

The Economic Weekly

A Journal of Current Economic and Political Affairs

THIRTEENTH YEAR OF PUBLICATION

March 25, 1961

Volume XIII—No 12

Price 50 Naye Paise

EDITORIALS

India's Risk in Congo	195
Wanted : A Central Sugar Board	496
Mismanagement in Sindri	497

WEEKLY NOTES

Interest Rate Differential— Moving Coal—Kxpansion of Power Programmes—Cong- ress Differences Settled ?— Patton's Discomfiture	498
---	-----

OUR DELHI LETTER

Dismal Export Outlook for ECAFE	501
------------------------------------	-----

LETTERS TO THE EDITOR

A Clearer View of Growth Government Accounting	502
---	-----

LETTER FROM MOSCOW

Election Day Samar Sen	503
---------------------------	-----

LETTER FROM JAPAN

Socialist Dilemma	504
-------------------	-----

SPECIAL ARTICLES

Second Agricultural Labour Enquiry : • A Futile and Misleading Investigation —K N Raj	505
---	-----

Free Trade Area in Asia —Rajendra Kumar	513
---	-----

Social Attitudes and Education —Sureshchandra Shukla	517
--	-----

CHAIRMAN'S STATEMENT

The Chartered Bank	521
--------------------	-----

AROUND BOMBAY MARKETS

Dalai Street near 1960 Peak	525
-----------------------------	-----

COMPANY NOTES

Bank of India—Premier Tyres —United Rank -Mysore Sugar—KU Kotagiri Tea and Coffee	529
--	-----

CURRENT STATISTICS

533

India's Risk in Congo

THE Security Council resolution sanctioning the use of force in the Congo "in the last resort" is now more than a month old, but the situation in that unfortunate country remains as chaotic as ever, and no signs of any improvement are visible on the horizon. Active Belgian participation in Congolese affairs at all levels has not ceased; Shri Dayal has again reported that other "foreign embassies" are directly interfering in the situation; the local leaders of the various factions and provinces have been pulling the country further apart; arms pacts have been signed between pairs of them; law and order is still in a state of near-collapse; the people face a famine which is now said to be spreading to the U N personnel as well; and — most important of all — the United Nations itself has suffered a serious set-back as a result of its defeat at the port of Matadi. So what use, after all, was the much-boasted "Use of Force" resolution?

The moral is simple. A mere mandate is not enough; those who have to carry it out must be enabled to do so. It is all very well to decide, belatedly, that the use of force by the U N would be justified in certain circumstances in the Congo, but unless that force is made available, how is it to be used? The defeat of the Sudanese contingent at Matadi shows that the U N is not even strong enough to hold its own at the moment, let alone to undertake the major operation of disarming the *Force Publique* and all its subsidiary bands. India is so far the only country which has shown some realism in the matter, by sending a large, combat unit to strengthen the hands of Mr Hammarskjöld and Shri Dayal. Since then, however, the Sudanese — chagrined by the Matadi incident — have been recalled by their Government, and no further troops have arrived. This is clearly a dangerous situation, only only will it neutralise the gain resulting from the Indian contribution, but unless the other Afro-Asian States quickly follow our example, we ourselves might get involved in a hopeless wrangle from which extrication will not be easy.

India, therefore, has particular reason to be concerned at the stagnation which seems to have overtaken the United Nations operation in the Congo since the, resolution of February 21. The decision to send the troops was a bold one, which means among other things, that it involved considerable risks to ourselves, politically speaking. No doubt, New Delhi must have taken the elementary precaution of consulting the leading African States on its proposed action; but in spite of that, if India remains for any further length of time, the only country to augment the U N force at this stage, there is no doubt whatever that its presence in Ueopoldville will be vilified by the political propagandists who have their own reasons for seeing that the U N operation fails. Consequently, it is important to us in our own interests as well as in the interests of the V N mandate that the Government of India should go all out to whip up interest in the February resolution and quickly persuade other sympathetic countries, preferably in Africa, to give Mr Hammarskjöld the troops he needs to discipline the armed bauds which are making all political solution impossible.

THE ECONOMIC WEEKLY
65, Apollo Street, Fort,
Bombay.

Telephone ; 253406

Annual Subscription : Rs 24

foreign 40 s or \$ 6

One of the reasons for the continuing chaos in the Congo must surely be that while the members of the Cold War camps do not for a moment relax their intrigues in that country, the non-aligned countries are apparently content to let things proceed at their own leisurely pace for at least most of the time. They spur themselves into action only when the issue reappears for debate on the U N agenda. This attitude was never very sensible; but it now, for India at least, it can be most dangerous. Since we have taken the plunge and involved ourselves actively in the Congo operations, it should be our constant concern to see that the mandate is as effectively strengthened and as

swiftly executed as possible, or else our involvement will lead us to disaster.

The bogey of the Tananarive conference and its so-called decisions should be actively exploded by Indian spokesmen on every available occasion, specially as it is being so sedulously built up by some of the Western diplomats. The African countries, who are being subjected to an unending barrage of propaganda on the subject, need to be assured that the purpose of the Indian move is precisely what the achievement of the Tananarive talks pretends to be. We want nothing more than that all the representative spokesmen of the Congolese

people should have an opportunity of making up their mind in joint consultation, free from physical fear, about the future of their country. But these conditions will not be created as long as the vagrant armed bands (whom the politicians themselves are unable to control, even when they claim to act in their own support) are neutralised as a political factor in the country. It may be that the Congo is destined eventually to emerge as a federation, or perhaps even as a confederation, but the decision to that effect must be that of the people as a whole, as reflected through all of their elected representatives; it cannot be left privately for Messrs Kasavubu and Tshornbe to take.

Wanted: A Central Sugar Board

SUGAR CRUSHING this season has been sufficiently encouraging to warrant the confident expectation that production this year will reach the record figure of 20 to 27 lakh tons, and if consumption is kept down by the continuation of controlled prices at the current level, it may not exceed 20 to 21 lakh tons, which will leave a surplus of 6 lakh tons from this year's production, faking into account the stock of nearly 5 lakh tons carried over from November 1 last year, the anticipated stock at the end of the current season may well be about 10 lakh tons, less any exports that may materialise during the year. Export possibilities being limited, the question has been raised whether control over price and distribution of sugar is any longer necessary.

A lakh tons has been released for export in two instalments, in September and January, of which the bulk has been contracted for. Though, according to a statement made in Rajya Sabha earlier in the month, actual shipments up to February 26 were only 37,906 metric tons, it is believed the quantity released for export will be shipped in due course and that another couple of lakh tons may be exported during the rest of the year. Making allowances for all these, a substantial surplus will remain.

Under the present system of control, the Central Government issues release orders to each factory, permitting the factory to sell up to a certain quantity of sugar in that month. The total of such releases

varies between 1.1 to 2 lakh tons. The factory then advises the State Government that it has obtained a release order and the State Government instructs the factory to sell the sugar at the controlled price to a number of traders and co-operative societies nominated by it. Frequently, these nominees fail to lift the quantities allocated to them and with increasing production and stocks, the factories are likely to find the problem of storage increasingly difficult. It will not be surprising, therefore, if the pressure grows for bringing down prices and increasing the consumption of sugar, thereby relieving the sugar mills of the burden of carrying unduly large stocks.

The case for easing restriction on sugar despatches and movements must be fairly strong. On the other hand, there is the overriding necessity for increasing export earnings from any source, and at any cost. The case for sugar exports has never stood on the basis of costs. In fact, sugar, as things stand today, is one of the last to be thought of which can possibly be developed into an export industry. It is not one of those infants which, duly nurtured, may some day grow into a sturdy exporter. True, if the industry were to be freed from its present involvements such as minimum price for cane and its location were to be shifted from north to south, perhaps its comparative disadvantages could be considerably reduced. But that calls for vast changes over time, none of which—even the simpler

one of de-controlling price of sugarcane—are immediately practicable possibilities. Yet, we have a heavy stake in this industry. It has been given a very high priority over the years in the allocation of scarce foreign exchange for plant and machinery. By now, the country has also developed, at a substantial foreign exchange cost, the manufacturing capacity for production of some of the sugar mills machinery; and, since sugar exports in most countries of the world are 'never quite an economic proposition and are heavily subsidised, there is no reason why, with growing surplus in the country, sugar exports should not be stepped up.

There is however, a catch in that word 'surplus'. To what extent should the consumer of sugar be made to suffer for the country's foreign exchange requirements and, if sugar exports assume substantial proportions, how much of the loss should be borne by and can fairly be imposed upon the sugar industry?

There are a number of complex problems which need to be resolved in order that the country may derive the best advantage from the investment it has made in sugar. The claims of the consumer have to be balanced against the country's overriding need of foreign exchange and those of the sugarcane grower against those of the sugar mills and the system of pricing and cess has to be operated in such a manner that both the yield of sugarcane and its quality or sucrose content be steadily