

are beginning to pull a few American planes out of the sky. So, in his magnanimity, he has offered 'unconditional' talks, baited with a billion dollar loan to South-east Asia.

But what exactly does he think is possible by this face-saver? The South has voted for the Viet Cong, a genuine popular and indigenous nationalist movement in exactly the same sense as were the revolutionary leaders of Yugoslavia, China, Algeria and Cuba. They cannot be ruled out by some deal between other countries, nor,

ultimately, can they be restrained from the victory which is rightfully theirs. The only sort of worthwhile negotiated agreement possible is the one that the Americans has so far shown no inclination to swallow—which concedes victory to the Viet Cong,

The struggle remains as it was: about victory, not a stagnant peace such as there is in Laos. The talks therefore can only be useful if they achieve this victory and the evacuation of American forces from Viet Nam—

summed up in the demand for a referendum in the South, the results of which will be binding upon all participants and all foreign powers concerned. The right of national self-determination has been denied the Viet Nameese so far — and the Geneva agreements rejected as a result. It is this right, its firm and binding affirmation, that alone can prevent any talks that ensue being merely a breathing space for both armies to polish their weapons or a camouflage to hide America's disastrous failure.

Weekly Notes

Foreign Companies' Assets

IN 1962-63, foreign controlled rupee companies and branches of foreign companies made a gross fixed investment of Rs 37 crores and Rs 19 crores, respectively, against Rs 45 crores and Rs 13 crores, respectively, in 1961-62. The increased investment by branches was accompanied by a considerable improvement in profits before and after tax. Branches of American companies particularly improved their profitability in substantial measure. Not merely did the branches step up their fixed investment, but they also increased their inventory accumulation (mainly in finished goods) from Rs 3 crores in 1961-62 to Rs 18 crores in 1962-63 and also increased their receivables substantially. The total asset formation of Rs 48 crores in 1962-63 (Rs 18 crores only in the previous year) was financed largely from borrowing (Rs 38 crores) mainly the category "others" (Rs 29 crores) and also from banks (Rs 10 crores),

This sudden spurt of asset formation in branches is difficult to explain. All that one can see from the Reserve Bank study published in the Match issue of the *Bulletin Is* that U K trading branches were largely responsible for this spurt, U K branches added Rs 41 crores to their total assets, U S branches Rs 8 crores, while other branches shed Rs 1 crore. A high jump of this order in total assets and 'other borrowings' could have been performed by only one U K trading branch and that is Burmah Shell Storage and Distribution. It must have added substantially to its fixed investment inventory and receivables in 1962-63 and financed it largely from other borrowings. Since there is a reduction of Rs 11 crores in the trade dues of U K companies and a rise of Rs 29 crores in 'other borrowings' it would be justifiable to presume

that Burmah Shell changed the classification of a large part of its payables and borrowed more from some associated company—not its holding company for that would come under liability to head office'. Something interesting must have happened at Burmah Shell in 1962-63.

Long Term Trade Plans

REPORTS have been appearing for some time about the eagerness of U S S R and Czechoslovakia to co-ordinate some of their production programmes with industrial development in India. This is a welcome development since these countries were rather cool to this idea three years back when the Poles and Hungarians first made proposals on these lines. At that time New Delhi also did not respond too favourably because it was believed that (a) the scheme might inhibit the production of certain items (b) it might reduce the earnings of free foreign exchange and (c) it would involve long term commitments which the government may not be able to underwrite. There was also a fear that this tie-up with communist countries may not be received too favourably by Western government.

Attitudes seem to have changed over the years. They had to, because India's trade with the Soviet bloc is expanding rapidly. This expansion involves the import of more machinery as well as more intermediate goods from the centrally planned economics, and the export of processed and more sophisticated goods, including tropicalized components. The import of steel mills and power stations and the export of traditional goods like iron-ore is up to a point, a simple affair. The diversification which is taking place now implies that the annual trade plans, which lay

down either the values or quantities of goods to be exchanged for the next years, are no longer sufficient. The export of more finished goods to the communist bloc requires considerable advanced planning for capacity and materials. Similarly, at the other end, the wide variety of goods demanded by us has to be fitted into the development plans of individual countries.

The U S S R is now agreeable to setting aside capacity for the export of goods like special steels, pig iron, caustic soda, fertilizers, newsprint, non-ferrous metal, etc. The non-traditional goods required from India would consist largely of shoes, hide- and skins, garments, hosiery, processed goods, radios, electric fans, and plastic cloth, etc. The volume of trade, both existing and potential, in these commodities is large enough to justify constant effort over a period of time to lay down targets and means for their implementation.

The problems of trade with East Europe are somewhat different. As smaller countries, they do not have the same capacity to provide goods or absorb them, nor is a large part of their export of machinery, etc. covered by credits for large specific projects. Some of them have been eager to enter into deals with India for planned division of labour and for export of finished goods to third countries. This exercise in international planning would be unique in many ways. It would also involve a considerable tightening up of Plan implementation in India

A Second South Africa?

NOW that Ian. Smith has called for general elections on May 7, a unilateral declaration of Rhodestian independence seems inevitable within the next six months (by when this *season's*