

## Lessons Of The L.I.C. Episode

by R. V. Murthy

NOW that the excitement and tumult over the enquiry into the investments of the Life Insurance Corporation seem to have died down more or less, it is possible objectively and dispassionately to assess the lessons of this epoch-making inquiry. The inquiry, the first of its kind in the country, is bound to go down as a very significant landmark in the constitutional history of India. This is so not so much because of the prominent personalities involved in it. Nor does its significance lie in the immediate result that it has produced, namely, the exit of the Union Finance Minister, Mr. T. T. Krishnamachari. It rather lies in the valuable lessons it provides for the future. These lessons are all the more important at the present juncture, when we are on the threshold of rapid economic expansion and when there is still continual talk of nationalisation in certain quarters without any consideration as to whether the State is at all equipped with the requisite capacity to take on the new responsibilities involved. The emphasis on expanding the public sector even at the cost of efficiency and the unwarranted entry of the State into all fields of private activity in order to achieve the much publicised ideal of the 'Socialistic Pattern of Society' invest these lessons with added importance.

Limited as its scope was, the Chagla Commission may not have brought out all the facts. Many vital questions, such as who exactly was responsible for the deal put through in such an 'amazing' way, may have been left unanswered conclusively. Even the glare of publicity may have confined itself as, in fact, it did, to focussing attention more on the character and the role of the personalities concerned. But the available evidence and the findings of Justice Mr. Chagla, who constituted the one-man Commission, have certainly exploded the myth of the autonomy of the so-called autonomous statutory corporations.

Regarding the Mundhra transaction itself, this is what Justice Mr. Chagla has to say: "In considering the propriety of the transaction and as to whether it was effected according to business principles, I must now consider *the amazing manner*—that is the only expression I can use—in which the price that the

Corporation had to pay was fixed. One should have thought that, when one is entering into a transaction of the magnitude, the most important term in the contract would be the price, and yet everyone concerned with this transaction seems to have attached the least importance to this aspect of the matter."

The Chagla Report remarks at another place, "the transaction also suffers from this serious blemish that it was effected without consulting the Investment Committee".

In other words, the whole deal was put through not only in mortal hurry but in the most unbusiness-like manner conceivable, ignoring even the procedure laid down in the Act. That such should be the state of affairs of one of the youngest of the State-controlled bodies, which is supposed to be a trustee of the poor policy holders' money, is very regrettable indeed.

Later, whilst considering the 'ethics' of the transaction, Mr. Chagla has made the point that he was not dealing with a business man out to make profits without considering how and by what means those profits are made but a statutory corporation set up by the Government of India which must, in its business transaction, maintain certain standards. According to him, 'the transaction entered into by the Corporation was a transaction with an individual of doubtful reputation about whom the Finance Ministry entertained most serious suspicions and effected for the purpose of relieving him of his financial difficulties or, to put a more charitable construction on the transaction, to relieve the financial difficulties of the various concerns which he had succeeded in acquiring by dubious methods and in which he had a controlling interest.' Thus, it is clear that the canons of ethics and economics were both jettisoned by the Corporation. This may be attributed, in a large measure, to the very nature of the working of such autonomous bodies. It seems to have been the intention of Parliament that these Corporations should function autonomously subject only to broad directives relating to policy matters. In actual practice, however, as the L.I.C. episode has made it plain, these bodies have tended to become virtually a wing of the Government and lose not only their autonomous nature but ignore even sound commercial practices, thanks, unfortunately, to the pressure of the State. If we have to avoid a repetition of such things, it is imperative that there should be no interference of this nature by the State in the working of these autonomous corporations in future. They must be made to function on sound commercial lines and not as mere departments of the Central Government. This is the first lesson of the

inquiry which has been appropriately emphasised by Mr. Chagla in his Report.

In the debate on the Chagla Report, a number of speakers highlighted the object-lessons of this episode, and some of these may be broadly indicated here. One of the most important relates to the procedure to be adopted in future, in conducting such probes and the determination of ministerial responsibility. The second, which is no less important, refers to the desirability or otherwise of the funds of the Life Insurance Corporation being utilised to acquire control over certain industries in the private sector. Speaking on the second issue, it may be noted here, the Prime Minister seemed to consider the idea of the Government taking over the management of large-industrial concerns by securing controlling interest in them through the investments of the Life Insurance Corporation an attractive proposition. As some of the concerns controlled by Mr. Mundhra are very large manufacturing concerns with which the Government has placed large orders worth several crores of rupees and as the sound working of these concerns is essential for the success of the Plan, he seemed to suggest that these companies be taken over by the State. This, incidentally, would involve no payment of compensation as would straight forward nationalisation.

However attractive this proposition may appear, it is dangerous not only to the economy but to the very survival of our infant democracy. Moreover, it is strange that, when even existing State-controlled or nationalised institutions are not functioning properly and when their efficiency is being questioned day in and day out, the powers-that-be should think of taking over more organisations. This can only be attributed to the insatiable thirst for more and more concentration of economic power in the hands of the Government. If the Government feels that the mere taking over of these units by the State will import efficiency into the working of these concerns, it is bound to be sadly disillusioned. For even with the pick of its highest personnel posted to some of these organisa-

tions, it has been found, there has been very little, if not no, evidence yet of what one may describe as successful and satisfactory working anywhere. Business concerns or industrial undertakings demand initiative, enterprise, and venturesomeness, qualities that seldom go together with bureaucracy. After all, what is the aim of all our Plans? It is economic development. Let us then ask ourselves the question whether this objective would be served by nationalisation, straightforward or backdoor. Will production go up by the magic words 'State Undertaking'? Judging from all available evidence so far, the answer to these questions can only be in the negative. It is high time, therefore, that the Government discarded its dogmatic approach to economic problems and took a more rational and realistic view of things.

There is also the question whether it is right to utilise the investments of the L.I.C. to acquire control over companies now working in the private sector. For, whilst piloting the bill for nationalising life insurance, Mr. C. D. Deshmukh, the then Union Finance Minister, had categorically assured Parliament, as well as the Public, that it was not the Government's intention to use the funds of the L.I.C. to acquire a controlling interest in private concerns. Any attempt at going back on this assurance, besides being unethical, would lead to a severe loss of confidence in all Government assurances.

There is yet another valuable lesson to be learned from the L.I.C. affair. It is that a mistake by the State undertaking, even if it be no more than a mere error of judgement, results in immense financial loss to all sections of the public and will have far-reaching repercussions. Instead of thinking of acquiring more concerns or nationalising more industries, the Government would do well, therefore, to devote some thought to monopolising not only the L.I.C. but also other State-controlled monopolies, as has, indeed, been suggested in certain circles. A monolithic body like the L.I.C. becomes too unwieldy. The breaking up of such monopoly monoliths not only makes for healthy competition, but ensures efficiency and economy. What is even more important, this process will strengthen our democracy which has yet to take firm roots. The Chagla Inquiry, one may well say, is a proof of and a testimony to, the nation's faith in democracy and democratic methods.

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## Notes

### Tragedy of Hundred Flowers

**J**UST about two years ago Mao Tse-tung created a minor sensation by declaring that "a hundred flowers could bloom" in the Chinese communist garden. This was interpreted as an invitation to the expression of differences of opinion and acclaimed, in some quarters, as an indication of a moderate and liberal outlook on the part of Peking and as a further proof that communism all over the world is, at long last, being "democratised".

The flowers have bloomed. What is more, quite a few of them have had their heads lopped off. Others are being plucked and removed from the garden forcibly as they do not fit in properly with the grand design of "people's democracy."

Now comes the official report. More than one lakh "rightist" and "counter-revolutionaries" have been "uncovered" in that Mao's garden over a twenty-seven-month period, according to Lo Jui-Ching, Minister of Public Security. These and other details of the Chinese Communist Party's concerted attempt to crush all resistance and popular discontent are contained in an article Mr. Lo wrote for the January 3 issue of the Peking political fortnightly "Study" copies of which were available only recently outside China. The details are interesting. They throw a revealing light on the working and "popular roots" of the people's democracy in China, and, for that matter, in the rest of the communist countries.

Two Cabinet Ministers, the report says, have gone to "corrective labour" in agriculture. Members of seven provincial governments have been charged with subversive action and disciplined. The official report is reticent on the subject of how many of these "hundred flowers" have actually been "liquidated." But they have been "uncovered", and, therefore, must pay the price. Among the counter-revolutionaries, the report adds, are 5000 Communist Party Members; 3000 counter-revolutionaries have been discovered in the Communist Youth League. Further, 3000 small cliques have been uncovered and more than 3,600 active special agents apprehended.

This clearly has been the widest purge since the communists came to power in China in 1949. The above statistics cover the period from June 1955 to October 1957. Presumably many more persons have been dealt with during the last three months as the campaign against rightists and counter-revolutionaries still continues unabated. In this purge, the report adds, "the political history of 17,70,000 persons was investigated." Besides, the article says: "The campaign also ferrated out more than 65,000 ordinary counter-revolutionaries, various sorts of reactionaries and criminals." It is not clear whether this figure should be added to the 1,00,000 mentioned above.

Two things suggest themselves. The first is the

magnitude of the opposition to the dogmatism of the Chinese communist rulers. Apparently Mao and his colleagues have not yet completely dominated the Chinese minds.

The second is the inevitable implication of hypocrisy in the original invitation to criticise the regime. There is no record that any conditions have been corrected or any policies changed as a result of the criticism. What is on record is that a hundred thousand persons have been "uncovered" and that in the process the political thinking of more than 17 lakh persons was carefully investigated.

In 1952, Mr. Po Yi-Po, the then Chinese Finance Minister, had triumphantly declared: "In the past three years we have liquidated more than two million bandits." Mao in his famous speech "On the Correct Handling of Contradictions among the People" confessed to have liquidated 8 lakh "counter-revolutionaries and anti-nationals". Now we have the report that within a period of twenty-seven months more than 17 lakh persons were screened minutely by the regime to see whether they were infested with "counter-revolutionary" virus, and, in the process, more than a hundred thousand were "purged". These figures merit deep reflection. Communism has to live by the sword rather than by the free consent of free men. It can never and nowhere rule by peaceful and democratic means.

### Another French Folly

**T**HE savage bombing of the Tunisian village of Sakhat Sidi Yousseff by French troops operating in Algeria deserves severest condemnation by the free world. The village was bombed and strafed for an hour and a quarter. The casualties, all civilians, were very heavy: 64 killed and 87 wounded. The French Government, instead of offering due apologies to Tunisia, has tried to justify its action by a statement that it had been "caused by multiple provocations suffered by our troops at the hands of elements coming from Tunisia into the Algerian territory." The present action, the French point out, had been directed against anti-aircraft positions near the village after the French reconnaissance plane flying over Algerian territory had been fired at from across the Tunisian border. The fallaciousness of the French statement is obvious from the fact that all the casualties have been civilian and not a single anti-aircraft position has been traced in the vicinity of the village. It is clear that the French attack was premeditated and directed against Tunisia for her sympathies for Algerian freedom fighters.

Tunisia has formally requested the United Nations Security Council that "aggression by France against Tunisia" be placed on its agenda. Tunisian Ambassador to the United States, Mr. Mongi Slim, while moving the Security Council, pointed out that French action threatened Tunisia's security and endangered international peace in North Africa. Even if France did not intend an aggression, the fact remains that French bombers have wantonly violated the territory of a free country and indulged in a violent



attack against it. France is a part of the free world and an ally of the United States and United Kingdom. Therefore the free world must not only condemn the French action, even on the floor of the Security Council, but assure Tunisia that it will stand by her if such unwarranted actions are repeated. It is heartening to find that U.S. and U.K. have made no secret of their strong disapproval of the French action. They should now give a practical demonstration of their disapproval.

### Stalin's Place

THE task of the compilers of the Soviet Encyclopaedia ought to be indeed difficult. Even with one supreme dictator around, they could never be sure on how and what to write and with post-Stalin uncertainty as to who is going to succeed and survive the problem ought to have been even more difficult.

Two years behind schedule, the latest Soviet Encyclopaedia has been published. Strongly saddled at last, Khrushchev has obviously resolved the uncertainty by laying down the exact lines.

Stalin has been cut down to size to suit comrade Khrushchev's omniscience. In the 1947 edition, Hosannas on Stalin filled 87 pages. The latest edition disposes of the late dictator in a bare 5 pages with one photograph only. Nevertheless, this five page report is certainly more charitable to Stalin than the hysterical screamings of Khrushchev against him at the 20th Party Congress. Apparently, second thoughts on Stalin were inevitable as a consequence of Hungary and Poland, and the erstwhile tyrant was "not such a bad fellow" after all. He did a lot of good too! His iron hand was needed, according to the report, to put down internal opposition in the Party. After all Khrushchev has to sustain his boss in his present emulation!

### Tortuous Business

WITH the visit of Mr. Henry Cabot Lodge, American diplomacy in India reached a new 'high'. Diplomacy, according to a definition of classic wisdom, is to lie abroad for the good of one's country. Certainly Lodge did not expressly lie, although some of his statements about Indo-American co-operation and understanding in the U.N. did take on a flavour of insincerity. His hugging handshakes with Mr. Krishna Menon (a performance which recalled his earlier refusal to shake hands with the Soviet representative Vyshinsky), his visits to Leftist rendezvous where he was fawned upon by comrades of right views and right (political) fashions, his sticking his neck out for garlands which came mostly from Leftists (which reminds one of Lenin's classic dictum of supporting an enemy with a rope to hang him ultimately with it) and in general making his official visit to India into an almost personal visit to Krishna Menon were all actions that shocked many men of sensibility in India and made

them wish that the U.S. would faithfully follow a policy of non-alignment in our domestic affairs.

But whether all this was in the interest of his country is open to question. Mr. Lodge and his wife are reported to have mixed Haroon-Al-Rashid-like with the Chowpatty crowd and witnessed the lusty cheering which Krishna Menon got on Kashmir. Presumably Mr. Menon himself mistakes the popular feeling on Kashmir as a mark of his own popularity. Presumably because of this he was recently emboldened to condemn certain organisations as "suspended structures on somebody's popularity," clearly forgetting that he himself was a suspended structure on Nehru's popularity. Surely, it was none of Lodge's business to lend his own support to this 'suspended structure' (Nehru is strong enough to take care of that.) In doing so he gave a wrong impression to the Americans of Menon's popularity in India and a wrong impression to the Indians of Menon's popularity in America. He served neither India nor America by his behaviour.

### Maulana Azad

IN the death of Maulana Abul Kalam Azad, India has lost a great scholar, and a statesman, who had been in the forefront of the country's battle for freedom since the beginning of the century. Even before Mahatma Gandhi came back to India from South Africa, Maulana Azad, through the columns of his paper *Al-Hilal*, had already started a crusade against the imperialist domination of India. It was a time when Muslims were being wooed and patronised by the British government as a counter-poise against the rising tide of nationalism in India which was then predominantly manned by Hindus. Maulana Azad raised his powerful voice against the Aligarians who were the go-between of the British Government and the Muslim masses. His vigorous writings created a stir throughout the country and the citadel of Muslim reaction was shaken to its foundation. The great poet Hali, who was alive and himself an Aligarian, saw in Maulana Azad signs of future greatness and amazed at his scholarship and intellectual resourcefulness, described him as "an old head on young shoulders." The Maulana largely succeeded in drawing the Muslim masses into the ranks of Indian nationalism.

Since Gandhiji's entry into the political arena Maulana's advice and guidance was always sought for whenever the country faced critical situations. He was a towering strength to the Indian National Congress.

As a theologian of Islam, Maulana had established his reputation throughout the world. The two volumes of his "Tarjamanul Quran" is a testimony to his desire to place religion on a rational basis and to bring it in keeping with the spirit of the scientific age. Although deeply religious, the Maulana was free from orthodoxy and fanaticism. He was a modern philosopher *par excellence*. Mr. Nehru, rightly described him as "luminous intelligence and towering personality." It will be difficult to fill the void created by his death.



# Tragedy Of India-China Friendship

by B. K. Desai

THE present tactical line laid down for the communists all over the world, and especially in Asia, is that of popular fronts—from above as well as from below. The Indian communists are following this line faithfully for the last few years. They are building up popular fronts and “mass movements” from below of all opposition parties and elements exploiting popular grievances, genuine or otherwise, and thus opposing the ruling party on internal issues. At the same time, they are basking in the reflected glory of the Prime Minister by making various Congress leaders lend their names and prestige to various front organisations and friendship associations sponsored ostensibly to promote culture and friendship between the countries in the “Socialist Camp” and India. That the communists are succeeding in this double game is mostly due to the proverbial weakness of other opposition parties and, in the latter case, the naivete of our foreign policy based on the sacrosanct Panchsheel and the fellow-travelling mentality of some of the top governmental leaders like Mr. Krishna Menon.

The third annual Conference of the India-China Friendship Association held last month in Bombay was again a witness to this sorry spectacle where political innocents, opportunists in search of band-wagons, frustrated Gandhians and top-ranking Congressmen offered themselves as willing tools in communist hands to serve their high powered propaganda in the name of friendship and peace. Congressmen this time participated so enthusiastically and in such a large number in this friendship show that the President of the Bombay Branch of the Association was reported in the weekly *New Age* to have proudly stated that, as he was mounting the platform, “a friend from the Press shouted, asking him if the association had joined the Congress!” The fact was otherwise. It was the Congressmen led by the Defence Minister Krishna Menon who had joined the Association. The main driving force — the communists—were working behind the scene and the Congress leaders were moving like puppets manipulated by the organisers. Mr. Krishna Menon inaugurated the Conference, the Bombay Pradesh Congress Committee President inaugurated the agricultural session of the Conference, the General Secretary of the BPCC was the Vice-Chairman of the Reception Committee and Mr. Sahabji Abdul Kadar, Congress MLA, was the Chairman of the Reception Committee. Besides, many other Congressmen served on the Reception Committee of the Conference.

About a year ago the Government of India had issued a directive to all State Governments urging them that the State Ministers should not extend their patronage to communist-sponsored cultural and social

organisations. The India-China Friendship Association was mentioned as one of them. But little over a year after the issuance of the above directive, Mr. Shriman Narayan, Secretary of the AICC, was constrained to write a letter to the Association, on behalf of the AICC, officially permitting Congressmen to join the Association! No wonder then that the report presented to the Conference on behalf of the National Executive of the Association notes with satisfaction that the “formal decision of the Congress as a party to support and participate in our movement is an important and significant example of the broadening of our movement.” This does not mean that the communists and their friends have renounced their aims. This only shows the powerful forces that are at work burrowing in the Congress.

The whole tone of the deliberations and speeches made at the Conference was suffused with a kind of poetic glow regarding the age-old friendly and cultural ties between India and China. Pandit Sunderlal, President of the Association, writing about India-China friendship in the *Souvenir* put out by the Association says “China owns no enemies and is not going to raise her hand against any other people so long as her own integrity and independence are not violated.” This was the same Pandit who in his Presidential speech of the same Association had, in December 1953, said, “Whether China was communist or non-communist, India and China were in the same boat and they were to sink and swim together. India in the event of a war would be on the side of China”. The same learned Pandit in this *Souvenir* has another revelation to offer; “In thousands of Chinese homes, persons following different creeds live most happily and peacefully as members of the same family. I am not forgetful of my country’s present day shortcomings in this matter”!

It would be very difficult to take these utterances seriously had they not come from the mouth of a Pandit reputed to be a Gandhian all his life. Slavish Sinophilia can go no further. Mr. Krishna Menon, of course, was no exception to this blind China-worship. In his inaugural speech, Mr. Menon said, “For the first time, China was now free from corruption with an administration that has its roots in the people, which was determined to go forward.” Unfortunately for Mr. Menon, the same day that newspapers carried the report of his speech, there was another news item stating that 3 non-communist ministers of the Chinese Government having dared at the express invitation of Comrade Mao to criticise the regime have been dismissed from their posts. But Menon did not stop at this. He even raked up the issue of Chinese students alleged to have been detained against their wishes in the US and even doubted the

bonafides of the U.S. Government and the U.S. President in this connection. He was reported to have said: "the U.S. President has told me that he does not want any one of them there who does not wish to stay. Saying this is one thing, what is necessary is its implementation." This report of his speech was subsequently contradicted by the President of the Bombay Branch of the Association but, significantly enough, no contradiction was issued on behalf of the Defence Minister, and, moreover, the weekly *Blitz* edited by the President of the Bombay Branch himself attributed the same remarks to the Defence Minister in its special report of the Conference!

If the Association were genuinely a cultural association promoting friendship and understanding between peoples of the two countries, there could have been no objection to its activities. But no one acquainted with communist tactics can fail to notice the real character of this organisation. Like other communist-sponsored organisations, the communists have set up this organisation to further their own ends by exploiting the popular desire for friendship and peace. It is one thing to cherish the friendship of the Chinese people who are no doubt freedom and peace loving. But it is quite another thing to praise the communist regime imposed on the Chinese people and credit it with unmerited virtues of being democratic and peace-loving. The real aim of such an organisation is deliberately to blur this distinction and by praising the tyrannical communist regime in the name of friendship and peace, to serve as propagandists of the Chinese Communists. When, therefore, eminent Indian leaders support such organisations, they should realise that the regime they praise has disowned in practice whatever they say in words, the basic values of democracy and freedom they themselves hold and cherish.

In the deliberations held and resolutions passed at the Conference one could very well discern the communist hand and mind at work. The same hackneyed communist phrases and clichés were used and the usual anti-West slogans were mouthed. Even the Souvenir did not fail to mention "the imperialist ambitions . . . . . of a few coteries, cartels or groups in a few powerful countries." A resolution was passed supporting "the policy of the Governments of India and China for World peace" which also mentioned that "the grave danger to humanity is underlined by the grim knowledge that U.S. Planes in huge numbers are always in the air loaded with and are ready to drop the latest and most destructive H-bombs."

By another resolution the Conference supported Red China's claim to Formosa. Besides, a National Petition to the U.N. was adopted by the Conference appealing for the seating of Red China in the U.N. and it was decided to launch a campaign to collect over a million signatures to this petition. Thus the same old technique of peace appeal was repeated here. In the deliberations, of course, the emphasis was laid on the latest communist slogan of Afro-Asian

Solidarity which was linked up with the theme of India-China unity. The so-called Cultural Resolution passed at the Conference proposed increased exchanges of delegations of different sorts between India and China, while the resolution suggesting organisational improvements proposed various ways of distributing Chinese communist literature in India by setting up libraries and bringing out publications and journals in various regional languages. Thus the whole show was modelled on the pattern displayed in any other communist-sponsored conference.

But the aftermath of the Conference attracted more attention of the public than the Conference itself. In order to attract crowds and make the Conference a success the organisers had provided an added attraction of a cultural show—a shadow play by Uday Shankar. As ill luck would have it, at this cultural show stands occupied by school children collapsed all of a sudden and 700 school children occupying the stands were thrown down in a heap hurting more than a hundred children, many of whom were seriously injured. All of these 700 school children were from Municipal Urdu schools. Naturally the attendance of these school children in such a large number raised a few pertinent questions and suspicions. It could not be that these innocent children knowing nothing about Russia, China or any other country belonging to the "Socialist Camp" would be so much interested in a theme taken from the classical Sanskrit literature of India. This tragedy naturally caused dismay and some parents wrote to Municipal Councillors and newspapers complaining that pressure was brought on their children to buy tickets and attend this show. The members of the Education Department of the Municipal Corporation were naturally agitated. The question was raised in one of their meetings and the issue was hotly debated. The discussion led one to think that the Education Officer was specially interested in the show and methods, which were not quite correct, were used in herding the children for the show which had offered an unusual discount in admission fees. This was not altogether a revelation as it is open secret that the Education Officer, Miss Kapila Khandwala, has been for long a known pro-Communist and has all along been obliging such front organizations with her active support. Even at the time of the Chinese Circus and the Czech and Rumanian and other shows, or for welcoming visiting communist dignitaries, special efforts were made by her Department to herd Municipal School children to make those shows a grand success. This very queer fellow travelling has been going on in the Education Department for quite a long time, but this time the mishap involving a few hundred children exposed, rather poignantly how the Education Department and the Primary Teachers' Association, which is controlled by communist teachers, have been using their pupils for their devious purposes. It also showed how communist organisations work and how innocent people fall a prey to their designs. This was the lesson learnt by the Bombay public though, unfortunately, it was at the cost of the innocent school children.



# Crisis In Indonesia

by Adam Adil

THE inclusion of Communists in the present Djuanda Government of Indonesia on President Sukarno's theory of "Guided Democracy" has precipitated a serious crisis in the archipelago. The anti-Communist elements led by "rebel" military leaders: Col. Maludin Simbolon, Lt. Col. Ahmed Hussain, Col. Zulkifli Lubis; and actively supported by the influential Masjumi Party, have proclaimed a rival government in Central Sumatra with Mr. Sjafruddin Prawiranegara, till recently the Governor of Indonesia, as the Prime Minister. The rival government has almost declared economic war on the Central Government with an order to all foreign firms to halt oil shipments and royalty payments to Djakarta, and to all foreign banks freezing gold and other valuables deposited in the name of the Central Government of Indonesia. If Djakarta decides to fight the rival government, it is obvious, that Indonesia would plunge into a long, protracted civil war.

The dilemma of Indonesia all these recent years has been one that is confronting democracy everywhere: how far democratic rights can be granted to pronounced anti-democratic parties like the Communist Party which would only use such rights to subvert and ultimately destroy democracy itself. President Sukarno, without facing the dilemma squarely, sought to create an impression that Communists were not so anti-democratic after all and could be trusted with responsibility of state administration. Hence he invited the communists who number only 39 out of 256 members in the Parliament to join the present "Gotong-Rojong" (Mutual Assistance) cabinet. President Sukarno's pro-Communist policy has been opposed by Dr. Mohommad Hatta, (second only to Dr. Sukarno in popularity and political influence,) Dr. Natsir and his other anti-Communist Masjumi associates. They maintain that it would be a dangerous gamble to open the gate of country's administration to Communist Trojan horse, whatever might be the immediate political expediency for it: the Communists would only come in to destroy the fabric of democratic set-up and spread the tentacles of their dictatorship.

However, the point of view maintained by Dr. Hatta and Masjumi leaders has been consistently ignored by Dr. Sukarno and the members of the Djuanda cabinet. The communists have played clever game in keeping the country divided till they are strong enough to meet the challenge to their power on their own.

Undoubtedly, there is quite a substance in the arguments of Dr. Hatta and Masjumi leaders. Communism in Indonesia is not merely an ideological movement, confined only to some intellectuals and disgruntled politicians, but it is a potent political force which is desperately trying to capture mass imagination. It has found roots not merely in Java, where 50 million

out of country's 84 millions live, but has made inroads also in other islands of the archipelago, functioning either openly or underground.

The Communist Party is one of the best organised parties in the country and it has exploited every opportunity, especially the weaknesses of other political parties, to increase its strength. It has tried to fish in troubled waters, and every time to its own advantage. It has followed the tactics of united fronts successfully, and in the process either absorbed or eliminated many a democratic group. Its front organisations in various fields—culture, women, cooperatives etc.—have yielded rich dividends. With its growing influence, it secured a large chunk of votes in the last general elections. It has a card-carrying and associate membership of over half a million—the largest communist party in Asia outside China. The Communist-dominated trade unions control almost the entire field of industrial and plantation labour; and by all kinds of devious methods they have eliminated almost all rival unions. The Communists are now making a bid to capture white-collared trade unions also. They are, thus, in a position to paralyse country's economy any time. They played a cardinal role in instigating labour in capturing Dutch enterprises and creating the facade of "workers' control" over them, during the recent agitation for West Irian. Dr. Sukarno and the Djuanda cabinet, instead of resisting communist manoeuvre which were primarily motivated to subvert economic stability of Indonesia, played to the gallery and thereby gave moral support to communist hooliganism and to chaos and anarchy that followed in its wake.

In view of all, Dr. Hatta and Masjumi leaders (as well as some of Dr. Sukarno's own nationalist colleagues) feel that the President is making a fatal blunder in imparting to the Communists prestige and respectability by extending his patronage to them and openly collaborating with them. As Dr. Natsir, the Masjumi leader, put it, Dr. Sukarno is destroying people's spirit of resistance to Communism by generating a climate of tolerance towards it. Although secular in outlook, the Socialists led by Dr. Shahriar, agree with Dr. Natsir in his postulations about Communists. They too feel that the Communists have already succeeded in achieving their first objective of alienating Indonesia from the West, their second objective is to utilise the democratic rights and electoral machinery to capture power without resorting to a *coup d'etat*.

President Sukarno, despite the danger the communists constitute, included three communist nominees in the Djuanda cabinet, with the result communists are in a position to throw open administrative machinery for communist infiltration. Many communists have already come on lower grades of administrative service: civil and military.

With the problem of Communism are linked various



other problems, chiefly arising from the local needs and aspirations of archipelago's 3,000 islands. Many islands have complained that they are being economically neglected. For instance there is a great uproar in Sumatra (as elsewhere) against what is described as "Javanese imperialism" since the bulk of national revenues earned by the outlying, under-populated islands is spent on the over-populated Java. It is pointed out also that from 1952 to 1956 Sumatra's exports amounted to 67% of the total exports of Indonesia, but its imports during that period were only 21% of the total imports, while Java exported only 17% and imported 73% during the same period. The feeling of "economic injustice" which has got hold of non-Javanese is growing and has given rise to island wise rebellions against the authority of the Central Government.

The solution for the parochial and fissiparous tendencies, which have become the bane of Indonesia, is the substitution of the unitary form of government by the federal one, with all the constituent islands enjoying fair measure of autonomy politically and economically, and equitable expenditure of national revenues on islandwise developmental projects. On the question of unitary versus federal state, the Constituent Assembly has not been able to take a decision so far since President Sukarno and his nationalist supporters strongly favour a unitary state while Dr. Hatta and the leaders of the Masjumi and Nahdatul Ulema are pledged to federal set up. Dr. Sukarno and his nationalist supporters seem to have an emotional dislike for the federal form of government since it was originally mooted by the Dutch with a view to divide and rule the archipelago. They fear that if the idea of a unitary state is given up, it might lead to a resurgence of regional patriotism ultimately resulting into dismemberment of the country. The adherents of the federal set-up, on the other hand, maintain that outlying islands are already in a state of revolt against the Central Government and there is no point in presuming that there is emotional integration in the whole country; they argue that the only way to win the islands back and to create an emotional integration amongst all the Indonesians is to concede their demand for regional autonomy. However, Dr. Sukarno and the members of the Djuanda cabinet have paid no heed to the arguments of Dr. Hatta and others on this question. The communists, while practically exploiting the parochial and fissiparous tendencies to their advantage, have in the cabinet supported the unitary set up since they feel that through unitary form of government it will be easier for them to come to power.

The solution for Indonesia's multifarious problems lies in the implementation of three major steps. First, Dr. Sukarno must forthwith give up his experiments in "guided democracy" which has actually meant close collaboration with the communists and alienation of the Masjumi Party and the Nahdatul Ulema from administration, although they hold respectively 58 and 45 seats in the Parliament. (The Communists, as stated earlier, hold only 39 seats.) The Central Government must dissociate themselves from the Communists and seek the active association of Dr. Hatta, Masjumi

Party and Nahdatul Ulema and so remove the cause of the institution of the rebel government. In other words, they must return to parliamentary democratic processes, by taking the common people into confidence. The fact that there are as many as 28 political factions in the Parliament should cause no worry since there are three well organised national democratic political parties (excluding the Communist Party) in the country which can constitute an overwhelming force against factionalism and zealously guard the interests of democracy and the country by keeping all people politically together. Second, Dr. Sukarno and his nationalist colleagues must accept federal set-up of government with large measure of political and economic autonomy to constituent islands. This will go a long way in generating confidence in all the islands in the authority of the Central Government. Third, an arrangement must be decided upon by which national revenues are spent equitably for development of all the islands, especially the backward and the under-developed ones.

Indonesia is reputed to be a country of compromise and mutual cooperation. An earnest effort on the part of President Sukarno and the cabinet to win back the confidence of the Indonesian people in Government's sense of fairplay and justice is bound to yield healthy results.

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## C. C. F. NEWS

The Congress for Cultural Freedom has made a grant of £600 to the Non-European Students Fund in South Africa. The purpose of the grant is to provide sufficient financial support to permit six Non-European students to begin their university work at institutions within the Union of South Africa.

The Non-European Students Fund was started in 1950 by teachers of the University of Cape Town who were distressed by the number of non-European students who were forced by financial difficulties to give up their studies before completion. The current effort of the Fund is chiefly directed toward enabling as many non-European students as possible to enter the open universities before the passage of the Separate Universities Bill in the next session of the South African Parliament, and in this way to establish the right of these students to remain until their courses are completed.

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## I. C. C. F. NEWS

A discussion on Milovan Djilas' book *The New Class* was held in the office of the Committee on Monday, February 10. Prominent amongst those who participated in the discussion were Dr. Iyer, Prof. Paranjape, Mr. Paripurnanand Verma, Mr. Adam Adil and Mr. Mohan Das.

# Populist Spirit In East Europe

by Hugh Seton-Watson

TO my mind the most remarkable thing about Milovan Djilas is that he developed his own ideas without any external compulsion, and did not fear to state his conclusions. This is, I think, unique in the case of a communist holding high office.

Djilas was not content to place the blame on the usual convenient scapegoats—over-zealous or insufficiently orthodox bureaucrats. He went to the root of the matter and attacked the ruling class, clumsily perhaps but without evasions. He was under no inducement to do what he did. Tito and Gomulka have defied Moscow and have introduced important economic and institutional reforms, and we should give them all due credit for this. But neither has criticized the essence of communist power or openly discussed the nature of the new class. Djilas is the first communist potentate, enjoying all the fruits of power, who has renounced these solely from conviction.

Like many of the leading cadres of the Yugoslav Communist Party, Djilas comes from the intelligentsia. In a large part of Eastern Europe between the world wars, the university students and recent graduates resembled the Russian intellectual youth of the 1870s, not so much in their ideas as in their social predicament. They themselves belonged to contemporary Western culture, while their own peoples lived in ancient squalor. They could not but be aware of the contrast between the enlightened social and political ideas which they acquired in the process of their Western-type education, and the corruption, brutality and injustice which marked the machinery of government in their own countries. They themselves could only enter the Government service if they betrayed their principles. If they remained true to their convictions, the regimes would not admit them to influence or power.

In these circumstances, it is not surprising that the educated youth of Russia from the mid-19th century, and of the Balkan and Danubian countries from a somewhat later date, inclined to the most extreme revolutionary ideas. Only the total violent overthrow of the existing system could bring progress. The various revolutionary ideas to which they subscribed may seem to us naive or repulsive or both. The Russian Populist had a conception of a peasant-based socialism built on the traditional commune, which bore little relation to reality. In Serbia in the 1930s, the most active revolutionary students became Communists. The enormous attraction, to eager, brilliant but inexperienced minds, of the allegedly scientific closed system of Marxism combined with the old love of the Serbian people for Russia.

In Rumania about the same time, many young intellectuals put their faith in Nazi Germany and its racist, anti-Semitic and anti-capitalist slogans. The Rumanian Iron Guard, which these people followed,

was led by a curious gang of fanatics, demagogues and criminals, but it succeeded in channeling a great deal of genuine social revolutionary idealism.

In Hungary at the same time, there were young Fascist idealists, a few Marxist idealists, but also a specifically Hungarian group of great interest, the most sympathetic to me personally of the four groups which I have mentioned. These were the so-called "village explorers"—young intellectuals, some of peasant origin, some of middle-class background, who devoted themselves to serious economic and sociological studies of the condition of the oppressed rural proletariat and dwarf-holder peasants of Hungary. Though they were trained social scientists, they were also politically conscious reformers, did their best to set up political organizations, and had a rather wide influence on public opinion in general.

Curious though it may seem, I would argue that these four quite different groups—Russian *Narodniks*, Serbian Leninists, Rumanian Fascists and Hungarian village explorers—had in common a basic social attitude and moral-political mentality, which is at least as important as the differences in the doctrines they professed. This I would describe as the "Populist mentality"—the idea of service to the people, the belief that it was their duty, as they had risen from the people and had achieved a material and cultural level that were inaccessible to the people, to use the skills and knowledge they had acquired in order to free the people from its oppressors and raise it up out of its poverty.

The communist bosses who took over Eastern Europe in the years 1944-48 were well aware of this mentality, and believed that they could use it for their own purposes. They were determined to create a new intelligentsia, much more numerous than the old and composed of children of workers and peasants. It was to propagate the idea of service to the people in its Stalinist form, which of course meant unconditional devotion to the totalitarian regime. The new East European educated youth was to be the brains of totalitarianism.

Judged at first by outward results, the Stalinists achieved impressive success. Hundreds of thousands of new children of workers and peasants poured into the new or expanded schools and colleges. The new intelligentsia was created—but it proved a sad disappointment to its creators. Far from becoming the exponents of totalitarianism, the educated youth became its bitterest critics. The intellectual discipline to which they were subjected, and their own natural intelligence, combined to make them see through the lies of official propaganda.

At the same time, the Populist tradition reasserted itself. The idea that they had a responsibility to the masses, that they must serve the people—which the



Party spokesmen trumpeted forth day and night—was interpreted by them to mean that they must, like their predecessors, strive to free the people from its oppressors and raise it up out of its poverty. But the oppressor was the communist party leadership, and the poverty was the result of Stalinist policies of forced heavy industrial development at the expense of popular welfare. And so it came about that the Polish and Hungarian Revolutions of October 1956 were led by the educated youth, by the new intelligentsia in which the regime leaders had placed their fondest hopes.

Revolution occurred only in Poland and Hungary, but the attitude of the educated youth was in no way different in the countries where no explosion took place—Rumania, Czechoslovakia, East Germany and Bulgaria. The Czech and Slovak students made a rather courageous protest in May 1956. Rumanian students were in ferment during the Hungarian Revolution, and there were stirrings at the Humboldt University in East Berlin. But the political situation was not revolutionary in these countries as it was in Poland or Hungary. The basic discontents were the same, but leadership was lacking.

In Poland and Hungary, there was leadership both in the political apparatus and in the intelligentsia. Within the communist parties, opposition centered around the two prominent figures Gomulka and Imre Nagy, both of whom enjoyed (rightly or wrongly) popularity both inside and outside the parties. There was also leadership from the older generation of the intelligentsia, from men who had been convinced Marxist idealists and had become utterly disillusioned with the whole system. Such people were especially important in Hungary, but they were found in Poland, too. They did not appear in Czechoslovakia, Rumania and Bulgaria. In Rumania this was, I think, because the older intellectual generation had hardly been touched by Marxism, and the official leaders of the intelligentsia in recent years have been cynical non-Marxists who have merely performed with servile zeal all the ritual motions required of them by the bosses of the regime. Whatever the particular explanations in each case, it remains a fact that the intellectual youth of Czechoslovakia, Rumania and Bulgaria found no leaders or spokesmen among their elders.

The Soviet Army suppressed the Hungarian Revolution, but it could not win over Hungary's educated youth, nor the youth of Poland. Nothing that Soviet leaders have done since October 1956 can have changed the basic hostility of the intellectuals of Eastern Europe to their rule, and I must confess that I simply cannot think of anything which they are capable of doing that can have this effect.

No doubt some effort will be made to improve economic conditions. This will represent a substantial cost to the Soviet Government, and—contrary to the assertions of Soviet leaders—generosity is not one of their most conspicuous traits. But, in any case, it was not primarily economic conditions that caused the discontent of the East European intellectuals. Rather,

they protested against coercion of thought and national enslavement, both of which persist, except in Poland.

No doubt renewed efforts will be made to indoctrinate the youth. But if the Stalinist lies of 1946-56 made so little, or rather so negative, an impression on the minds of young Danubian workers and peasants, why should the Khrushchevian lies of 1958 be more effective?

The best argument that the Soviet leaders possess concerns their own armed strength and the moral vacillation of the West. Maximum use was made in Moscow of the West's failure to help Hungary, and of the sputniks. Yet we would do well to remember that, though the Czech people bitterly resented Anglo-French betrayal at Munich, they did not for that reason become loyal citizens of the Third Reich; nor did the temporary superiority of Goering's *Luftwaffe* destroy their hope of liberty.

Eastern Europe now represents to the Soviet leaders both an economic and a military liability. On purely empirical grounds, they would do well to clear out. But they do not think empirically. They are dogmatists, resolved to impose the blessings of their form of government on the whole human race, with the use of such benevolent instruments as the philanthropical General Serov can muster. So they must maintain their rule over millions who, they well know, hate them.

Hatred is not dangerous if not accompanied by hope. But the intellectuals of Eastern Europe still do hope. They hope not so much because America is strong, even less because they have any illusions that the West will forcibly liberate them. They hope because they know that freedom exists in more than half of Europe—that there is a way of life which, despite its sordid features and despite great differences among regions and nations and classes, does protect the freedom and dignity of man. As long as Europe is at least half free, they will refuse to believe that Soviet totalitarianism is the only future of man. From this point of view, little independent Austria, well known to millions of Czechs and Hungarians and Rumanians, is a more important symbol than the powerful United States.

From the Soviet point of view, the only ultimate solution is to destroy free Europe, to obliterate or enslave its people. This they can do only if they obtain an overwhelming arms superiority over the whole of the rest of the world, or if they should be able by subversion and intimidation and flattery to separate Western Europe from America. I, at least, cannot believe that on either side of the Atlantic we shall be so stupid, unimaginative or cowardly as to permit this.

Meanwhile, the peoples and intellectuals of Eastern Europe remain unreconciled. The basic discontents are there. Whether to them there will be added the special factors (leadership within, protection without) which make possible successful revolution, or whether on the contrary the helpless rage will go on smoldering for years or decades, no one not possessed of the gift of prophecy can foretell.

—Condensed from "New Leader"



# Congress For Cultural Freedom

## —A Declaration

The Executive Committee of the Congress for Cultural Freedom assembled in Paris on the 18th and 19th of January, 1958, to re-examine its activities in the light of recent events. At the conclusion of the meeting, the group gave its approval to the following *Declaration* which was proposed by members of the Executive Committee:

Manifestations of a new spirit of freedom have characterised, and often dramatically so, the history of the totalitarian countries during the past months. It is a new spirit which we must not neglect. Henceforth, we must declare our sense of solidarity with those intellectuals who reveal so courageously their independence of mind under dangerous circumstances and in countries where up to now we have heard only the voices of the spokesmen of official propaganda. If Soviet power remains undiminished on the political and military plane, the cultural revolt — extending from Warsaw and Budapest all the way to Peking — deprives it more each day of the fascination that it exercises on so many minds.

The most obvious lesson emerging from this evolution is that intellectuals—both under totalitarianism and in the free world—are once again asserting their independence. The "revolt against the lie" in Budapest was inspired by poets. The rebirth of cultural rights in Poland was the work of young critics determined to confront theory with reality. And from China, as from Soviet Russia, the free voices which have reached us were those of students and scholars, professors and novelists.

The cost of such intellectual courage has been high. Everywhere, repression is being intensified. In Peking the "rectification" campaign in the universities and the writers' circles has taken on the dimensions of a veritable witch-hunt. In Budapest, the prison doors have closed on Tibor Dery, Julius Hay and many others; in Belgrade, Milovan Djilas has been jailed. Even in Poland, where the authorities are striving to maintain a precarious balance, certain publications have been forbidden because they are annoying to

the regime. And in the USSR, after the brief interval of the "thaw", the ruling circles treat intellectuals with increasing intolerance.

Disappointing though these events are, they have not destroyed the hope which has arisen among intellectuals throughout the world. And it is the intellectuals of totalitarian countries—let us recognise it freely—who have given to their confreres in the free world new reasons for confidence in their own values.

Whether it is a question of resisting Communist dictatorships, of aiding writers and academicians in Spain, of struggling for racial equality in Little Rock, of waging a campaign in favour of the defendants in the so-called South African Treason Trial, of protesting against the arbitrary censorship of books, periodicals, or plays in many other countries, from Johannesburg to Caracas, from Djakarta to Paris—everywhere intellectuals are taking action, not in the name of a particular class, but in the name of free men.

For thoughtful men the truth is now evident that the struggle which the intellectuals are leading throughout the world, whatever may be the nature of the social system under which they live, is in reality one and the same struggle in which they all stand together.

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## With Many Voices

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

—Tennyson.

The point about India is that while there may be corrupt officials and corrupting businessmen, corruption is not a way of Government life as it is in some other Asian countries. There is corruption, but the moral climate of the Government is not a corrupt climate and that, of course, is important.

—A. M. Rosenthal, *New York Times*, February 9.

Admitting Communists into the Government is just like injecting sickness into one's body.

—Sjafruddin Pravinranegara, rebel Premier of Indonesia, *Times of India*, February 19.

We are in great danger today of breeding a generation brought up to think that Grandmother State has a bottomless purse and will hold its hand from the cradle to the grave.

—Sir Halford Reddish, *Freedom First* (London), Winter Number 1958.

Our newspapers, like our Prime Minister, have a way of shifting their convictions in the light of calculated probabilities, ending by lending their active support to just the things they had previously condemned.

—Swarajya, February 15

There can be no coalition between the Congress and the PSP in Kerala, because the PSP was a party and the Congress a national movement.

—V. K. Krishna Menon, *Thought*, February 15.

### To the Editor,

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Signature

Congress leaders have been suffering from obsessions of all sorts, the worst being the fond notion that there is no alternative to Congress.

—P. R. Lele, *Blitz*, February 15.

Let all those who aspire to step into Prime Minister's shoes take note—Krishna Menon's unshapely feet are being shod into shape to suit them.

—“Jupiter,” *New Socialist*, February 1958.

We must not permit drunkenness to be made a cult.

—Nikita Khrushchev, *Observer*, January 26.

There is good scope for cooperation between the Communist Party and Sarvodaya workers in villages and there is possibility for joint work in some matters.

—E. M. S. Namboodiripad, *Hindu*, February 15.

I hope in course of time the Kerala Communist Party would be converted into a Sarvodaya Communist Party.

—M. P. Govinda Menon, Kerala PSP leader, *Hindu*, February 15.

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