

Letter from South

Kerala's Predicament

IT is a shrewd move by Lai Bahadur Shastri that sends Pattern Thannu Pillai to Chandigarh, keeps K C Reddy in the Lok Sabha and formally restores the Congress monopoly of administration in all the States of the Union. But what it does not do is to solve Kerala's predicament. If the Central intervention to dismiss the Communist Ministry in July 1959 lowered Congress prestige, the latest manoeuvre does not strengthen its claim to be uniquely democratic.

What prompted this move? Primarily it was the paralysis that had seized the Coalition Ministry because of Pattern's domineering ways and the ambitions of the Congress leaders in the legislature. Administration had come almost to a standstill with Ministers bogged down in interminable meetings trying to reach agreement — not on matters of principle or policy — on status and appointments. And when they were not so engaged there was a flow of contradictory directives, which again necessitated meetings. A particularly vicious circle.

Lai Bahadur had advanced his formula of a consultative committee within the Cabinet but this only added to the whirligig. Matters came to a head with the death of Minister Velappan. There was a complete deadlock as to who should now step into the Ministry. It was at this stage that the Union Home Minister came to Trivandrum, ostensibly to attend the meeting of Congress Chief Ministers, PCC Presidents and Secretaries.

He was convinced that the coalition could no longer work as long as Pattom was Chief Minister. It was, pure and simple, a matter of a vain and querulous personality, whose personal prestige was all that remained of PSP influence. There was not even a pretence that the PSP partners were advancing any ideas or policies that in any way conflicted with Congress principles.

One course would have been to *openly break the coalition and send the Chief Minister to the opposition*. But this would have strengthened the already formidable opposition,

where the Communists had demonstrated a flexibility of approach (particularly in the Lok Sabha and the current municipal elections) that was ominous to the Congress.

Mannath's Vital Role

Moreover, there was Mannath Padmanabhan, the Nair Communal leader, to be considered. It was Mannath's swing over from an anti-Catholic to an anti-Communist position that had significantly helped to oust the Namboodiripad Ministry. It was in constituencies controlled by him that the Congress had again successfully met the Communist challenge in the Lok Sabha elections. A number of Congress M L As owe allegiance first to him.

His calculations were that if Pattom and the PSP were pushed into the opposition he would lose ground to the other main force in the Ministry — the Catholics led by P T Chaeko. When he realised that the coalition would crack if Pattom continued as Chief Minister, he suggested that a way out could be found by sending the old man to the Centre.

Mannath proposed — and Pattom readily grasped at the idea — that K C Reddy's place in the Union Government could well be filled by this veteran with his enormous administrative experience. He declared his readiness to exert his considerable influence (Pattom and the majority of the PSP politicians in Kerala are Nairs) to induce the PSP to dissolve itself and merge with the Congress. In return the prize he claimed was that Velappan's portfolio should be filled by one of his nominees, since the deceased Minister had been his man!

Lai Bahadur was faced with this demand just when Chief Minister Nijalingappa was pressing hard that Kolar should not go the way of Tiruchengode and Chittoor. But he realised that Pattom, even as a reconverted Congressman, was quite an impossible choice as a Union Minister, let alone for the strategic Commerce and Industries portfolio.

The solution then presented itself with all the force of inevitability. Nevertheless, considering the equally

inevitable outcry that would ensue it required a certain courage and, one must say, ruthless disregard of scruple to accept the unsteemly solution. All credit to Lai Bahadur for offering to Pattom the Punjab Governorship. Some congratulations should also go to Pattom for finally deciding to go North, though a little further than he had bargained for. And the supreme accolade to Mannath, who has again justified his reputation as the king-maker in Kerala.

But after all this, what is going to be Kerala's fate? It is quite on the cards that the PSP — or at least a majority of its M L As — will merge with the Congress. With Pattom's departure, it loses its *raison d'être*. If it chooses to retain its identity, it may well be unceremoniously shown the door or subjected to such humiliations that even it would find it difficult to bear.

The new Chief Minister, with rather sombre humour, declared that he presumed the coalition continued since the PSP Ministers were present at the Cabinet meeting! He also stated that there was no question now of a Deputy Chief nor was it inevitable that Pattern's portfolio or even constituency would be allocated to the PSP. Pattom, of course, disdained either to consult his party colleagues or to meet them after his resignation. And Mannath has issued a statement calling upon the PSP to the Congress fold.

But the PSP can be safely left to its discomfiture which after all is only poetic justice.

What is of greater significance is that neither the Catholic wing of the Congress nor the so-called Malabarites have shown any special enthusiasm at Pattern's exit. True, they, too, had wanted it. But they had banked on the coalition crashing and a consequent weakening of the Nair grip on the Ministry. Shankar, in spite of his being an Ezhava, is lined up with the Nairs and is specially sycophantic towards Mannath. With his elevation and the manner in which it has come about, the Travancore-Cochin Nairs are even more firmly in the saddle

It appears, therefore, that after perhaps a certain grace period the internecine warfare inside the Congress would take on fiercer dimensions. Issues will not be lacking, since appointments and location of projects or Colleges or schools would provide them.

What should give Congressmen pause for thought is the background against which all these wranglings have goss on and will continue. It should be remembered that the Communists, even in their splendid isolation, had 44 per cent of the un-

precedently large poll. With the Muslim League out of the coalition and with the Communists wooing the R S P and Independents, the Congress-P S P alliance actually received a minority of votes in the recent Lok Sabha elections.

And now in the Municipal elections — the results of which are yet to be announced — the Communists have extended their support to a large number of candidates, on the ground that party politics should not be brought into local administration. It is significant

that in many towns in Malabar, at any rate, local Congressmen responded favourably to the Communist offer but were overruled by their State leadership. Thus, the Communist united front keeps widening.

The increasing unrest, combined with widespread distrust of Congress honafides, is only an expression of lack of confidence that Kerala's problems of development can be solved by the coalition and its reshuffles. To this focal point of Kerala's predicament, Shashtriji has turned a blind eye.

From the London End

Anglo-US Differences on World Liquidity

WORLD financial and economic problems were discussed in detail at the annual meetings of the International Monetary Fund and the World Bank in Washington. But those who had hoped for a fundamental change in the constitution and workings of one at least of the Breton Woods twins, particularly in view of the advance publicity given to Mr Maudling's new solution to the world liquidity problem — were disappointed.

The International Monetary Fund meeting brought out clearly the sharp differences between the British and American approaches to the liquidity problem. The United States is not at all enthusiastic about changing the institutional structure of the I M F and has much more faith in its own plan of mutual holding of currencies which, it feels, has worked fairly well over the last year.

The combined attack of the United States and the Managing Director of the International Monetary Fund was sufficient to pour cold water, temporarily at least, on the British Chancellor's new plan. Despite the impression that both Mr Jacobsson and the Americans tried to create that, as far as the present gold exchange standard to concerned, everything is for the best in the best of all possible worlds, doubts are bound to remain whether, in fact, such a system will be able to support expansion in world trade,

At present, international payments rest on the shocks of gold held by Governments and Central Banks,

supplemented by the holdings of dollars and pounds. If the volume of world trade is to be tied to the amount of gold that can be mined or acquired by monetary authorities, this obviously places a limit on the amount of trade. A further difficulty arises from the fact that since foreign holdings of pounds and dollars are the liabilities of Britain and the U S A, these two countries may be asked to redeem them at an inconvenient time. An alternative is to bring the volume of gold available in line with world requirements by variations in the price of gold. This latter course has been firmly rejected by the Americans who are pledged, as Kennedy so pointed out in his speech to the Fund, to maintaining the present gold value of the dollar.

That the gold exchange standard would do with suitable reinforcements was a view shared by both the British and American delegates to the Fund meeting. But the American scheme for dealing with the world liquidity problem is less ambitious than the British proposal. It concentrates on further development of the system of mutual holding of each other's currencies by major countries.

The Maudling plan

The plan put forward by the British, on the other hand, was a little more far-reaching. Mr Maudling described his scheme as, "An arrangement of multilateral character under which countries could continue to acquire the currency of another country which was temporarily

in surplus in the market, and use it to establish claims on a mutual currency account which they could themselves use when the situations were reversed. Such claims on the account would attract the guarantee that attaches to holdings in the Fund. We hope that such a system would enable world liquidity to be expanded without additional strain? on the reserve currencies, or avoidable setbacks to their economic growth and at the same time without requiring countries whose currencies were temporarily strong to accumulate larger holdings of weaker currencies than they would find tolerable".

Mr Maudling's idea, aimed mainly at aiding the two major international currencies, the sterling and the dollars, is to provide an alternative to the U S proposal by setting up a mutual currency account. Thus, a country which was accumulating pounds or dollars would be able to sell them to the I M F in return for a credit certificate. This credit would not only enable the country to draw on the account freely, but it would entitle the country to use that amount of money in future when its own currency ran into trouble and was being accumulated by other countries. The certificate would also carry a gold guarantee and would protect the holding country against possible risk of devaluation. Such a scheme would reduce the dependence of world trade on the supply of gold and reduce the strain on the main reserve currencies, and, perhaps more important, it would