

not in its own interests allow the patent bestiality of South African racialism to foul the future relations and attitude of the African people towards Britain.

These developments then have pushed Britain into violating the cardinal principle of non-interference in Commonwealth affairs. But having said this one must not be unmindful of the difficulties which follow from this for Britain. To allow a situation to develop which raises the question of 'spewing' South Africa out of the Commonwealth is to create an unparalleled crisis in Commonwealth relations. Apparently, the principle of unanimity is adhered to on admissions to the Commonwealth club; hence expulsions, too, have to be unanimous.

What is the consequence, then, of a Commonwealth debate on the ex-

pulsion of South Africa, if it does not lead to a unanimous vote? Will South Africa itself tolerate such a debate and, more important, how will those voting for expulsion react to an indecisive aggregate vote? Will not the cohesion of the Commonwealth be imperilled at a time when Britain faces isolation in Europe? These questions are by no means academic. They agitate public opinion. Above all, the barbarity of white rule in South Africa is so patent as to force the African continent to view the Commonwealth in terms of its treatment of the South African regime. The last time the Commonwealth faced anything of a crisis was in 1956 when the British Army invaded Egypt. It was the resignation of Sir Anthony Eden which (possibly) saved the Commonwealth then. Now, the Verwoerd Government shows no signs

of withdrawing or even retreating.

There is a certain incongruity between the view that politically the Commonwealth is a vague, indecisive club and the fact that this club is capable of becoming involved in crises of membership and policy. This incongruity is, however, only apparent. For what the Commonwealth lacks politically, it possesses in matters of an economic character. It is this which keeps it going; the advantages for all are many and those reaped by Britain are overwhelmingly important. What are now conceivably at stake for Britain are some of these economic benefits— all because of the inability of civilized opinion and Governments in the Commonwealth to stomach the presence of white South Africa. When the Prime Ministers meet, it will be *in Africa* that their Commonwealth will face the severest test of all.

Letter from Geneva

ECE on Economic Growth

April 12

THE Annual Survey of the Economic Commission for Europe (ECE) has been just published. This will be discussed at the fifteenth session, when the Commission meets on April 20. The survey analyses the developments of the European economy. It also reviews the rate and pattern of growth in Eastern Europe and the Soviet Union.

An interesting part of this year's study is the chapter on "Development Problems of Southern Europe and Ireland".* The experience of the undeveloped Southern fringe of Europe is of great relevance to all pre-industrial countries. In the past decade, much has been written on the theory of economic growth. A mass of resolutions has been passed on economic development. Frequently, economic terminology has been found inadequate to express the conditions and situations of the poor countries. In an effort to explain the complexities of the economic reality, often the obvious has been over-looked. Although, this study avoids a theoretical discussion on

There is another chapter dealing with problems of external and internal balance in relation to economic growth.

principles, it provides striking analyses of concrete situations which clear up much fog obscuring general problems of backward economies.

DEVELOPMENT IN A GENERATION

The authors have preferred a commonsense approach. In three paragraphs of the introduction, the post-war pattern of economic growth in Turkey, Greece, Yugoslavia, Spain, Portugal and Ireland is summed up. This is placed in a time perspective of a century. Two interesting conclusions emerge. One, that the per capita income levels of Southern Europe and Ireland at present are no different from those of the industrially developed countries in the 1870s. A per capita rate of two per cent is what made the latter rise to their high levels in a few decades. The second is a corollary to the first. Within a generation, the less developed countries *could* also reach the levels of industrial Europe. This would require maintaining a rate of growth of two to three per cent above the industrial countries. The review of the past two decades of Southern Europe and Ireland also indicates the potentialities of their future growth.

Study of the nature and extent of economic growth does not by itself

provide an answer to how these countries were left out of the momentous developments that transformed other parts of Europe. The survey takes this fact for granted. But what is significant is the conclusion that by holding on to a rate of growth of two to three per cent for fifty to sixty years, any economy could develop adequately. The ECE analysis implies that despite different stages of underdevelopment and politico-social variables, it is possible to eliminate poverty. The general pattern of development of all industrialised countries beginning with England also indicates similar conclusions.

EFFICIENT USE OF RESOURCES

By pointing to the success of Yugoslavia and Greece in increasing agricultural productivity, the study raises a very fundamental question. (There is a detailed analysis of Yugoslav experience in Agriculture in the Appendix.) Within the last three years, Yugoslavia has increased its wheat yields from ten to thirty eight quintals per hectare. This result was achieved by employing the composite technique deeper ploughing closer planting, improved seeds and larger input of fertilisers in a concentrated way in

these areas. Wheat yields in Yugoslavia are as high as in the Netherlands and Denmark.

Apparently, in order to raise productivity in agriculture, it is not essential to inaugurate huge irrigation projects or to change nature. The first stage to higher yield seems to be to make the most efficient use of given resources. Noting the case of Yugoslavia and the fact that conditions vary in many respects from country to country, the authors add that "the more widespread applications of methods used in Greece and Yugoslavia might lead to positive results in the other countries of the region." It is interesting to note that the present disparity in per capita output in agriculture between the less developed and developed countries of Europe is no more than twenty to thirty per cent.

STATE INITIATIVE ESSENTIAL

On the structural impediments to agricultural growth, the Survey commends more vigorous policies. This problem, of course, is intimately linked with industrial development. The basic assumption of the authors is that industrialisation is the *sine qua turn* of economic growth. In this connection, two arguments are put forward. It is stated at the outset that neither rural nor urban under-employment could be solved without rapid growth; that the lower productivity and income of agriculture cannot be increased without accelerating the rate of industrial output. This would not only absorb labour, but also raise the demand for agricultural products.

The Survey makes a distinction between Ireland, (Greece and Portugal on the one hand and Spain, Turkey and Yugoslavia on the other to analyse the role of the State in the industrial field. In the latter group of countries, where the entrepreneurship of the State played an active part, the results appear to be positive. in a subdued tone, the following comment is made, "without a more active policy on the part of the State in Ireland and Portugal. a higher rate of industrial expansion than in the past is problematic".

PRODUCER GOODS ALL-IMPORTANT

In the historical perspective, as different countries entered industrialisation, the Survey points out. the producer goods industries have expanded at nearly twice the rate of consumer goods industries. And this trend is noticeable irrespective of their natural resources, rate of

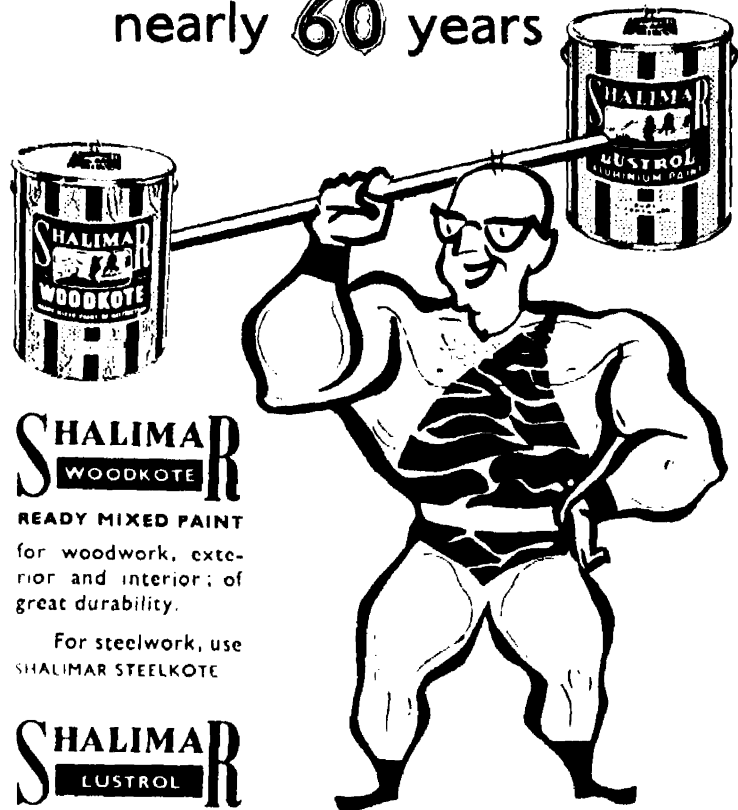
growth and the part played by foreign trade and capital imports. This is a fundamental conclusion. It was the result of either a predetermined plan of structural priorities or the unconscious workings of private enterprise.

The most important contribution of this study from the theoretical point of view is the approach of its authors towards the problem of investment. It has been found that there is no direct relationship between the level of investment and the rate of growth. Sheer volume of investment is not the decisive factor. It is equally important that investment be utilised efficiently. By ex-

amining the case of a number of countries a direct correlation was established between a low capital-output ratio and a high rate of growth.

Is there, if at all, a close association between the rate of growth and political structure? The question, not dealt with in this study, is crucial for the understanding of the historical causes of economic backwardness. The analysis of this chapter ends realistically, "The task of economic development transcends, of course, the purely economic sphere and cannot be isolated from political, social and other non-economic considerations".

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