

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.