petrated without the Democratic extravagance and corruption in Administration..

Is there any solid basis for this complacent attitude of the American people? Are they justified in their assumption that in voting for General Eisenhower they have shown their preference for the Liberal wing of the Republican Party? In July, when the Republican Party nominated the General in preference to the Senator from Ohio as its candidate for the Presidency, the people might have had reason to think so. They had no valid basis to think similarly on November 4.

Much had happened since the Republican nomination of General Eisenhower at the Chicago Convention. General Eisenhower's political transformation since the nomination is significant. It has provoked comment throughout the world. His gestures and utterances during the campaign have been catalogued by an influential, politically conscious group in America to depict the General's political transformation. Something happened as the campaign progressed. There was " the day that Ike stood on that platform in Indiana with Jennei's arm around him". there was the speech in which the General supported the " liberation " doctrine of' Mr John Foster Dulles. There was the historic occasion when the General sat opposite Senator Taft at the breakfast table. There was " the day he (the General) rode round Milwaukee with McCarthy." And, then, there was " the day he cut out of his speech a little paragraph in praise of his old friend, General George Marshall ".

These incidents disturbed the outside world. They must have been as bewildering to the American people. They must have wondered how the General, who so often and so inspiringly proclaimed the Brotherhood of Man and the Fatherhood of God, could have allured himself to be a willing victim of the Taft clique, or of the Republican party machine. In Chicago he had defied the party machine to win the nomination of the Republican Party. Was there any need, after that heroic gesture, for submission to the Old Guard for winning the Presidential election? Whatever may be the motive behind the General's toeing the Taft line in the elections, can the voter now plead the excuse that he has voted for the General, as well as for a Republican Congress, in the knowledge that the General will disown the unholy alliance as he enters the White House?

Sophisticated political commentators might argue that a General who was not against coming to terms with Darlan to win a military campaign could as well be expected to enter into an alliance with the Republican Old Guard to win an election. Implication is that General Eisenhower is a soldier-politician who does not shirk from a military or political alliance or strategy, however opportunist it may seem, In order to achieve his ends. There are Liberal elements within the Republican Party on whom he can lean for counsel and co-operation, now that he has been elected. He can create a formidable Administration by selecting Mr Dewey, Mr Hoffman, Senator Lodge and similar other Liberal leaders from among the Republican Party as members of his Cabinet. If Mr John Foster Dulles could function as the bipartisan link, in his capacity as Advisor on Foreign Affairs to the Truman Administration, there is no reason why the General could not appoint him to one of the senior posts in the. Cabinet without being accused of kow-towing to the Taft clique.

These are pious wishes. They ignore the political make-up of America. With the Senate and the Congress dominated by the Republican Party, now under the complete control of the Tail-McCarthy group, it will not be possible for the General to defy the Republican Old Guard. At White House, the General will find himself enmeshed in his own net. Its implications for the outside world are very gloomy. It may cause jubilation at Taipeh, and at Lisbon. It may suit Moscow's strategy. But in the democratic world the Republican victory in the American elections *will* cause profound alarm, it will anxiously await developments in the hope that even the Republican Old Guard will concede, as the Churchill Government in Britain has conceded, that the times are changing.

As the Democratic Party licks its wounds it will hope that what happened to Hoover will happen to the General. Some experts predict an economic recession in America, in the absence of a world war, some time next year. As the depression deepens, as an economic slump engulfs the world, Mr Adlai Stevenson, the Democrats hope, will have his chance. Even if a major depression aggravates economic chaos in America, as well as in the wider world, the Democrats' hope may not materialise. Nineteenth-century Liberalism has lost its charm. Both Mr Attlee in Britain and Mr Stevenson in America may discover it too late.

In Britain, there is Mr Bevan to warn the Labour Party that it is already late in finding out that Fabianism has outlived its utility. Unfortunately for America, she has yet to produce a political leader of the calibre of Mr Bcvan. There are many well-organised trade unions in America. But a trade. union movement has yet to take root in that country. It may be that swift-moving world political developments will encourage the growth of a Labour Party in America which will, from the day it emerges, base its policy on truly Socialist lines. Under its present leadership, the Democratic Party in America is incapable of transforming itself into a Socialist Party. Labour in America has an opportunity. But, it lacks leadership. The Rooseveltian Era has ended, it finds Labour in America unprepared to assume leadership. This may turn out to be a major calamity for world peace and prosperity.

Targets: Real and Financial

DESPITE the fact that the full report of the Planning Commission is yet to come, figures relating to investment and production under the Plan released last week make possible a rough appraisal of the revisions made. The revised Five Year Plan involves an outlay of Rs 2,000 crores in the public sector; private investment in the industrial sector, including Rs 380 crores for working capital and depreciation requirements, amounts to a little over Rs 600 crores. Compared to the estimated public investment of Rs 1,793 crores in the first and second parts of the Draft Plan, and of private investment of Rs 250-300 crores, the revised figures indicate, *prima facie,* a very substantial increase in projected outlay.

With such an increase, one would naturally expect big changes in production targets. But the figures published belie that expectation.

for, turn through outlay under Agriculture lirrigation and Power including Multipurpose Projects) has been stepped up from the original R4 642 crores to , Rs 750 crores—with an additional Rs 40 crores for power projects—there are 10 large changes in targets for the agricultural sector. Production of cereals is expected to increase by 7.6 million tons as against 7.2 milion tons in the Draft Plan; of cotton by 12,6 lakh bales instead of 02.0 lakh bales; of sugarcane and oilseeds by 7 lakh tons and 4 lakh tons respectively as against the original estimates of 6.9 lakh tons and 3.75 lakh tons. Production of jute, on the other"hand, is to increase by 20.3 lakh bales, or 0.3 lakh bales *less* than in the Draft Plan. It would thus appear that the additional outlay contemplated is not likely to add very much more to agricultural production than what was indicated in the Draft Plan.

This is somewhat intriguing. For one was led to believe from Government announcements from time to time that minor irrigation schemes intended to augment food production as quickly as possible, would receive very high priority—as indeed they should. But judging from targets for food production, it does not appear that the increased outlay is due to expenditure on minor irrigation schemes. Or, if it is, minor irrigation schemes are not so productive after all. Admittedly, not enough details are available about projected outlay on minor and major projects separately. The increase to which attention has been drawn above may, after all, be due to higher expenditure on the multi-purpose and power schemes; and in that case, the production targets for the current plan would naturally be not much affected. One might question the scheme of priorities of the Planning Commission in that case. But one has perforce to wait till the full report is available before joining issue on the matter of priorities.

The position regarding industrial investment and production targets is even more puzzling. Public investment on industry is put at Rs 98 crores *plus* Rs 40 crores for basic industries and transport, as compared to Rs 101 crores in {he Draft Plan. Private new investment is of the order of Rs 230 crores. Since in the financing of investment in the industrial sector credit is taken for foreign investment, of Rs 100 crores, a doubt (which will probably be cleared later) arises as to whether this includes the investment in' oil refineries or is exclusive of it. However, the point is that private new investment under the revised plan has apparently been stepped up. Granted this, how do the target figures compare with those of the Draft Plan?

There are several striking alterations. Compared to the Draft Plan, additional production is expected to be larger in all cases except aluminium, sugar, salt, cement and,sheet glass. In the case of aluminium, production is to increase not by 16,400 tons as originally intended, but only by 8,330 tons. Projected increase in sugar output is 60,000 tons less than in the Draft Plan. Considering that sugarcane output is expected to increase by 10,000 tons more than originally planned, the lower target for sugar production is somewhat mystifying. Similarly, in the ease of cement. While additional outlay under irrigation, power, transport, etc., is larger, the target for additional cement production is reduced by 210,000 tons. Surely, if more multi-purpose projects are undertaken, would not more cement be required?

There is yet another puzzle of the same kind. Additional production of cotton textiles is put at 1,882 million yards. What year is taken as the base is not clear. But judging from the Draft Plan, one might assume that it represents an increase over production in 1950. In the Draft Plan, installed capacity in mills in 1955-56 was expected to be 4741 million yards and actual production that year was to be 4,500 million yards. Compared to 1950, that meant little increase in installed capacity; as regards actual production,expected increase was a little over 800 million yards. Now, if, as in the Draft Plan, it is assumed. that the Plan does not envisage any increase in installed capacity of the mills, the maximum possible increase over production in 1950 would be a little less than 1,100 million yards. If therefore an increase of nearly 1,900 million yards is to be achieved, the rest should come from looms outside the mills. Is it likely that production from hand- and power-looms will increase so substantially? The Commission themselves put output from handlooms at' around 1,900 million yards in the Draft Report. They did not indicate how much higher that was than production in 1950. In any case, an increase of nearly 800 million yards from that quarter seems unduly optimistic. Or is it that the Commission have now devised a new method of rating installed capacity in mills?

Resides this vagueness as to how the increase in cloth output is to be achieved, there is another point. While the target for cloth production has been stepped up, the target for raw cotton production does not seem to have been increased in anything like the same proportion. This might mean one of several things. It may be that the Commission have shifted the base, so that the projected increase would be much larger than what the figures show if 1950 is taken as the base year. Or they may be contemplating larger imports of raw cotton. Or again, they may have worked on the assumption that the size of stocks normally held by the trade could be reduced. Excepting the first assumption, the others arc not free from complications. What will be the impact on balance of payments if in order to reach these targets imports have to be increased? Or has the cloth target been raised to make possible larger exports of textiles? One hopes answers will be found for all these questions in the full report.

Turning now to the other aspect of the matter, viz., financing of the Plan. For the public sector, internal financial resources are estimated at Rs 1,379 crores -Rs 258 crores more than in the Draft Plan. Of the remainder, Rs 290 crores would be deficit financed, leaving a gap of Rs 331 crores uncovered. Quite obviously, this summary way of indicating sources of Finance raises a whole lot of questions. And it would surely be premature to start wondering a bout the ways of the Planning Commission. Nonetheless, it is clear that the Commission are definite about limiting deficit-financing to Rs 290 crores. What happens then? Unless the Commission are in a position to show between now and the publication of the final report *(a)* larger internal resources or *(b)* promised foreign aid, their ' uncovered gap ' will only mean deficit-financing assuming the size of the outlay is given. Further, is one right in presuming that the so-called 'uncovered gap ' is the portion that is *as yet* uncovered by foreign aid?

That is to say, would we have to find this amount internally or externally in addition to what we have already received in the form of American Loan and aid under the Colombo Plan?

So far as financing investment in the industrial sector is concerned, the Commission have improved upon the original draft. Undistributed profits retained by the corporate sector is taken at Rs 225 crores., or Rs, 45 crores annually, and now issues at Rs 90 crores or an annual average of Rs 18 crores. These are, in any case, not more optimistic than in the Draft Plan. But the additional source considered now is foreign investment of Rs 100 crores. Very probably, this includes estimated investment of Rs 60 crores or so by the oil companies, and the expected loan to private industries by the World Bank. The only item whose implication are yet to be clarified is bank loans of 133 crores. Presumably this is for working capital purposes, and 'one has to hope with the Planning Commission that banks will provide increasingly large funds to industries, despite the new monetary policy. In any case, these financial estimates are better viewed as targets to be reached rather than as reasonable expectations.

Weekly Notes

More TCA Funds

IN accordance with the Indo-US Technical Co-operation Agreement signed early this year, the US Government has agreed to make available a further $45.5 million of which $7.05 million is to be set apart for certain specified purposes such as administrative and training expenses, special technical assistance for further expansion of the Sindri Fertiliser Factory, assistance to DVC and aid to industries, chiefly foundries. The major portion of this allocation, $38.35 million, is to be spent according to operational agreements yet to be signed. This amount may be utilised largely for community projects, import of iron and steel and fertilizers, anti-locust operations, ground water survey, equipment for power projects, and malaria control.

US contribution under the TCA so far amounts to $95.5 million, or about Rs 46 crores. According to the Agreement, India has to make at least an equivalent rupee contribution towards financing the selected schemes. In the revised Plan, the amount set. apart for community projects alone is Rs 90 crores. Since presumably schemes other than community projects are also provided out of TCA funds, it would seem that the expectation is that more US aid would be forthcoming during the period of *the Plan. It* remains to be seen whether Mr Eisenhowever will live up to the expectations of India's planners.

Improved Balance of Payments

THERE was a striking improvement in India's balance of payments position in the first half of 19512 as shown in the table at *bottom.*

It will be noted that the deficit on trade account was actually larger by Rs 13 crores in January-June 1952 than in July-December 1951. While both exports and imports f*ell,* the fall in the former was greater; the fall in export receipts is accounted for mainly by lower export prices. However, there was an improvement of Rs 28 crores in net receipts from invisibles which more than offsets the deterioration in the trade balance. Of this Rs 28 crores, Rs 12.5 crores is attributed to receipts of aid from Canada and Australia under the Colombo Plan. But to use these receipts to account for the net improvement on current account would only be valid if the goods purchased with the aid have not been included in imports for the first half of 1952. If these imports have been included, the increase in imports is cancelled out by the increase in invisible receipts and the net effect on the current account is nil.

The quarterly breakdown for the first half of 1952 is even more encouraging. The first quarter's deficit of Rs 80 crores was followed by a surplus of Rs 2 crores on current account in the second quarter. The largest factor in this improvement appears to be the fall of Rs 94 crores in imports of which reduced imports of food grains and raw cotton alone amounted for Rs 75 crores. It is reported that this improvement has been maintained in the third quarter of the year. The sterling balances had risen from Rs 683 crores at die end of June to Rs 693 crores by the third week of October.

(in rupees crores)

	1st Qaurter 1952	2nd Quarter 1952	1st half 1952	2nd half 1951
Imports (cif)	269	175	444	473
Exports (fob)	160	152	313	355
Trade Balance	—109	—23	—131	—118
Invisibles (net)*	+ 29	+25	+ 53	+ 25
Current Account	— 80	+ 2	— 78	— 92

Royal Commission on East Africa

A ROYAL Commission under the chairmanship of Sir Hugh Dow is to visit East Africa, to examine measures necessary for raising die standard of living of the African population in that region. As in all undeveloped areas, the problem of East Africa is one of rapidly increasing population, exhaustion of the soil, low capital formation and consequent poverty. The terms of reference require the Commission to recommend, in particular, ways and means of introducing better- farming methods on lands under cultivation, modifying the traditional tribal system of tenure, extending the area under cultivation, and promoting industries. In addition, they are to examine conditions of employment in industry, commerce, plantations, etc., and social problems created by the growth of urban and industrial populations.

Apparently, the Commission have to work out what would, in effect, be a development plan for East Africa. 'Their task is not however made easier by the injunction that " the Commission should take account of the existing obligations incurred by treaty, agreement, or formal declaration of policy in relation to the security of the land reserved for different races and groups in various parts of the territories concerned." Should the Commission confine their recommendations to such marginal adjustments as are possible within the, socio-political framework existing in the East African colonies, it is unlikely that they will achieve anything more than producing, after the fashion of Royal Commissions reporting on India, an admirable report for use in libraries and Universities,