing activity, large or small, needs capital and needs it in substantial measure. A fixed salary earner may obtain a loan for his limited needs fairly easily from co-operative credit societies or other sources. An individual embarking upon a productive industrial activity will find that although he may possess the requisite knowledge, skill and experience, without a fair amount of capital of his own or capital of his relatives and friends that he can call his own, he just cannot make any headway. Self-employment through initiative and enterprise is also discouraged by our tax system.

Income-tax Act extends special favours to employees by exempting from tax their income by way of gratuity or employer's contribution to provident fund. Self-employed entrepreneurs are not only deprived of any such benefits but if unfortunately their business venture is unsuccessful and they run into a loss, this loss is not even allowed to be set off against their other income unless the unsuccessful business is continued.

Consider the handicaps faced by a youthful new manufacturer intent on taking and engaging in productive activity. With the land prices, building construction costs and the machinery prices rising up and up, more financial outlay and more capital is required for setting up a business. He naturally looks to his relatives and friends for support. Are they in a position to save and lock up the amount permanently in the business? Never was the position respecting capacity to save and invest in productive activity so discouraging as it is today. It would be instructive to compare in this regard the position at the end of the second Five Year Plan and the position obtaining in the 4th year of the Third Plan.

Index number (base 1952-53) of wholesale prices for food articles in 1960-61 was 120, it was 137.8 in January 1964. The working class consumer price index (base 1949) at Bombay was 137 in 1960-61, it rose to 157 in December 1963. The Finance Minister has candidly stated that keeping agricultural prices too low for the producers may defeat the objective of raising agricultural output. With the fixation of minimum prices accordingly, prospects of price reduction may be ruled out. Consider now the position of income-tax in this context.

Burden of Income-Tax and Super-Tax on earned income

Income	Tax burden for Assessment Year	
	1961-62	1964-65
Rs.	Rs.	Rs.
5,000	42	84
10,000	438	709
15,000	1094	1584
25,000	3696	3834
		+ 1875 Annuity Deposit
40,000	10521	10340
		+ 3000 " "

With the cost of living rising on the one hand and the increasing contributions to State Revenues on the other the capacity to save and invest in productive activities has worsened. Owing to the limited saving capacity and ability to invest on the part of an individual as also owing to the complexity of business operations, business particularly that of manufacturing or industrial production has to be carried on with the help of others either as a partnership firm or as a limited company. But, woe be to you if you are engaged in business for, be it a partnership firm or a limited company, you are saddled with additional taxes. Tax burden on Registered Firms carrying on business has been increased following the mid-term appraisal of shortfalls in the industrial production.

Income-tax on Registered Firms Carrying on business

Income	Ass. Year	
	1961-62	1964-65
Rs.	Rs.	Rs.
40,000	Nil	1,080
80,000	2,050	4,680
1,20,000	4,450	9,480
2,00,000	10,750	21,000

Happy is the man who remains an employee receiving salary regularly on a fixed date. Required to undertake no risk and without any obligation to work for more than a specified number of hours and with the state helping him, to boot, in providing tax free gratuities and employer's contributions to provident fund, one must indeed appear to be an imbecile to put out his neck, take the responsibility of collecting capital, face the prospect of early losses, work himself for no end of hours and invite punitive taxes in the bargain. What is the incentive in a planned economy for initiative and enterprise for those striving to increase production by setting up new manufacturing unit? For a society dedicated to bring about abolition of poverty and ushering in plenty with due regard to individual freedom and initiative, our tax structure bears down heavily on the efforts of those who would like to live on their spirit of initiative and enterprise and build up industrial and production potential.

All the world over, growth in industrial production has been brought about through the agency of limited companies. Limited companies provide a helpful and convenient instrument or medium for collecting from a large number of individuals their savings by way of share capital and investing or employing them permanently in industrial activities. Financial requirements of a modern manufacturing unit are so large that without participation of many in the share capital, business cannot be carried on. It is essential, therefore, in the interest of economic growth to create conditions where persons could be induced to save and sacrifice current enjoyment of their earnings and contribute their resources for use in productive activities. From a social point of view money or resources invested by way of equity capital are permanently set apart for use in productive activity, it is a sacrifice almost irretrievable. This sacrifice needs to be appreciated and properly rewarded by the society and particularly when the objective is to increase savings and investment for promoting economic growth.

Instead of encouraging the investment in equity share capital, Union Budget proposals in the case of private limited companies and closely held public companies are calculated to deprecate and discourage the investment in equity share capital. Corporation tax in the case of private limited companies and closely held public limited companies is increased from 50 per cent to 54 per cent and 60 per cent depending upon the nature of manufacturing activity. Further, if any company distributes its profits (after tax) by way of dividends a company is required to pay Super-Tax of 7.5 per cent on the amount distributed as dividends. Even if the dividend paid happen to be reasonable and modest and even though the shareholder be poor and not affluent, super-tax of

7.5 per cent will apply regardless of this consideration. Moreover, assuming that the shareholders are persuaded and the directors decide not to distribute dividends, what is in store for the shareholders who forego enjoyment of their current earnings and cause moneys to be utilized for production purposes? The company will eventually issue bonus shares from out of these undistributed profits over a period of years. Although the shareholders or the company neither is a whit richer or poorer by this action, the company is required to pay Super-Tax of 12.5 per cent on the amount of face value of bonus shares. Further, the mere issue of these bonus shares, even before such shares are sold, are now proposed to be taxed as short-term capital gains at the higher rate applicable to the increased income inclusive of this notional gain. The injustice involved in the treatment of taxation of bonus shares is symptomatic of the unreasonable attitude towards investment in equity shares.

The high corporate taxes will discourage the flow of savings into investment in equity shares. The friends and relations of the young entrepreneur will supply the funds in the capacity of lenders entitled to receive interest. Without adequate share capital the business venture will be so much burdened with borrowings that the banks would find it difficult to grant further loans when the business unit is already weighed down with borrowings. The public limited companies may be able to obtain funds in the shape of share capital through subscriptions by institutions such as Life Insurance Corporation or Unit Trust of India. The prospects of attracting capital in private limited companies appear to be bleak. Conduct of business under the aegis of a public limited company requires a good deal of experience. This experience is usually gathered while conducting the business under a private limited company. Adjustment of attitudes and approach undergo a sea change in the evolutionary process of working in co-operation and association, through partnership firms, a private limited company and lastly a public limited company. More than 80 per cent of the corporations are closely held companies. Considerable number of them represent small and medium scale enterprises drawing savings and capital from a class of persons, not so affluent or traditionally rich. That a generation of new young entrepreneurs desiring to engage themselves in productive pursuits and occupations through self-employment, initiative and enterprise would be the marked victims of the new tax measures is the sad commentary on the Union Budget proposals. Taxation policy favourably biased towards salaried-people seeks to convert independent entrepreneurs into service seeking salary-earners.

Defence And Development

G. L. Mehta

WHAT happened on our northern frontiers in October, 1962, has been—or at any rate should be—an unforgettable experience for us. The events made an immediate, direct and widespread impact on our people. The Chinese invasion suddenly made us realise that we are living in a dangerous world; we found that our frontiers were not inviolable, that the Himalayas were no impregnable barrier against invasion. We saw that national security lies not in mutual professions of goodwill but in inherent strength. The events showed us the realities of international relationship of which we were not fully conscious. But the manifestation of national unity, the spontaneous upsurge of the spirit of resistance also showed that at a crucial moment the people could rise as one. They responded to the challenge unitedly and with determination. But there was no aggressive nationalism or blind militancy. Let us, however, frankly acknowledge that there was pained surprise, an awakening to stern realities, a sense of national humiliation. This shock gave us a jolt and affected momentarily at least the temper and mood of the people in all walks of life and all over the country.

Although the imminent danger passed, the need for vigilance and national solidarity is as vital and urgent as ever. Popular reaction and response at the time showed what could be achieved by eliciting the patriotic feelings and mobilising the energies and enthusiasm of the people, how they could be canalised for constructive and beneficent purposes. But unhappily, the opportunity was lost. The emergency continued and still continues; but only in a technical sense. The emergency, I regret to say, has not generated a sense of national urgency; it has not made us aware of our responsibilities and obligations or made us evolve and accept an order of social priorities in national interest. Should we not take heed even now after the bitter experience of the autumn of 1962 and learn some lessons?

Before we learn any lessons or, indeed in order to learn them, we should shed inertia and apathy which are incompatible with democratic citizenship. There is no sin today like cynicism. Nothing leads to subversion of freedom as the indifference of ordinary citizens towards their rights and duties. It is the environment in which dictatorships of one sort or another rise and flourish. Nor should we give way to a lazy fatalism which absolves us from our obligations and justifies our misdeeds. We should never forget Shakespeare's immortal words: "The fault, Dear Brutus, is not in our stars, but in ourselves". No

constellations in the heavens will determine whether we grow more food, manage our affairs honestly and efficiently, control our growing numbers, live peacefully and honourably in a secular society. It is not horoscopes but our capacity and integrity, our determination and efforts which will decide whether we rise or fall. It is true that there are frequently circumstances in the lives of nations as of individuals which are beyond our control—natural phenomena or the clash of powerful forces. But because we cannot control *everything* it does not follow that we cannot do *anything*. The progress of man, the building of civilisation, the triumphs of science all belie the necessity of a helpless dependence upon natural forces, a reliance on invisible powers. A sense of realities need not involve social paralysis. Sickness is a reality but that is no reason to abolish medicine and declare hospitals illegal. So, too, poverty, disease, injustice are realities but something must be done to mitigate and eventually abolish such evils. Neither resignation to the will of Providence nor the fruits of previous births can serve as excuses for inaction.

Since, in the ultimate analysis, we have to rely on ourselves we should cease to apportion blame and castigate others all the time; the planners throwing blame on the administration, ministers on industry, businessmen on government, each political party on the other, the people on the leaders and the leaders on their followers. If we are all partners in progress we are also sharers in stagnation—in failures no less than in successes. It is not always the other fellow that is to blame, the other fellow is also ourselves. As has been well said, success has many parents, failure is a neglected orphan. Occasionally, therefore, it is good to turn the searchlight inwards, to examine ourselves before we judge others. To paraphrase President Kennedy's stirring words, we should ask not what our country can do for us, we must ask what we can do for our country.

We have also become accustomed to depend on other countries for help of one kind or another. It is true that a developing country needs assistance—technical and financial. Because our resources are not commensurate with our need and many of our needs are vital and urgent we have to rely on the aid of friendly countries even if such aid is marginal and selective. Unfortunately, however, our plans of development have become too dependent on foreign aid; while the outlay of our First Plan included 10 per cent of foreign aid, the Third Plan has nearly 30 per cent. At present, foreign aid is being received at

the rate of nearly 3 to 4 percent of national income. We should recognise that foreign aid, however essential in the short term, is no substitute for self-help. And we should also realise that no people is morally entitled to ask for aid, economic or military, unless they are themselves prepared to make adequate sacrifices and bear the major portion of the burden of development and defence. We have, in this respect, a record of which we can be reasonably proud as we have borne heavy burdens ourselves. But in the next few years the strains and stresses are likely to be severe and we shall need all the foresight and prudence that we can command to steer us through the shoals and cross-currents that might engulf us.

Our country's influence rests on its performance. The world judges us not by the rhetoric of our speeches, the flamboyance of our professions, the platitudes of our resolutions but by our efforts, determination and achievement; not by our words but by our deeds. For this, all varieties of strength are needed—not merely economic and military; no one kind is adequate for the manifold and complex tasks of national development. We are seeking to harness together political democracy, economic growth and social welfare. This in itself is a formidable task and to perform it in a country of our size

with its immense population, diversities and social stagnation of centuries is truly stupendous. But we should not regard a country's reserve of capacity as a fixed, unalterable quantity; it depends in no small measure on social conditions and can improve as these conditions improve. There are no insuperable obstacles, there is no inherent incapacity of our people, no malevolent fate to inhibit our advancement. We can, if we will, endeavour to build a land in which creative impulses rather than acquisitive motives have freer play, in which hope and joy replace fear and envy as incentives for work and where artistic excellence and scientific truths are pursued for their own sake. Despite all the degradations and cruelties and injustices that surround us we must rise higher than our environment and our lower natures, and seek new horizons and inspiring heights. What prevents us from achieving our objectives and attaining our ideals is ultimately our own selves. As the poet Robert Frost poignantly said:

Something we were withholding left us weak
Until we found out that it was ourselves
We were withholding from our land of living
And forthwith found salvation in surrender.

(Courtesy: All India Radio, Bombay)

Access To Government Documents

A. G. Mulgaonkar

THE Public Record Act 1958 laid down in the U.K., that Cabinet papers and confidential Government discussions should not be revealed, to members of the public except after the expiry of 50 years from the date of the event. The object of this prohibition is to ensure the system of collective ministerial responsibility — for such decisions. It appears that this rule does not obtain in India by any Act of Parliament but somehow the Government of India seems to have accepted the 50-years' restriction as the convention in respect of documents in the National Archives. This rule is wholly irrelevant in India where the history of free India began in 1947 and there can be no question of secrecy, regarding discussions prior to that date, affecting public interest. What went on in Delhi, or even in the Viceregal Lodge, before 1947 is as much a matter of history, and a matter of historical interest, as events in the Courts of the Moghals. It is time members of Parliament took up the question and assured senior historians and students access to all papers prior to 1947 in the possession of the Central and State Governments. Actually, even 1947 is an arbitrary date; there is no reason why our Government should not function in

the limelight of public security, particularly now that it seeks to control and govern all facts of our social life.

It is now generally recognised that the writing of history is as much a science as any other although the questions, who is a historian and what is history continue to trouble many. Some have even gone to the length of dubbing history as the propaganda of the victors. That it can be so under certain circumstances cannot be denied. But dealt with in a scientific way the value of history cannot be underestimated. It enables a broad perspective to be obtained and leads to an understanding of obscure situations. Of course, the interplay of several situations in the same period over a wide area has to be brought out to the reader. It is for him to accept or reject the conclusions of the historian. But the historian's task will have been done conscientiously if he writes with precision after subjecting his facts to scientific evaluation. Many otherwise valuable writings have suffered in value because the author has allowed an inaccurate statement on one or two important matters to slip through.

The task of writing contemporary history though

seemingly easy is, in fact, exceedingly difficult. Naturally it is difficult for those writing during or near a period to divest themselves completely of their own prejudices, in favour or against, for persons and events concerned in the narrative. Nor must it be forgotten that there are certain prejudices peculiar to an era which a historian has to overcome when presenting his facts. The great difficulty which anyone wishing to write on contemporary Indian history faces is the lack of authentic material which lies buried in government records. The period beginning with the assumption of power by the Labour Government in 1945 to the stage, when after partition, power is completely handed over into Indian hands, is of the utmost importance in Indian history. Now it must be noticeable even to a casual observer that barring one or two stray books like Mr. V. P. Menon's dealing with the history of the Kashmir imbroglio, the others have come from British pens. That they are all factual can not be denied but as can be easily seen they have their own slant, not to say prejudice. That the transfer of power to Indian hands is a most unique event in India's history will be at once recognised. Its impact on India's history will be felt, whatever the course of history in the years to come, not for generations only but for centuries. The only other event of any comparable magnitude within the last few hundred years was the invasion of India by Baber which completely changed the course of its history. From the historical point of view a fair amount of material of this event is available including Baber's own diaries. It was lucky that in those times Governments and princes did not suffer from any exaggerated notions of secrecy of government

records. A considerable amount of historical material might otherwise have been lost.

The most important historical material on the transfer of power period is in the possession of the Government of India. Historians have no access to it excepting by persuasion. Therefore unless this material is published either in the shape of *White Paper* or made available for inspection by permission which should be freely granted, the writing of current history of India must suffer. A frequent comment made with some justification is that Indians do not have a historical sense and that the writing of history was almost unknown in India in the past, certainly in Hindu India. This was due in a large measure perhaps to the fact that literacy was confined to a section of the community which was primarily pre-occupied, with matters spiritual. It is necessary that this state of things should radically change and every facility including government support should be made available to those who wish to undertake seriously the task of history writing. The importance of making government records of this particular period available now is that anyone writing the history of this period will have considerable other material, including personal reminiscences, immediately available which in the course of time is bound to disappear. Of course, any historical survey undertaken just now will not and cannot be final. As Goethe was to write a century and half ago, history has to be rewritten from time to time, not only because of new materials and new points of view but because a fuller survey and a more comprehensive assessment can be made with the passage of time.

Condition Of Muslims In China

Adam Adil

FROM the reports emanating from the mainland of China it is obvious that the Communist rulers are making a determined bid to wipe Islam from the Chinese soil. This is happening inspite of Pakistan's flirtation with the Communist dragon. What is surprising is that Pakistan which claims to be the largest Muslim country in the world has connived at the tyranny the communist regime is seeking to perpetrate on Muslim populations of China. Because of constant governmental hostility towards them, the number of Muslims in China has dwindled considerably; Muslims are either physically exterminated or driven out of the land.

There are a number of other measures which the communist rulers have adopted to render the Chinese Muslims politically and economically sterile. For

instance the communists have abolished the waqfs—trust properties—bequeathed to the mosques and other Muslim institutions through the ages. They have introduced Cyrillic script in predominantly Muslim regions like Sinkiang and Kansu in place of Arabic script of the languages spoken there. These two measures have done irreparable damage to the fabric of Muslim society. All the religious, literary and cultural institutions which were for generations the proud heritage of Chinese Muslims have been completely disrupted with the result the powerful emotion which bound the Muslims together in the face of many a vicissitude is sought to be shaken. The waqf properties formed the cornerstone of religious and cultural existence of Chinese Muslims. It was from the income of these properties not only the

mosques, mausoleums and orphanages were maintained but even the Muslim educational, cultural and social institutions were conducted.

One more source of income, which was mainly used for running primary schools for Muslim children, was the tax which organised Muslim institutions levied on animals slaughtered according to Muslim custom. The Communists have prevented the Muslim institutions from levying this tax with the result the financial sources of the primary schools for Muslim children have dried up. The communists have not also made alternative arrangements for financing these schools. The Zakat—two and half percent of the saving which every Muslim is religiously enjoined upon to part with for the welfare of the community—is strongly discouraged. Instead the communists have levied other taxes not for the welfare of the Muslims but for building up communist party apparatus with the object of spreading atheism amongst orthodox Muslims. As Mr. Rafiq Khan* points out "In this way the communists have absolutely cut off the economic base on which Islam rests. Muslim children and young people receive no Islamic instruction. Quranic tuition is banned even in Muslim schools and 'after school' hours are taken care of by the Young communist League of China and its local officials. In consequence the rising generation of Chinese Muslims will know nothing about Islam. Without exception, Muslim children are thoroughly indoctrinated and exposed to ceaseless propaganda." Socially Muslims have been forced to live in conditions in which it is impossible for them to practice their religion. For instance, they have been forced to give up the age-old custom of circumcision and abandon their old and traditional occupations.

The conditions of Muslims in China have not been unobserved by outsiders who have visited the Muslim regions. Dr. Shaikh Jalaluddin, a member of the Indonesian delegation who visited China as far back as 1956, observed in an interview to QALA-M, a Djakarta newspaper, that "Islam will have died out within ten years in the Chinese Peoples Republic."

The miserable conditions of Muslims are often reported in Chinese communist newspapers. For instance the Kwangming Daily recently reported "It is a universal fact that the Hui (Muslim) peasants are short of draught animals, farming implements and fertilisers. In Hui villages of the provinces of Honan, Anhwei and Shantung many Hui households are short of food. In some villages, 10 per cent of Hui families are living on relief. The situation has been aggravated by Communist Party cadres' refusal to let Hui peasants engage in subsidiary or sideline

occupations. It will take long time to rid the Hui people of their poverty."

Yet, inspite of these tyrannical measures, the Muslims of China have remained undaunted. They still present the most formidable resistance to communist regime. The communists on their part seek to crush the Muslim resistance with a heavy hand. Combats between Muslim insurgents and communist army units in Sinkiang and other Muslim regions are regular features of Chinese political life.

Communists condemn Muslim resistance to communism as "local nationalism". Especially young Muslim boys and girls are instigated by communists to denounce the orthodox Muslims and the ulemas.

The Muslims in China number nearly fifty million. They are found chiefly in the regions of Sinkiang, Szechwan, Kansu and Tsinghai, also in Yunnan, Shensi, Chihli and Honan. In the remaining provinces, their numbers are small though there are important cities with sizable Muslim populations such as Peking, Nanking, Tientsin, Tsinan, Kaifeng, Sian, Chengtu, Yunnanfu, Kweilin, Hankow and Canton.

Actually no proper census of Muslim population in China has been taken so far. Neither the Imperial Government of China before 1911, nor the Nationalist Government afterwards, conducted any census. With the result any information about Chinese Muslims remained only a guess work. The communists, however, have tried to show that Muslim population in China is only negligible. This is a deliberate attempt on their part to underrate the Muslim strength in China.

The Muslim resistance to communist regime has thrown up some great heroes amongst Muslims. Usman Khan Batur, Ma Ying, Ma Hu-Shan, Ma-Chung are a few of those who led armed resistance to communism. These leaders were defeated and shot but their memory still inspires Muslims of China to continue the resistance and never to submit to the communist totalitarian rule. Hence, Muslim regions of China are constantly in a state of turmoil inspite of the fact the communists have sought to crush the spirit of resistance with all the ruthlessness at their command.

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* Islam in China by M. Rafiq Khan.

Russia And China—A Polish View

J. Mieroszewski

IS it in our interests to see China grow powerful?

There is no doubt that it is in the interests of Moscow for China to be as weak as possible. All achievement of the Russian *Drang nach Osten* dates from the period when China was weak. As can be inferred from the usually correct — in this respect — American reports, at the time of the widely publicised Big Lift of the American division from Texas to W. Germany, the Russians transported secretly by air two paratroop divisions from Moscow into the region of Alma-Ata, the capital of Kazakhstan, which borders on China for 1500 miles. According to the same reports, they have moved four first line divisions on to the Chinese border from Eastern Europe since August last year.

One of the reasons that led me to write this article is the impression that the Poles have not yet managed to notice China. I am convinced, however, that China is and will be anti-Russian, and as bordering upon Russia, the main 'millstone' of ours, it has become an essential element in Polish politics.

Poles are not interested in China because it is a communist country and therefore hostile by definition. In fact, however — as Prof. Brzezinski rightly points out — even though the main offensive of Chinese propaganda is directed against America, in fact the Sino-Russian conflict in the territorial, national and historical fields goes much deeper and is of a more lasting nature.

China is not only in the throes of a communist revolution. First of all, it is going through a nationalistic and industrial revolution. The ideological conflicts and arguments die out in time; but the conflicts of the territorial and national interests show a much greater resistance to the eroding action of time.

One should not neglect the ideological aspects. The Chinese have struck a blow from which the Russians will never recover. They have split up the monolithic world communist camp and changed it into two blocs fighting against each other. In spite of the fact that the Chinese regard themselves as the most orthodox communists, by their actions they are making way for multi-centralisation.

If at this moment there exist two "Romes" of the communist movement, in time we can expect several smaller "Romes". There are states in Asia in which there are five communist parties fighting against each other. Yet even in the Soviet Union nobody claims that unity prevails.

From the Polish point of view the Chinese problem can be expressed in an answer to the question: Russia's rival or Russia's ally?

In my opinion, once China wakes up to national awareness, then as a united state it would become Russia's rival, independent of its political system. In that part of the world, it is difficult to contain two imperial powers — an Asian and an Euro-Asian.

J. Fryling in a longish work entitled "A Conflict in the Himalayas" has given a thorough documentation of Chinese revisionism. Fryling, an experienced Polish ex-diplomat and an expert on the Far East problems, gives historical data, which both the English and the American works lack. Since these are problems of basic importance, I am quoting below the relevant fragments of his work.

"In March 1963, the Peking Government promised to reclaim all territories which at one time belonged to China and were taken over by various European states on basis of the so-called 'un-even treaties'. Three of these were made by China with Tzarist Russia and all according to the statement from Peking would undergo revision 'when the right conditions prevail.' This attitude was taken by Peking soon after the communists came to power. This is confirmed by a map in a history textbook published in Peking in 1954. This map is entitled 'The Imperialist Encroachment on the Chinese Territories in the Years 1840-1919' and it points out 19 territories lost by China. On the top of the list they place Tashkent and the Central-Asian territories taken by Russia in 1864. The Chinese border reaches as far as Baykal Lake and includes the Altai Mountains, parts of Pamir, the eastern part of Kazakhstan with Pavlodar, Semipalatinsk and Alma-Ata. On the same map the following are also shown to belong to China; almost the whole of Kirgizia with its capital Frunze, eastern parts of Uzbekistan with Tashkent, and almost the whole of Tadzhikistan bordering on Afghanistan and Pakistan.

The treaty of Illi in the year 1881, which China did not ratify, gave Russia the valley of Illi, which now forms a part of Kazakhstan.

Other territories, at present belonging to the Soviet Union and included on the map are: the industrial district of Amur (treaty of Aigun 1858), the coastal territories of Siberia with Vladivostok (treaty of Peking 1860) and Sakhalin, which Russia took over in 1806.

One glance at the map is enough to show what enormous territories, which used to be within the Chinese boundaries, have been gradually taken by the Russians since the treaty of Aigun in 1858. They moved across Siberia to the Pacific coast and took the territories between the river Ussuri and the coast,

covering an area of 2.5 million square kilometres.

The Soviet Union continued the imperialist policy of Tzarist Russia by taking over completely Outer Mongolia (1.5 million square kilometres) as well as taking political and economic control over Sinkiang and the Chinese Turkmenistan."

One should add that the stakes in this game are high. The territory surrounding Novosibirsk is rich in coal which feeds the Soviet steel works. They have started to build the electro-hydraulic power station near Irkutsk, which will be the biggest in the world. Apart from that, one should mention gold, oil, copper, lead, zinc, nickel and silver. And all these natural resources China lacks.

Consequently, we can say that China is the only power in the world today which has territorial claims on Russia, but does not want anything of Poland. Just as there is a possibility of an agreement between Germany and Russia at the expense of Poland, so an agreement between China and Russia cannot be bought at Poland's cost. In this sense China constitutes a new and an extremely important factor in the system of Polish political thought.

The aim of this article is to inspect the revolutionary changes in the regional balance of power brought about by united, nationalist communist China. As Russia's immediate neighbour, China will play an ever-increasing role in Eastern European politics. It may very well appear in the nearest future that an alliance with Peking is much more conceivable than with Paris or London.

Today the Chinese are using Stalin's ideology to fight the Soviet Union on the ideological front. In this way Stalin's ideas are used to destroy his own work, which was a monolithic Communist bloc ruled centrally from the Kremlin.

The present Chinese communist leaders belong to the old guard and their average age is around 70. In the next decade there will be a general change in Peking. Younger men will come to the fore not weighed down with the complexes of the past. It is possible that the new men will take China out of isolation and there will be a basic change of tactics.

China is the only country in the world which has a chance of splitting the Soviet empire from within. The successor of the old guard may come to the conclusion that Moscow can be outbid by the policy of "hundred flowers" and not by neo-Stalinism. Should the Chinese version be more progressive and modern than "Gomulkaism" — which is not very difficult — after a time Peking would find support of the intelligentsia, intellectuals and the more enlightened groups within the party. Albania has one million inhabitants. But if there were new "Albanias" in Poland, Czechoslovakia and Hungary, it would be the beginning of the end.

If China wishes to stabilise its place on an inter-

national scale, it would have to push the Soviet Union one step back. The way to achieve this goal lies in mobilising the potential anti-Russian feelings in the satellite countries and breaking them away from Russia. The fall of the satellite empire would cause a nationalistic shock in the Soviet Union, the results of which would be difficult to foresee.

The Chinese trump card does not have to be played in Peking. In this political situation it should be played only in Moscow. But the Polish policy should be aware of this card. In this sense the formation of a strong united China lies in the Polish interests only on condition that a powerful China should remain anti-Russian. I have tried to show that a conflict between China and Russia is not only an ideological disagreement as in the case of the Yugoslav-Soviet conflict, but that it is an historical-national-territorial conflict between an Asian power and a European power.

(Extracts from the article, Poland-Russia-China
published in Polish Monthly Review *Kultura*,
France, March 1964)



"We are confident that no spy can gain
information of our next move because there
is no next move...!"

Courtesy: Hindustan Times

Review

U.S.S.R. vs. Tarasov

By C. L. Sareen; Published by M. Sunderam, New Delhi, Pages 196. Rs. 12.

"SOCIALIST Justice" is something most thinking people will find difficult to stomach. Those who are used to Trial by Jury, the right of a man to be presumed innocent until proved guilty, and such ancient and unassailable safeguards as *habeas corpus* can hardly begin to understand conditions under which "justice", so-called, is dispensed in Communist States. A terrifying picture of judicial conditions in the Soviet Union, all the more appalling because it is true, emerges from a book recently published in Delhi. *USSR Vs. Tarasov*, a resume of a celebrated trial which turned into a monumental clash between the justice dispensed in the free world and the mockery of it that prevails in the unhappy "Paradises of the Proletariat."

This is an important book, one that deserves not merely to come to the attention of those whose business is in the Law Courts, but to the common men who are, after all, the ones who benefit from justice or bear the brunt of the lack of it.

Soviet leaders have always held the rights of the State to be pre-eminent, believed they must always take precedence over the rights of individual human beings if the two ever happen to clash. There are Law Courts in Russia, but most assuredly the decisions they hand down and the basis on which they function, would seem barbarous to anybody used to the impartiality of democratic courts of law. Without wishing to be in contempt of the Honourable Judges of the Soviet Union, it must be stated that they are not only salaried servants of the State (in which, of course, there is nothing wrong) but judicial flunkies whose only function is to affix their seal and give "respectability" to decisions already arrived at by the Executive.

To people who know the Soviet system it will seem repetitious, but for the sake of the many who are apparently innocent of any knowledge of socialist legal systems, it is worth noting that the Judiciary in Russia is merely another arm of the Executive; what the Political Commissar considers desirable, the Judge dutifully, patriotically carries out. For a man on trial, this blind acceptance of Executive *faits* can lead not only to monstrous miscarriages of justice but, what is worse, to an absence even of a pretence of justice.

It is not unknown for an accused person in a Soviet Court to stand meekly by without answering

charges hurled at him by the Prosecuting Attorney even when these charges are patently false. In most civilised countries a defence lawyer would attempt to rebut such charges with all the vehemence at his command; in Russia, however, the role of the Defence Counsel is usually limited to pleading for leniency. Strange as it may appear, this purely defensive role of the Defence Counsel springs from the fact that in Russia, when a man is haled to Court, he is presumed guilty unless he manages to prove otherwise.

A corollary to this principle is that a defence attorney, conditioned to taking the omnipotence of the State for granted, scarcely feels it either practical or prudent to take a really firm stand against the State. This kind of subservience is seldom encountered outside the People's Democracies, but it is worthwhile recording because not too long ago we witnessed a similar trial in India, in which the claims of the State were sought to be placed above the rights of the individual to a fair trial — including the right of questioning the veracity of that State.

The Tarasov trial arose out of a determined effort by the Soviet Government to gain custody of a young Russian sailor who decided to quit his ship while it lay in Calcutta Harbour and seek asylum in an American vessel that lay at berth close by. Tarasov had been searched as he boarded the American vessel, and had been found in possession of two Indian rupees. He was clad in swimming trunks, dripped the oily sludge through which he had swum, and had neither passports nor papers nor anything else on the person.

The Soviet Authorities in reporting the matter to the Indian police, charged that Tarasov has stolen a sum of Rs. 700/- before jumping ship.

Tarasov was haled to Court on the charge, but the Calcutta Magistrate who tried the case found him innocent and discharged him. The young man's joy at this first acquaintance with judicial principles as practised in democratic nations was rudely shaken when, minutes after his acquittal, he was taken into custody once more, to face extradition proceedings. The Soviet Government was determined to make an issue of this matter, and the case was to drag on for several months before Justice was finally to be vindicated in the Court of the Sub-Divisional Magistrate of Delhi, Mr. N. L. Kakkar. Delivering judgment in this historic trial, the Sub-Divisional Magistrate of Delhi was constrained to comment: "*The argument in a nutshell, on behalf of the foreign state, was that the evidence produced by the foreign state should be taken as sufficient legal evidence and the evidence should not be weighed and the credibility of the evidence must not be questioned.*"

This is a direct quotation from the Judgment. Magistrate Kakkar seems surprised that the foreign state i.e. the Soviet Union, expected its witnesses to be believed

without further ado, certainly without being subjected to the dangerous process of cross-examination. But even earlier in the Tarasov affair, the representatives of the Soviet Union had told falsehoods without batting an eyelid. When the Calcutta Police wanted to board the tanker from which Tarasov had defected, they were bluntly informed by the Soviet authorities that the ship had left port; actually, not only was the ship in harbour, but it could be seen lying at its berth as large as life by any man who had eyes in his head. It may be questioned why this was not pointed out, but the Calcutta Police cannot altogether be blamed. When a Consular Official said the ship was not there, they were reluctant to prove him a liar because he represented a great power. Besides, at that moment, the Indian Police were not functioning as Courts of Law. Later, however, falsehoods advanced on behalf of the Soviet Union could not be allowed to go unchallenged without vitiating the course of justice, and reading through Magistrate Kakkar's Judgment, lie after patent lie is thoroughly exposed.

It was fortunate for Tarasov that Indian judges were not prepared to believe Soviet testimony unless it was duly proven. The U.S.S.R., in a burst of complete naivete, submitted a long list of documents to support its claim that Tarasov was not a *bonafide* political defector as he claimed, but a common thief. Had Tarasov been on trial in the Soviet Union, he would have been doomed, since according to the canons of Soviet jurisprudence, evidence submitted on behalf of the state was quite sufficient to convict him not only of theft but of treason. Treason for stealing Rs. 700/-? Yes, for according to the Criminal code of the Ukraine, which was submitted by the Soviet Authorities before the Indian Court, Soviet citizens who chose to leave their country were guilty of treason punishable with death. Article 57 of the Ukraine Penal Code actually makes this quite clear, which is why Tarasov was so depressed when the trial started; he knew very well that although the Soviet authorities pretended to want him for trial on charges of theft, in reality they would try him on a charge of treason. He quite openly told the Defence Counsel that if they ever got their hands on him they would cut his throat. Ultimately, the evidence submitted by the Soviet authorities, although perfectly in accord with "socialist" principles, was found by an independent Indian Judge to be nothing but a mass of distortions, fabrications, forgeries, mis-representations, alterations and out and out falsehoods. Not one single witness appearing on behalf of the Soviet Government made a creditable showing. Being forced to utter falsehoods, as apparently is usual in the Soviet Union, they found themselves immediately in deep water when their statements were coldly and critically analysed by the Defence. There was some-

thing pathetic in the spectacle of the cultural attaché of the Soviet Embassy in New Delhi having a brush with Defence Counsel. The man at first refused to believe that a Lawyer was actually daring to question his word! In the beginning, he tried to be sarcastic and to bluster his way out of a tight corner. When that did not work, he collapsed. It was an abject collapse, a total admission of defeat. From then on, this man — normally suave, polished, as befits a diplomat, behaved in Court like a nervous school boy. His evidence was full of contradictions, he withdrew statements he had made, he reversed his stand, he suffered embarrassing lapses of memory.

Much the same thing happened to Captain Broun, Master of the vessel from which Tarasov had defected. What about other witnesses? There were none. The Soviet Embassy, which had promised to produce so many, had been made to look like fools, by the two "star" witness. It refused to risk further humiliation and announced that they would submit only documentary evidence.

This documentary evidence, too, proved farcical, since most of the submissions were made in a form unacceptable under the Indian Evidence Act, which, being designed to prevent miscarriages of justice, naturally gave the Defence the right to question their veracity. In effect, the Soviet Union merely wanted its word accepted without any further checking or cross-examination. Rs. 700/- had been stolen. Was there proof? *We say so.* The money had been given to the ship's cashier at Odessa. Was there proof? *There was the document bearing the seal of the Foreign Ministry.* Did this Ministry have any personal knowledge of the theft? *It did not* — but according to Socialist Legal Principles this did not matter.

This, in essence, was the Soviet attitude! The mere fact that Soviet Ministries — several of them — put the solemn seals of their State to spurious documents was considered sufficient to have these documents accepted as genuine! Of course the Indian Court, having a long tradition of independence to live up to, refused to be bamboozled. Magistrate Kakkar, well aware of the international implications of the case, soft-pedaled his adverse remarks; nevertheless, even he was constrained to say several times during the course of his judgement that evidence was inadmissible, and at least on two occasions that evidence submitted on behalf of the "foreign state" (his customary euphemism for the Soviet Union) was false and fabricated.

Justice G. D. Khosla, Ex-Chief Judge of the Punjab High Court, was more forthright. Since he is a man of vast legal experience, his preface to the book carries natural weight, and therefore his opinion that the Tarasov trial showed "ruthless discrimination and complete disregard for truth and forensic ethics," on

the part of the Soviet Union, cannot be brushed lightly aside.

In Justice Khosla's words, the Tarasov case was no ordinary judicial battle to determine guilt or innocence, but a vindication of the Rule of Law and the impartiality of an independent judiciary.

It is also worth recalling that the Tarasov case set a notable precedent. There have been defectors before, there will undoubtedly be defectors in the future, but never till the Tarasov affair had the Soviet Union dared or been foolish enough to seek to regain custody of a defector through recourse to a Court of Law.

Why then, one may ask, did it at all take this foolish step? Could it be possible they really believed the Indian Judiciary to be mere rubber stamp? This is quite possible, since Soviet Judges are apparently regarded as mere appurtenances of the State, the Soviet authorities probably deluded themselves into the belief that Indian Judges were of similar calibre.

They might well have thought that by bringing pressure on the Indian Government, they would automatically be bringing pressure on an Indian Judge. There is an old proverb: "Fools learn easy lessons the hard way." It is certain that after the debacle suffered by the Soviet Union and the public spectacle it made of itself before millions in this country, Russia is not likely to attempt a repeat performance in India.

The most ironic thing about this case was obscured during the course of the trial. Just why did Tarasov jump ship? Strangely enough, he did it neither at the prodding of his own disgust with the Soviet system nor because of the cajoling of American agent provocateurs. He defected because of the encouragement unwittingly given him by a Soviet Diplomat! Tarasov himself related that while his ship was in Calcutta Harbour, a Soviet Vice-Counsel came on board to give the customary political lecture, in course of which he said the Indian Government was at the beck and call of the Americans.

Tarasov, already fed up of the Russian political system, promptly took his cue and quit the ship. He himself admitted later that he might never have steeled himself to defect had it not been for the Soviet

Vice-Consul giving him courage to take the step by assuring that India was "at the beck and call of the Americans." During the trial, of course, it looked to some people as if India was not an American stooge, but something of a Soviet stooge, for Tarasov was tried in Calcutta and found innocent, yet five minutes later after his acquittal he was re-arrested. His despair can well be imagined; in his homeland, such a blatant rejection of a Court's verdict would be tantamount to a death sentence.

He could not, of course, as a Soviet citizen, be expected to know that although he was recommitted for trial, justice would be just as impartial during the second hearing, that although the Soviet Union could submit its full quota of trumped up and trumpery evidence, this evidence would, after due examination be rejected if it was found to be false. Tarasov doubted the independence of India's judiciary and cannot perhaps be blamed for having done so. No Indian, however, had any such doubts. Faith in the independence of India's justice was triumphantly vindicated, for despite insidious pressures from a great power, Indian justice had stood on its own feet and administered the law without fear or without favour.

Magistrate Kakkar weighed the U.S.S.R. and Tarasov in the scales of Justice — that Justice which is blind to all but the truth — and he found the U.S.S.R. wanting.

Tarasov left the Court a free man.

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"I believe that we must very carefully plan our next ten years of crisis...."
Courtesy: Hindustan Times

With Many Voices

"The deep
Moans round with many voices. Come, my friends,
'Tis not too late to seek a newer world."

—Tennyson.

Hitler was not the victim of an assassin: neither was Stalin. But Gandhi was — and so was Kennedy. It is apparently the destiny of the great visionaries and leaders to be martyrs. Like the evil dictators, they arouse opposition and hatred. But, in contrast to the dictators, this is the opposition not of liberal and progressive men, but of inhuman forces and lunatics. Unlike the dictators, the visionary leaders do not hide from the people. They do not protect themselves with an often impenetrable wall, but walk among the people, despite the danger this entails. Thus they sometimes sacrifice their lives while working for the fulfilment of their mission.

—Mr. Ze'ev Katz

—*News From Israel*, March 1.

Minister is answerable for all men, animals, things and natural phenomena within the purview of his office.

—Mr. Tilak Raj Bhasin, Counsel for the Memorialists in the Das Enquiry Commission,
Times of India, March 3.

We and Chinese are 700 million strong.

—A slogan welcoming Mr. Chou En-lai in Albania.
Time, March 6.

Political ambitions can develop rapidly. For example, look at me.

—Mr. Charles de Gaulle, quoted in *New York Times Weekly Review*, February 23.

I have waved the flag of India's folly throughout the world, yet it is strange I was never invited to this conference before.

—Mr. Krishna Menon in Moorkha Sammelan,
Thought, March 7.

Businessmen and industrialists should not only be good but also appear to be good.

—Mr. Bharat Ram, *Times of India*, March 15.

Vatsayan, a prominent Hindi writer was introduced by an Indian Ambassador to local dignitaries as the author of the *Kama Sutra*.

Economic Weekly, March 14

Whom the Gods would make power-hungry, they first make sincere.

—Mr. Irving Kristol, *Swarajya*, March 14.

When I see a bird that walks like a duck, and swims like a duck and quacks like a duck, I call that bird a duck.

—Mr. Richard Cardinal Cushing speaking on Whether it is proper to call Fidel Castro a Communist, *New York Times Weekly Review*, March 1.

The Soviet Union has rockets *instead* of automobiles; the United States has rockets *because* it has automobiles.

—Mr. Edward Crankshaw, *New York Times Weekly Review*, March 1.

Budget is like the Mona Lisa smile in which you can read anything and everything.

—Mr. S. N. Mishra, Congress M.P.,
Statesman, March 17.

Democracy is a telephone system; you dial a number and initiate the dialogue the individual under totalitarianism is a radio-listener condemned to listen the leaders' loud monologue without any access to the control mechanism or the facility to raise any point by himself

—*Radical Humanist*, March 15.

Socialism cannot flourish in a two-party system.

—Mr. Hiren Mukerji, Communist M. P., *Patriot*,
March 3.

The safe rule in dealing with Communists is neither to believe what they say nor to draw inferences favourable to oneself from what they do not say.

—*Opinion*, March 17.

The most insulting thing you can say about a real woman is that she is a good listener.

—Mr. Alan Brien, quoted in *Statesman*, March 22.

For Mr. Kairon, democracy must be so guided, controlled and directed as to produce a dictator.

—Mr. Prabodh Chandra, Ex-Speaker of Punjab Vidhan Sabha, *Link*, March 22.

I do not know what I say when I am before the mike.

—Mr. Sanjiva Reddy, Ex-President of Congress,
Link, March 22.