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EDITORIALS

- I M F Must Change, 1
Differences in Agricultural Pro-
ductivity 2
First Public Sector Refinery 3

WEEKLY NOTES

- Reserve Bank and the Press —
Move Capital for Banks — Rail-
way Plan — Postal Service De-
Kidwised 4

OUR DELHI LETTER

- Joint Management Councils : How
Have They Been Working ? 6

CAPITAL VIEW

- Gee and the Aftermath
— Romesh Thapar 9

LETTER FROM LONDON

- Difficult Year for Britain 7

LETTER FROM JAPAN

- The Year in Retrospect 13

SPECIAL ARTICLES

- Municipal Election in Jaipur
— B Maheahwari 15

- Agricultural Economics Conference
MD Desai 21

- Margers Monopolies and the Com-
mon Market
(From Our London Correspondent) 23

AROUND BOMBAY MARKETS

- Dalal Street I Buoyant 26

COMPANY NOTE

- Scindia's Profits Halved in Three
Years 29

CURRENT STATISTICS

- Banking Returns Bombay Money
Rates— Bombay Bullion—Index
Number of Wholesale Prices—
Stocks of Cloth and Yam 31

I M F Must Change

AFTER a wide and somewhat rambling survey of world economic developments, in his address to the Indian Economic Conference, Dr Madan focusses on economic growth as the central feature of recent developments. It is growth-mindedness and deliberate promotion of a more rapid rate of development of the national product, which have invested national policies in advanced industrial countries, 'with a new mood and frame'. As a result of this concentration on growth, Dr Madan thinks that the controversy about the role of the Government in fostering economic development as against that of free enterprise has already partially lifted. In fact, he feels that, as growth comes to dominate national policies, this 'academic' controversy will subside in the face of the practical tasks of stimulating growth at a higher rate.

The development of under-developed economies is a related problem of the international economy. Though this, is discussed much more than almost any other economic issue, it remains, however, largely a goal which has not yet found a high place in world economic agenda in execution. In fact, he finds that the hiatus between advanced and under-developed economies continues to widen.

One of the reasons for it is the persistent deterioration in the terms of trade of the primary producing countries but, for its solution, Dr Madan has nothing better to offer than schemes of stabilisation of prices of primary products. Arguing the case for free, unrestricted imports by industrial countries of semi-manufactured and manufactured goods from underdeveloped countries, Dr Madan finds the present policy of the industrial countries in this regard 'fundamentally out of tune' with their professed and proclaimed objectives of helping the development of under-developed countries.

On the question of economic aid to under-developed countries, Dr Madan acknowledges that there has been quite a revolution in the attitude and policy of the most important of the industrially-advanced nations, viz the United States. Large though it is, even the U S effort can stand a substantial reinforcement in association with a similar response on the part of other advanced countries, 'not excluding the centrally-planned economies'.

With regard to forms of assistance, Dr Madan would like the proportion of grants to be enhanced in view of the balance of payments implications of large-scale foreign aid. But. On this point, he has something more specific to suggest which is probably, the only point of interest to most of his audience. True, the World Bank has been doing its best; so are its associate organisations. But the aid through these channels has to be multiplied several fold and reinforced through a variety of lending forms. Could not the International Monetary Fund be pressed into service to meet some of these special requirements of under-developed countries? The type of balance of payment difficulties which these countries face is not what the Fund is authorised or expected to solve. In its present form, the Fund's resources can be drawn upon only if the member-countries get into fundamental disequilibrium'. The changes proposed under Dr Jacobsson's plan will enable the

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