community not accepting certain sacrifices; but one rarely sees such a passage followed by a clear statement of Government intent—whether it is proposed to require the community to undertake such sacrifices or let the Plan take the risks. Much the most important questions in respect of which the Draft Outline offers academic comments on economic inter-relationships rather than suggest appropriate lines of action are those relating to taxation, prices and wages.

When one looks at the financial statistics of the Plan, it is obvious that the success of the programme depends very materially on the ability of Government to add substantially to its tax receipts. Altogether, it is envisaged that an additional tax yield of Rs 1,650 crores will be required. One does not, of course, expect the Draft Outline to give rise information on the taxes that will be imposed front year to year. But it should be possible to clarify the directions in which the tax structure in India would have to change in order to raise the revenue of Government to the required level.

This is a matter of importance because of the imperfect substitutability between direct and indirect taxes in India as instruments for restraining consumption. They affect different sections of the community differently and raise the question of the extent to which the burden of additional taxation could be spread equitably and without adverse effects on the incentives to produce, save and so forth. The Draft Outline says, true to form, that the relative limits of direct and indirect taxation have to be determined pragmatically. Having made this point, it gives only the slightest of hints that the scope for further increases in direct taxation is limited and that it is in the field of indirect taxation that the calculated sacrifices have to be made. Leaving aside the analytical frills surrounding these propositions and granting the need for enlarging the tax coverage, the question of deciding the relative limits of each form of taxation is not unrelated to the policies that are to be adopted with regard to prices and wages. In other words, the sacrifices attendant on higher indirect taxes can be considered calculated or calculable only on the assumption of a settled policy with regard to prices and wages.

But, as it happens, these again are considered to be matters that can be decided only pragmatically. Indeed, as in the case of the earlier Plans in respect of the Third Plan also, official pronouncements on prices and wages have tended to be singularly ambiguous. All that the Draft Outline says on the question of prices is that imbalances between demand and supply are apt to develop from time to time and that it would be essential to take timely and effective action. The Draft then adds: "What structure of regulatory devices including price control, zonal arrangements, prescription of minima and maxima, state trading, etc. will ensure optimum results needs to be carefully examined" And we are then told that these problems are under study. In other words, there is as yet no agreed approach to the question of prices. Much the same is true with regard to wages. Leaving on the one side the exhortations to all and sundry, the main point of the Draft is that studies will be organized for working out the basis for wage policy and that wage boards will be set up for dealing with the questions as and when they arise.

There is no gainsaying the fact that these questions of taxation, prices and wages are complicated not only for economic reasons but for political reasons as well. The decisions with regard to these matters are essentially political decisions, and the Draft Outline ought to have aimed at posing the questions with all the implications and indicating clearly the direction of Government policy. It has chosen instead the easy but unhelpful alternative of glossing over the problems.

Problems of Disarmament

In this country particularly, and in Asia and Africa in general, the news of the breakdown of the disarmament conference at Geneva will have been received with very great disappointment; and in the grip of this disappointment, there may be a very strong tendency to lay all the blame for the breakdown at the door of the Russians. Many of the other points about the failure of the talks may not be clear to the man in the bazaar, but the fact that the conference broke up when Mr Zorin got up from his chair and walked out with his entire delegation is there for everyone to see. So, clearly, it is the Russians—it may be said who wrecked the conference; and their wickedness in doing so will not appear to be mitigated in any way by the fact that the Russian walkout took place precisely at the time when the conference was, at very long last, beginning to hold out some promise of success. Indeed the Russians themselves had put forward proposals which had drawn the immediate support of Shri Nehru. And now the Russians, inscrutable as ever, had once again sabotaged an effort of which they themselves had been the prime authors—just as they had done at the Summit at Paris.

Or so it may seem on the surface, The truth, however, may not be as simple as that. The Russians certainly did all they could to ward off blame by leaving the conference at the stage when the only proposals before it were their own. This must have been intended to suggest to the outside world that the conference broke up not because the Soviet delegation was not prepared to co-operate with it, but because the West had no proposals to make on the subject. This means the Russians were at some pains to avoid being blamed for the breakdown at Geneva; and although they left off with what can only to described as rude abruptness, it is clear that they had a readymade excuse for doing so. They claimed that the West had no concrete proposals to make on disarmament that they were proceeding with inordinate slowness at the conference and that they seemed unable even to make up their mind about the new Soviet proposals. All of this is true; and there seems very little substance in the claim, now advanced by some Western observers, that the boot was in fact on the other foot, and that the bankruptcy of ideas on the subject lay in Russian, not American, quarters. These observers have argued that Russia scuttled the talks immediately after an-
nouneing its proposals because it never wanted those proposals to be seriously discussed, and that the reason it did not want them discussed at this stage was that it was itself not clear on what they precisely meant. The world at large will be unable to accept so specious an explanation of the Russian move.

What, then, is the explanation? In any discussion of issues where the Soviet union is involved, a very wide measure of conjecture is unavoidable, for the simple reason that not enough is known outside the Iron Curtain of the play of local opinions and politics within Russia. Nevertheless it does not seem to be too wild a conjecture to state that for some local reason connected with Mr Khiushchey's struggle to keep the co-existence live alive, it became necessary for him to show once again (as he was forced to show at Paris) that he could be as tough as the next man. We must try and take what solace we can from the thought that the Russian Prime Minister is stumping a number of strategic retreats in order to be able to secure the main battle afterwards.

A more apparent reason for the derision taken by the Russians to call off the conference may be that Mr Khrushchey is genuinely convinced that it is pointless to try and do any business with the Eisenhower Government in the concluding days of the President's term. Even if that belief is not genuinely held in the Kremlin, this may be Mr Khrushchey's way of lending strong indirect support to the Democrats at the coming elections. And, furthermore, it is more than possible that — accustomed as he is to the very personal politics in his own country (where such politics offer the only alternative to party politics, which are unthinkable) Mr Khrushchev thinks that spilling in the eye of any American delegation anywhere at the present time is no more than an extension of the eye-splitting policy already launched against Eisenhower at Paris.

What of the future? Is the breakdown of the Conference to be taken as a sign of danger in international affairs? Does this mean the Russians have decided to resume the cold war at its chilliest? Though disappointing, the failure of the Conference need not at this stage be considered in these pessimistic terms. We must wait for other signs before we begin to fear the worst. For the moment, the one sign to look for is the Russian attitude at the Nuclear Test Ban Conference still meeting at Geneva. If the Russians take the same abrupt attitude at this Conference as they did at the disarmament talks, then it will really be time to reassess the whole of Mr Khrushchev's policy. But not yet.