

Though the economic barriers still persist, the Communists succeeded in abolishing the social barriers. This naturally created the impression that the law was tilted against the classes which had till then been privileged. True, Kerala Government should have shown more tact and understanding. It should also have risen above the party. This basic mistake on the part of the Communists was exploited by the Opposition fully. Otherwise, the record of the twenty-eight months Communist rule in Kerala would compare very favourably indeed with that of its predecessors as well as the Governments in other States. In the implementation of the Plan, Kerala, which was almost at the bottom, was lifted to the second place last year. This was admitted by the Governor himself in his Independence Day broadcast.

It is not the first time that a State has had the misfortune of having President rule imposed upon it. It had happened before, it may well happen again. There is, however, a difference. And this is brought out most poignantly by Shri Govind Ballabh Pant, in his

speech in the Lok Sabha while introducing the resolution on the proclamation of President's Rule. Even Pandit Nehru, he admitted, failed to curb the intransigence of the Congress party which exploited communal feelings in the State in such a shameless and diabolical manner and would stop at nothing to get the Government out. Pandit Nehru had himself no illusion of the character of this direct action. To quote from newspaper reports of his speech in Lok Sabha:

"Speaking for himself, he was against this direct action. Acharya Kripalani had said a number of things in praise of satyagraha and direct action. He (Pandit Nehru) was not competent to argue metaphysical and philosophical matters with him. He did not know honestly if it was desirable that satyagraha should be prohibited at all time. He was not sure in his mind when it was justified. When one used the word satyagraha, one should have in mind the peaceful elements of satyagraha. In the old days the direct action movements were pretty common but Gandhiji often stopped

them when he thought they were going wrong."

Pandit Nehru continued, "There was no satyagraha in that sense in Kerala, because I have seldom seen any phase so filled with hatred and incipient violence. There was one thick wall of violence and hatred everywhere. If there is so much hatred and so much of bitterness among each other then it is dangerous to conduct a satyagraha—call it by any other name."

If economic development and social change are to be brought about by peaceful means and in an orderly manner, this nettle of intransigence has to be fully grasped and pulled up by the roots. There is no harmony of interest between the profiteer and the consumer, none between anti-social elements and the rest of society. The deception that Congress does not align itself to any particular ideology or sectional interest is wearing too thin. It has been exposed in a devastating manner by its conduct in Kerala. The lessons of this unhappy episode cannot be ignored by those who have the future of the country at heart.

A Supplement to World Bank

THE proposal for setting up an International Development Association to channel funds for development to the underdeveloped countries did not seem to have been received very enthusiastically when it was first mooted by Senator Monroney two years ago. It was very much in the air when the World Bank-Fund Conference met in New Delhi last October and fitted very well into the picture, since speeding up of the flow of capital to the underdeveloped countries was the main theme of this Conference. The response was lukewarm, not in the countries which were short of capital and needed it badly, but in the U S A which would have to contribute the bulk of the funds. And so, the Senator's move did not make much headway. It is difficult to make the tax payer even in that land of plenty and prosperity to give away money for which so many Americans see no tangible returns—not always even a word of thanks from the recipients. But American attitude has relaxed of late and the political climate now appears to be favourable for pushing of this

scheme to a successful conclusion.

The American Administration, which has, in any case, disbursed large funds, has always favoured the proposal. In fact, it would welcome the Development Association, as it would relieve it of the difficult job of assessing investment possibilities and managing investments scattered throughout the globe. For this highly specialised job, the Administration lacks the necessary technical set up and trained personnel. If the World Bank were to take it over, it would be a relief to the Administration. Curiously enough, the World Bank did not seem too eager to come to the aid of the Administration at the time to relieve it of a difficult task, except presumably on its own terms.

The politics of it, as is usual in such things, is, of course, the deciding factor. Apart from the unwillingness of the American tax payer to give without receiving any benefit, there was the further question that if Americans were to pay, why should not they call the tune as well? Why hand over the control to somebody else? But since the somebody is the World Bank,

there is no real danger that American control over the ultimate use of the funds will be seriously weakened. And this has now come to be better appreciated than when the proposal was first mooted.

Needless to say, the establishment of the International Development Association with substantial funds of foreign exchange will be a very valuable addition to the other agencies such as the World Bank and its affiliate, the International Finance Corporation which are supplying much needed capital to many developing countries. The new organisation is designed to supplement the operations of the World Bank. There is no reason to suppose that its operations will overlap those of the World Bank, as it will render financial assistance to those projects in the underdeveloped countries which the World Bank is either unwilling or unable to finance.

Though the exact nature of the functions and the details of organisation of this new agency may vary ultimately, it appears that the United States is firmly committed

to the establishment of this new agency. There is also general agreement among the principal contributing countries on the main features of its organisation. First, it is virtually agreed that the total loanable funds that would be placed at the disposal of the Development Association initially, would be around \$ 1 billion. Secondly, the contribution of the participating countries to the Fund will be governed by the same principle which were accepted for subscription of capital to the World Bank. This would mean that the United States would be a major contributor, as in the case of the World Bank, and will contribute about 27 per cent of the capital and the shares of U K, France, and West Germany will be 12, 5 and 9 respectively. Thirdly, loans would be repayable either in full or in part, in the currency of

the borrowing countries. Finally, organisationally, the I D A will be closely linked with the World Bank and it will adopt the World Bank's techniques for processing loans.

The most distinguished feature of the proposed Development Association, of course, is that it will accept repayment in the currency of the borrowing country, which the World Bank cannot do. This will greatly ease the problem, faced by many of the underdeveloped countries, of finding adequate foreign exchange for servicing and repaying World Bank loans. The developing economies require foreign assistance on a substantial scale in the initial stages and that need is a continuing one until they can diversify their production structure and are able to create the necessary export surplus to repay their foreign loans. The City financiers may not have

grasped this yet, but this is elementary and inescapable, once the desirability of development is conceded. It goes without saying, therefore, that the option of repayment, even in part, in domestic currency, will greatly ease the burden on the developing countries. Moreover, freed from the commitment to repay in foreign currency, the developing countries will have much greater latitude in the choice of projects for development than they enjoy today.

The only snag is that the House of Representatives, which is always tight-fisted than the Senate, particularly in the matter of foreign aid, has yet to approve. An unfavourable decision of the American Congress will mean the end of the entire project. The chances are, however, that the Senate decision will not be reversed.

The Tengku Romps Home

NO one is in any way surprised at the election results in Malaya's general poll this week. The Alliance Party fared, as expected, better than any other party in the new Federation—and, compared to their performance in the previous election, the Opposition, too, have done better. On that occasion, the Opposition parties had won only one seat in a House of 55; this time, in an enlarged House of 104, they have secured as many as 30 seats. The Alliance Party has all the same a comfortable majority in parliament and should be able to provide the stable Government which Malaya needs in the difficult period immediately ahead. (The Alliance victory is, incidentally, a vindication of Tengku Abdul Rahman's action in having resigned from the premiership last year in order to strengthen his party's organisation.)

However, there are disturbing features in the Malayan election results. Although the Opposition has won enough votes to be able to keep the Government on its toes, it is the wrong section of the Opposition which has won most influence. Thirteen of the 30 Opposition seats have been secured by the Pan-Malayan Islamic Party—an organisation of an exceedingly conservative, religious and racial character. Its appeal is to the Malays only, and in them also to their religious sentiment. In a country like Malaya, where the foundations of a multi-racial society are being laid at this stage, the in-

fluence of so narrow-based a group as the P-M I P can easily prove to be dangerous.

The only Opposition party with a genuinely multi-racial and progressive outlook and membership in the elections was the Socialist Front. It, however, has won only eight seats in a House of 104. This is a pity, not only because of the predominance it gives to the Islamic Party in the Opposition, but also because it is of the utmost importance in the particular set-up of Malaya that a party with progressive views on economic matters should make its influence felt on the Government. The Tengku's Alliance party is not, at bottom, a politically or ideologically homogenous group. It is merely an alliance (as its name indicates) of Chinese, Indian and Malay parties co-operating for electoral purposes. Inside the Alliance, their disparate and sometimes conflicting interests are sometimes seen at play. Of course, since all the three racial groups represented in the Alliance are moderate groups, no unpatchable differences have so far emerged; and there is a fair chance of the Alliance sticking together throughout the new term of the Government. But the weakness of the ruling coalition is that, in order to retain the co-operation of each of its components, it is likely to try to appease each other in turn—regardless of the long-term effects of such a fitful policy

This tendency has already shown itself in two recent instances. In education and the administrative services, the Alliance programme discriminates heavily in favour of the Malays, largely because they form 49 per cent of the total population of the Federation. And yet the Malays are educationally the most backward people in the country! The effect of such a policy on efficiency and standards in the administration can be readily imagined.

The other instance was the insistence of a number of Chinese leaders within the Alliance, just before the elections, to be given a third of the total number of candidates. Happily, the Tengku had the courage and foresight to refuse. The Chinese dissidents left the Alliance, but the Tengku stood his ground. The question does arise, however, whether such communal demands will not again be made inside the Alliance, and whether it will always be able to take a similarly sane and firm stand against them.

Clearly, therefore, two developments must be regarded essential for Malaya's advancement on progressive, multi-racial lines. The first is that the Socialist Front must improve its organisation and widen its membership, and in this task receive the co-operation of the Government wherever possible. Secondly, the Alliance must be held together at all costs till the next elections which are due in 1963.