

India and the Commonwealth — Economic Benefits

(From Our Correspondent)

THE Sydney Conference of Commonwealth Finance Ministers, which concluded a few days ago, has once again demonstrably proved that India's association with the Commonwealth is amply justified by the economic benefits it yields. Shri Chintaman Deshmukh's testimony to the Sydney Conference's work in his interviews and statements in Madras, which are among the first he gave in India on his return, gives this impression.

Most countries are admittedly now at the crossroads of their post-war economic history. In some of the underdeveloped and newly free countries like India, Ceylon and Pakistan, policies designed for economic rehabilitation and reconstruction are rapidly getting into stride. But in some others, notably the United States, which have been riding on the crest of a wave of economic prosperity, there are hazy, and not yet very clear, indications of a potential recession. But given a free association of free countries like the Commonwealth, with its vast and diverse potentialities, and united in the pursuit of policies and programmes for mutual benefit, it becomes obvious that steady development and progress can be maintained towards the goal of stability, and a recession or the danger of it, successfully avoided. While separate and apart, each of the Commonwealth countries may find steady recovery difficult; united and holding together, they can effectively prevent that danger. This is Shri Deshmukh's analysis.

The Finance Minister of India spoke enthusiastically of the potentialities of the Commonwealth as a unit to promote the economic recovery and progress of member states. He emphasised that a review of the progress of India's Five-Year Plan and the schemes included in it, which he gave at the Sydney Conference, had inspired in his conferees, confidence in the soundness of the Plan and the schemes. That, financially speaking, the plan has been making headway, despite the uncertainties of foreign aid in the requisite measure, is a strong point in India's favour. *Vis-a-vis* the other Commonwealth nations,

India's position is one of real strength, because her sterling resources are being carefully conserved, and far from there being an over-drawing of these, she has not spent even the sterling releases of last year which she was entitled to utilise.

Among the advantages which India derives from membership of the Commonwealth, listed by Shri Deshmukh, are first, that facilities are provided for a flow of trade primarily with, and among, the Commonwealth countries and generally with countries in the sterling group, through the prospects that exist for multilateral convertibility of their currencies; and secondly, that the implementation of her development projects is helped by the financial, but mainly technical, aid available from member states like Canada and Australia and the United Kingdom.

These are solid advantages. The advantages which individual countries derive are also capable of transformation into common advantages when the Commonwealth as a unit can deal with non-Commonwealth and non-sterling area countries like, for example, the United States, with regard to the promotion of trade to mutual advantage. To say that we are living in a very ninth inter-dependent world is to stress the obvious. And in that view of the matter, India's interest consists in making the best of the position she occupies for extending her trade connections with the Dollar group, subject of course to her obligations which are primarily to the Sterling group.

Trade and not aid is the stock slogan for international economic relationships at the present moment. This is as it should be. as trade, based on the exchange of goods which one country can conveniently produce with other goods which can be as conveniently produced by other countries, is a more salutary, satisfactory and self-respecting method of promoting economic prosperity than financial "aid", with or without strings. That this fundamental truth has been clearly accepted at the Sydney meeting and that, in consequence, there is prospect of national policies of indivi-

dual countries being geared to the production of commodities which can be readily exchanged, so that a balance of trade can be established as nearly as possible, is a welcome development.

India's position in this regard is doubtless conditioned by the pace of industrialisation she has so far attained, but what is encouraging is that she is steadily and progressively becoming stronger in that direction. Her exports are still mainly raw materials like tin, jute and tea, but it is a reliable index of her industrial progress in recent years that her imports are not articles manufactured out of the raw material commodities she exports, but consumer goods which she badly wants, and machinery, equipment and capital goods indispensable for further industrialisation and for the execution of her river valley and other schemes.

Within the Commonwealth, the balance of payments position is becoming stabilised. But at the same time, Shri Deshmukh pointed out, the process of inter-Commonwealth stabilisation has an intimate connection with the policies that would be adopted by the United States of America. The publication of the Randall report, which the Finance Minister was expecting when he made his statement, and its general support for the principle of extension of trade and freer trade may be regarded as being in line with the thinking of the Commonwealth Finance Ministers' Conference, though comment on its implication was deferred by Shri Deshmukh.

Some speculation has been raised about the prospect of India receiving aid from the London market, in view of the British Chancellor's statement of improvement in conditions in the United Kingdom. Shri Deshmukh referred to the speculation and pointed out that "so far as India is concerned, since we had not drawn any portion of our sterling, we ourselves did not stand in need of having recourse to the London market, although we had taken advantage of the sterling contribution of the United Kingdom to the International Bank of Reconstruction". "The conclusion appears to be that India would much rather go to the International Bank for any loan or advance than to the London market, because the former is a common source for the supply of credit.