

This question of balance between the investment and employment targets is not the only one in doubt. Even more nebulous is the relationship between projected outlay in the public sector and expected or planned resources. The Draft Plan-Frame found it difficult to pinpoint the sources of finance for the outlay of Rs 4,300 crores envisaged therein. Many have questioned the feasibility of covering an outlay of that order with deficit financing confined to about Rs 1,200 crores. How then will the additional Rs 500 crores be found? Very little light was thrown on this by the Finance Minister. In fact, he has confessed that nationalisation as a means of augmenting the public sector's resources has not been seriously or precisely thought out. Not that nationalisation, undertaken on a scale or form hitherto contemplated, would have added in any significant measure to the public sector's resources. But even the little that could have been so garnered is an uncertain quantity. Apparently, Shri Deshmukh and his colleagues hope that taxation and borrowing can be stepped up sufficiently, and that deficit-financing will take care of the rest.

So much has already been said about the taxation and borrowing targets in the Draft Plan-Frame that there is little point in discussing it here in detail. There is, however, one aspect to all this which is of some importance. If we assume that substantial deficit-financing will be resorted to, how is that likely to affect the taxation and borrowing prospects? So far, it has been the practice to look at the likely increase in national income over the period and relate the taxation receipts to the aggregate. This has been criticised on the ground that much of the increase in income will be in spheres like agriculture and household and hand industries, which do not attract much tax. But there is the other question, viz., the secondary effects of government expenditure—deficit financed or otherwise on the money incomes from which larger taxes or loans may be expected. It would be worthwhile looking a little more closely into the money-flows during the period of the Plan, in addition to the pattern of national income at the end of the Plan period, in order to facilitate an appraisal of the movement of funds between the public and private sectors all along the line.

In the meantime, one has to recognise the shifts that have occurred during the past few months in the

background. The short-supply in respect, of steel has turned out to be larger than had been believed, so that we have not only had to reimpose controls on that commodity but to plan for much larger imports as well. The position in regard to agricultural commodities—food and non-food—is still comfortable, but only just so. On the stock exchanges and organised markets, the general tone is one of bullishness—reflecting to some extent the optimistic expectations regarding the scope for private initiative and enterprise. The position is, in other words, not one in which the attitude to the magnitude of deficit-financing can be one of, so to speak, 'more or less'. On the other hand, all these indicate an in-

tensification of economic activity which, while limiting somewhat the scope for deficit-financing, might itself contribute more to the fiscal in the form of taxes and loans. The Finance Minister can, to some extent, feel more confident in his expectations regarding the usual sources of revenue and the ability of the market to stand increased government flotation of loans. He will perhaps get a clearer picture of the position by the time Parliament meets for discussing the draft Plan and the budget for the next year. But with all that, one still wonders how and where he is going to find the money for balancing the additional outlay of Rs. 500 crores or more now being envisaged in the public sector.

## Diplomatic Bankruptcy

LACK of imagination and statesmanship has been distressingly evident during the three weeks of bargaining and counter-bargaining by the four Foreign Ministers at Geneva. It is not their fault that they have failed to reach agreement on any of the specific issues under discussion. But it is a reflection of their diplomatic bankruptcy that they have miserably failed to recapture the Geneva spirit. It is clear that the four Foreign Ministers lack the vision of the four Heads of State. It will be argued that the four Foreign Ministers assembled at Geneva to explore whether the specific directives of their Heads could be implemented. This limitation, under which the four Foreign Ministers deliberated at Geneva should not be minimised. But they cannot escape the accusation that, failing to reach agreement on specific issues, they had not the wisdom even to explore the prospects of carrying the achievement of the four Heads of State a step further.

Much has been sought to be made of the achievements of the conference at the summit. It would be uncharitable to belittle the success of the July talks at Geneva among the four Heads of State. But it would be appropriate to analyse the 'summit' conference in its proper perspective for a realistic appreciation of its attainments and of what it failed to achieve. It was not the immediate objective of the four Heads of State to reconcile the world issues in dispute. Their aim was to discover whether both sides were willing to negotiate the issues in dispute in or-

der to ensure peaceful co-existence. They did not, though it is not widely realised, reach agreement on the principle of peaceful co-existence in all its wider implications. But they succeeded in reaching an agreement that negotiations should start on the issues in dispute. This was no mean achievement. But this achievement was possible because of a negative influence. Both sides understood that each side had realised that an atomic war could not be waged as such a war would destroy civilisation.

What in July last was widely applauded as the Geneva spirit of peace has since degenerated into a "hydrogen stalemate". Russia and the Western Powers mutually agreed that neither side would start an atomic war. This did not mean that there was any agreement to ban war, or to ban atomic weapons. It has since been argued that an atomic balance of power is the most sure deterrent to war. It would, thus, be arguable that the four Heads of State arrived at an agreement not to start an atomic war, but they did not agree not to wage war. This was the state of world affairs as the four Foreign Ministers assembled at Geneva. Even at the early stages of their deliberations, it became evident that both sides were talking at each other. To avert failure and disappointment, the four Foreign Ministers should have reversed their strategy. They should have soared above quarrelsome issues to concentrate their attention on principles. It was within their power to project the earlier understanding in relation to atomic warfare on a wider sphere.

It should not have been difficult for the four Foreign Ministers to issue a joint declaration by the major Powers to renounce the use of force. By such an agreed statement of policy, they could have perpetuated the Geneva spirit.

As members of the United Nations, Russia and the three Western powers are committed to renounce the use of force in settling disputes. Time and again, Washington has demanded such an undertaking from Moscow. Over and over again, the US Secretary of State has insisted on an assurance from Communist China that Peking must make it clear beyond the shadow of a doubt that it has no intention to use force in settling disputes in the Far East. NATO and many other similar military alliances have been created by the Western Powers. These military pacts have provoked counter-alliances by Communist States. But both sides have repeatedly affirmed that their respective military pacts are defensive in nature and purpose. As the ostensible policy of both sides is not to

start an aggressive war, there would have been no difficulty for the four Foreign Ministers to issue a joint declaration renouncing the use of force. Such a declaration alone could not have resolved all the world issues in dispute. But after the understanding among the four Heads of States about atomic warfare, it would have helped further the establishment of an atmosphere in which the disputed issues could be discussed more calmly and objectively.

It would be idle to pretend that the specific issues which were under discussion by the four Foreign Ministers were not complex. But it is clear from the deliberations of the four Foreign Ministers that mutual suspicion and fear have introduced additional complications into each and all of the disputed issues. It is difficult to appreciate the allegation that in insisting on European security first, Russia has violated the directive of the four Heads of State. In their emphasis on German reunification first, the Western Powers are liable to a similar accusation.

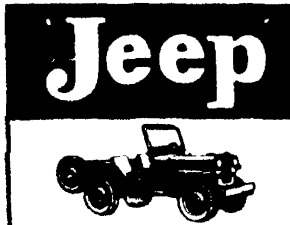
If the Western Powers suspect that Russia's ulterior motive is to establish a Communist State in a future, unified Germany, Russia is equally suspicious that the Western Powers' design is to create an armed, unified Germany as a NATO partner.

As on Germany, so on disarmament, the approaches of both sides are vitiated by mutual fear. It is clear that the Eisenhower plan for 'open skies and inspection of ground forces and armaments is based on the Western Powers' reluctance to accept Russia's good faith. Russia's proposal to ban atomic weapons reflects the Western Powers' superiority in nuclear weapons of warfare. Her plan for reduction of armaments is not accepted by the Western Powers as they suspect that they are not fully aware of Russia's present strength in armed forces and armaments. Each of the four Foreign Ministers is now a sadder, but not a wiser, man after their wranglings for three weeks. Far more disquieting is the common man's disappointment over the diplomatic bankruptcy of the major Powers.

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