

tobacco crop will have been safely disposed of). Smith's purpose in calling for elections is to increase his majority in parliament to the necessary two-thirds required by the 1961 constitution for constitutional amendment. Since constitutional amendment also requires British assent, which is bound to be withheld for the changes Smith has in mind, a unilateral declaration of independence must be the obvious sequel.

Smith, when he gets his majority, plans to reduce the number of elected Africans and replace them with chiefs. He also wants to increase the number of higher roll seats normally held by Europeans. Together with new security measures these changes will take Southern Rhodesia further in the direction of becoming a second South Africa. Smith's Rhodesian Front is believed to be already working on schemes which will keep the races apart.

Smith is widely expected to secure the necessary majority. The leaders of the nationalist African opposition are under restriction and European opinion is rallying to his banner so as to strengthen his hand as much as possible for the crisis which lies ahead. The white members of the moderate opposition Rhodesian Party are expected to be obliterated in the new parliament.

In view of this situation, Harold Wilson's government should make it quite clear that rebellion will be met with vigorous economic sanctions. Unfortunately the threat of sanctions may not deter Smith. Salisbury appears to be confident that it will be able to sell more of its important tobacco crop to non-Commonwealth countries, particularly France and Japan, in the event of a Commonwealth boycott. Secondly, Salisbury is actively discussing with Portugal and South Africa, ways and means of beating an economic ban. Thirdly, Smith knows that if Zambia participates in collective Commonwealth action, she is less likely to be able to withstand a breaking off of economic relations than is Rhodesia. But despite these difficulties, and given emergency measures to aid Zambia, there is good reason to believe that sanctions would badly dent the Rhodesian economy if they are enforced for long enough. The only alternatives are military intervention which Wilson's government might not survive at home, and abandoning Rhodesia to a white minority which seems determined to thwart

the politician social, economic and cultural development of the African majority for as long as it can.

### **Agricultural Finance and Banks**

SOME surprisingly contradictory views have been expressed by the chairmen of the leading banks in their statements to shareholders this year. There have been sharp differences, for instance, on the role of banks in agricultural finance. The chairman of the United Bank, S B Dutt, is convinced that the preconditions for bank financing of agriculture just do not exist at present. For one thing, 'agricultural activity has still not been able to shed its characteristics as a subsistence and unorganised activity' and, for another, its dependence on weather makes it "a great financial risk". Dutt would, therefore, wait till "the entire agricultural sector could be placed on an organised and market-oriented basis" before stepping into agricultural finance, ignoring that provision of agricultural credit is a precondition to such a transformation of agriculture.

The chairman of the Syndicate Bank, T M. A Pai, however, sees things in a different light. His bank, though it has only just joined the class of big banks with deposits over Rs 50 crores, has been distinguished by its pioneering efforts in the field of agricultural finance. Of course, in quantitative terms agricultural finance is a negligible proportion of even the Syndicate Bank's advances, but during the last year it has taken certain steps which indicate that this bank at least is not going to wait till the opportunity to finance agriculture is presented to it on a platter. It is prepared to go out on the farms and partly adjust itself to existing conditions and partly change them.

It is true, as T M A Pai is realistic enough to admit, that "one bank by itself can do little" considering agriculture's vast need for finance. What one hopes is that the Syndicate Bank's role in agricultural finance may prove to be that of the Schumpeterian entrepreneur. If it can establish the possibility of profitable operation in this field it is bound to draw in others. The State Bank at least may be spurred to work harder and show better results in agricultural finance.

### **The PM's Approval**

A N institution, even if it be one for private profit, is entitled to attention when it completes a long period of successful existence. If in the opinion of the Government the

institution has served some public interest, official approbation may also be bestowed upon it. The Prime Minister himself may publicly applaud the institution's services to the country. All this is permissible and has been done before.

But in the process is it necessary for the Prime Minister to seem to extend his congratulatory approval, even though by a thoughtless word or act, from the institution concerned to individuals who have fallen foul of the laws of the land? Is it necessary, for instance, for him to get himself photographed with someone about whom the following facts are well known?

- (i) that he is On bail after being arrested on a criminal plaint;
- (ii) that he is charged by the Government with various malpractices before a semi-judicial body;
- (iii) that a number of companies under his control are under investigation by statutory authorities; and
- (iv) that only a few years ago he was removed from the Board of the very institution whose achievement is being lauded, as a result of a specific directive from an official authority which gave him every opportunity of clearing himself.

Whether the charges against the individual concerned are ultimately proved or not, should not the Prime Minister have considered carefully the consequences of his consorting with such a person for the morale of the Government officers and others who are charged with the investigation and prosecution of the charges against the individual concerned and for public confidence that the Government will apply the country's laws equally to all wrong-doers, however rich or influential some of them may be,

### **Second Thoughts on Coal**

*A correspondent writes:*

LAST September the Ministry of Steel and Mines published a tentative Fourth Plan target of 47 million tons of coking coal, which was to yield 24 million tons of clean coal. The target has since appeared increasingly unrealistic. The NCDC, which is supposed to contribute 21 million tons, has said that 17 million tons is the utmost it can manage. The private sector's response has been hardly more