

The Economic Weekly

A Journal of Current Economic and Political Affairs

April 28, 1951

Estd. Jan. 1949

Eight annas

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STERLING A RISKY INVESTMENT

EVEN first-year students in economics are familiar with the text-book version that defence is more important than opulence. Mr. Aneurin Bevan does not endorse this principle. Mr. Bevan is not a conscientious objector; he is not an appeaser; he is as determined as Mr. Churchill to fight for democracy. But he is convinced that "the Western world has embarked on a campaign of arms production, and upon a scale of arms production so quickly and to such an extent that the foundations of political liberty and parliamentary democracy will not be able to restrain the shock". Mr. Bevan has buttressed this argument with the further contention that the demands made upon the world's material resources by rearmament, and the massive stock-piling by America, will cause irreparable damage to the standard of living and furnish for Soviet Communism "a whole series of Trojan horses in every nation of the western community."

These are the reasons which have compelled Mr. Bevan to resign from the Labour Government in Britain. The President of the Board of Trade, a distinguished economist and the Minister responsible for Britain's export drive, and a junior Minister have followed Mr. Bevan's example. Subsequent events indicate that, despite those dissensions, the Attlee Government have the support of the rank and file of labour. Mr. Churchill's hopes that Mr. Bevan's action would precipitate a Cabinet crisis have not materialised, and indications are that the elections will not take place before the autumn. Even so, it is clear that a Government with such a slender majority in Parliament, and a Party ridden with basic differences among its leaders, cannot be expected to last long.

Sooner or later, sooner rather than later, the Government will have to go to the polls. Even since Mr. Truman's victory at the Presidential elections, gallop polls have been suspect, and it may be premature as well as hazardous to predict the outcome of the coming general elections in Britain. But it is abundantly evident that the Labour Party will face the electorate under divided leadership. Time may yet reveal that Mr. Bevan has shown political insight in taking his decision at this stage. Neither he nor Mr. Attlee may succeed in the next elections, but there are reasons to believe that Mr. Bevan is making preparations to light the election after the next.

There is a possibility, even probability, that Mr. Churchill and his Tory Party may assume power after the forthcoming elections in Britain. This is an eventuality which may have far-reaching political and economic repercussions on Britain and on British relations with the outside world. Mr. Churchill and his Party are reconciled to the political sea-change that has occurred in Britain and in her relations with the Commonwealth and with the outside world since 1945, but neither he nor his Party have reconciled themselves to the economic consequences of war and post-war years. International repercussions of a Tory Government in Britain and of relations between a Tory Britain and a Republican America are not

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India and Pakistan

*Twelve months—Twenty-four rupees

Volume Three Number 17

The Economic Weekly
13-15, Tamarind Lane, Fort, Bombay
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