

all ages and all societies. Even in the US, Negroes are not the only group subject to prejudice and education is not the only field for its expression. Nor can it be said that there is no racial prejudice north of the Mason-Dixon line. Yet, the developments at Little Rock, Arkansas, and at Oxford, Mississippi, hit the headline the world over. This is as much the outcome of the attitude of the American Government as anything else. No other major power is so self-conscious about the requirements of leadership and of the need to mend the aberrations from democratic life.

There is a sense, however, in which segregation is a local problem of the deep South and the fight against it whether in Arkansas or Mississippi or Alabama is being fought and fought continuously and much more effectively by King Luther and his growing band of followers, both Negro and white, who have been working with Gandhian techniques. Federal Marshals appear once in a while for stray skirmishes — the freedom marchers march on and they have yet a long way to go.

In its immediate effect, at least, the Mississippi incident is more than anything else a personal victory for President Kennedy who was criticised in some quarters for soft pedalling the segregation issue during his election campaign. There are still some who would ascribe his victory mainly to the choice of the Vice-Presidential candidate, a Southern Democrat, acceptable to the Southern whites. In a more extended sense, it is also a victory for American democracy. That it was General Castro of Cuba, who was the first to congratulate the American President is not entirely without significance.

### **Income Tax in Russia**

HOW heavy is the incidence of income taxation on the Soviet citizen? The official answer would depend on whether the Government had just announced a reduction or an increase in the tax. When the Soviet Government announced in 1960 that the income tax was to be abolished by stages, the Soviet Union was pictured as a tax-free heaven by 1965. And now, when the phased abolition of the income tax has been "temporarily suspended", the Soviet Government has not been caught on the wrong foot. Far from

it; it has promptly pointed out that this was not a big setback after all since in any case the income tax has never been an important tax in the Soviet Union, accounting for only a little over 7 per cent of the Government's total revenue!

This is no doubt true. More than 90 per cent of budgetary revenue comes from the turnover tax and the profits of State and co-operative enterprises. This, in fact, explains why the Government could think of abolishing the income tax; it also explains why the suspension of the abolition could be postponed so long. According to the scheme announced in 1960, each year the income tax on one income bracket was to be abolished, beginning with the lowest bracket, and the tax payable by the next higher bracket was to be reduced by 40 per cent. During the year beginning October 1, 1962 it was to have been the turn of those with a monthly income of 61 to 70 roubles to have their tax abolished and of those earning between 71 and 80 roubles to have theirs cut by 40 per cent.

Since the announcement of the abolition of income tax in the autumn of 1960, there followed the publication of Prime Minister Khrushchev's 20-year programme of economic development aiming at a six-fold increase in national income by 1980 over 1959 and easing for large-scale investment in industry and agriculture. Even more important, when the Soviet budget for 1962 was presented in December last year, it showed a sharp rise in military expenditure. In the 1961 budget military expenditure had been estimated at 9,300 million roubles: for 1962 it was put at 13,400 million rouble, or an increase of 44 per cent. This was in keeping with the Soviet Government's decision, following the worsening of the Berlin situation, to suspend the demobilisation plan announced in early 1960 under which the strength of Soviet armed forces was to have been reduced from 3.6 million to 2.4 million.

The income tax may not be very important to the Soviet Government as a source of revenue but that in spite of this, it has become necessary to suspend its abolition, at the cost of much adverse publicity abroad and, may be, some criti-

cism in the country, shows how much the fulfilment of Khrushchev's plans for building up communism depend on his success in ensuring an enduring *modus vivendi* with the countries ideologically opposed to communism.

### **Travails of Machinery Manufacturers**

THE dispute between domestic producer of any product and the established importer or actual user of that product on the adequacy of supply is perpetual. Naturally, those who go into production dislike that any further imports be allowed. That spoils the market for them. On the other hand, the established importers, also for very understandable reasons, question the adequacy of supply and the quality of the products indigenously produced. Now about quantitative disputes, one may form some idea and take the current market price as some sort of guide of whether the supplies are adequate or not. But when the question of quality comes, it is difficult for outsiders to judge.

And when the product is a complex piece of machinery used in a well-established industry, one has necessarily to go by the opinions of experts but whoever the experts, their findings may be disputed. Even the Indian Standards Institution does not always command undisputed and unchallenged authority in such matters, which is a pity. What complicates the situation further is that judgments about quality are not free from a certain element of bias. Those habituated to using a certain type or brand of machinery would not trust another, and when the users of machinery are in a strategic position, as they are likely to be when they are exporters or potential exporters, it is difficult for the import authorities to keep to the strait and narrow path.

The account which Shri K C Mahindra gives of the many vicissitudes of the Machinery Manufacturers Corporation would, therefore, command attention and receive sympathetic hearing. For years the Corporation has taken infinite pains and devoted utmost care to develop and perfect carding-engines and ring-frames. It is difficult to believe that even such a competent and conscientious manufacturer would fall a victim to vagaries of import