

Capital View

Food and the Future

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IT keeps on raining. Delhi has never known it to be like this. What all this water means to the *kharif* crop in the north-west is too early to say. Food Minister Subramaniam is making optimistic noises about a 'good monsoon', because he has to (if only to demoralise the hoarders in the towns), but the truth is that everyone is hoping that the rains will abate. Home Minister Nanda, however, is not nearly so confident—or so it appears from his amusingly disguised interest (pugree and goggles *et al*) in the country-wide communist *satyagraha*.

The Communist Party under S A Dangers guidance, has certainly managed to seize the initiative on the agitated food front. Nanda has, of course, helped the process by the unnecessary countrywide arrests of those communists who are leading the *satyagraha*. He will have to release the arrested very soon, probably before these lines appear in print. But Dange's men have scored, because Nanda is panicky.

But What Next?

Dange doesn't quite know where to go from here. He has to do something—or else his former comrades on the left will take over and push the agitation on to more angry levels. A complicated business made more difficult by Nanda's meddling (prompted, no doubt, by the unintelligent in the Central Intelligence Bureau),

Visiting the fair price shops in Delhi, one gets the impression that Subramaniam is right when he says that the worst of the food crisis is over. Prices continue steady, and the stocks are building up. But ask anyone visiting from adjoining Uttar Pradesh, or from small towns in various parts of the country, and you get a very different impression. Something is seriously wrong somewhere. The series of official 'briefings' some public and others private, have not made anybody the wiser.

The country has been told that August and September (and possibly October) will be difficult months, that towards the end of October the new harvest will be in to replenish stocks. Meanwhile, US shipments of PL-480 foodgrains—about two ships a day is

the target if the ports can rise to the occasion—are expected to keep the towns fed, the towns which hold about one-third of India's population.

This is about the most massive food aid operation yet carried out (consuming, according to U S Ambassador Chester Bowles, 15 to 20 per cent of his country's wheat production) and should make us sharply aware of the challenge we face on the food front.

No Passing Crisis This

As we become conscious of these statistics, the grim fact emerges that no matter how good a monsoon this year we are likely to be enveloped by foodgrains shortages during the next several years. Neglected agricultural production, the failure of industry to aid agriculture, apathy about building buffer stocks, a cynical free market in foodgrains and a mounting population have combined to puncture the claim that the present crisis is temporary.

The sooner this fact is realised the better. For, only then can we begin to plan our food supplies in terms of the tasks to be set under the Fourth and Fifth Five-Year Plans, and take the necessary, long-neglected organisational steps.

Some will recall the warnings of the Ford Foundation team which five years ago urged a production target of 110 million tons for the Third Five Year Plan. Others will maintain that our lower targets were relevant, but there is no answer to poor monsoons. Only a few will have the courage to state that the GOI's failure to end the free market in foodgrains and to institute a system of effective rationing in the towns when it was clear that we were depending too heavily on food imports, is the major cause of our immediate predicament.

The failure was almost deliberate. The ruling party was opposed to carrying through a procurement policy, necessarily unpopular in the villages. It feared the repercussions at election time. Yet, without procurement there was no way of securing the supply of food.

And, quite clearly, procurement continues to be the crucial issue even now—that is, if we intend to reduce our unhealthy dependence on PL-480 shipments. To permit the free play of

the market in a period of scarcity is to invite disaster. Subramaniam thinks he will be able to enter the wholesale trade in January. He must first get the Cabinet to approve the idea of a rather rigorous procurement programme—that is, if he wants to ensure success. If the Cabinet sees no other alternative, will the party bosses play ball? After all, election year is not far away—and procurement policies cannot be switched on and off.

Naturally, once procurement becomes a policy issue, all the opposition *satyagrahis* will scream against it! They will, without study or thought, declare that procurement is a weapon to defraud the peasant. This procurement can become if the GOI fails to fix a fair price, fails to provide the incentives which our agriculture badly needs, and fails to hold out a firm promise that impediments to increased production on the farm will rapidly be removed. Subramaniam will have to range over many inter-related problems, many of which his advisers, local and foreign, are in the habit of skirting.

Illiterate Talk

Nothing of these critical considerations finds reflection in the debate now joined on the subject of food. There is illiterate talk of shifting the emphasis from industry to agriculture. There is no proper consciousness of what the repercussion can be of our total reliance on PL-480 foodgrains. There is no attempt to educate a disturbed public, or to galvanise the ruling party to explain the challenge at village level, or to study the experience of other countries similarly placed.

Our thinking' elements are still reluctant to commit to a policy of rationing and State trading in foodgrains for fear that it will create a vast network of bureaucratic corruption. When will they stir themselves to say that the risk has to be taken? We have indulged in far too much intellectual hair-splitting for too long because it is a passport to respectability.

This is really the heart of the matter. When Prime Minister Shastri asks his officials 'to get to grips with vital issues', he should spell them out. If this is not done, the same generalised, meaningless directive is passed

down to the lower echelons who so interpret it as to render it ineffective. We know enough now to accept that no system of rationing or state trading can be without faults; nor, for that matter, are the coldly calculated operations of the free market free from faults!

Then, surely, one of the vital issues for officialdom is to evolve the best possible organisation to deal with the food crisis. Why doesn't Shastri tell them to do so? This would mark a realistic assessment of what has to be done and get the administration geared to an urgent task. In other

words, the groping would end and confidence would revive that Shastri means business.

Meanwhile, Nanda should stop acting as if he were a novice at the Home Ministry. When there is a total absence of short-term and long-term measures to deal with the food crisis, there is little point in using police power against agitated mass organisations. He should be seeking ways of building a united effort at political level to cope with the crisis. Or is this too much hard work?

The future certainly looks forbidding, but the perspective could be

transformed by courageous, coherent action which helps break the apathy of the ruling party, compels it to seize the initiative from groups whose political job it is to exploit this man-made paralysis. Will the leadership of the Congress Party move in this direction or will it prefer the way of all corrupted elites and surrender to the idea of being propped up with foreign aid?

That we have to ask such a question in this eighteenth year of freedom is a measure of the unfulfilled objectives of our struggle to stand on our own feet.

From the London End

Economic Crisis on Election Eve ?

"BRITAIN'S economic prospects, on the eve of the election, look far from rosy judging from the evidence of the latest Economic Review of the National Institute of Economic and Social Research, the latest trade figures and the latest statistics available on production and unemployment.

Many critics felt that there were political overtones in Maudling's last budget and that he was merely putting off the date when measures would have to be taken to cope with the inevitable balance of payments difficulties. The budget, was a deliberate gamble with the election in view. It now begins to look as if an election-eve economic crisis may confront the Government. The National Institute thinks that Britain is building up a payments deficit of no less than £500m this year and a further £350m deficit in 1965. It says quite categorically:

"Towards the end of the year it looks very much as if the Government will be faced with the old dilemma. It must either take measures which deal directly with the balance of payments, or it must deflate and face the prospect of another period of stagnation."

Other unhappy pointers of the economic condition include the weakening of the pound which has reached a new low point for the year. The trade figures are depressing and the August unemployment figures do nothing to alter the view that the British economy is growing only slowly.

To deal with the National Institute Review first. It has now scaled down its estimate of the rate of expansion of the British economy from the 6 per cent of its winter report and 5½

per cent of its spring report to 4 per cent. Indeed, if one reads the report carefully it begins to look as if the Institute (who are by nature liberal rather than conservative) has called into question (by implication) the feasibility of even a 4 per cent rate of growth over the next few years. The long-term rise in the national potential output is estimated at less than 3½ per cent. The Institute finds no evidence that productivity has been rising sharply; indeed it is only growing at the rate it did in the early fifties but the labour supply is expected to rise at a slower rate.

Exports Disappoint

While Maudling takes comfort from the slowing down of industrial production and retail sales, this does not reassure the Institute. In the second half of the year, they expect national output to rise at an annual rate of 4 per cent. Exports may still be rising slowly, but imports are likely to go on increasing at least in line with the rise of national output.

With regard to production, the general view in Whitehall is that the economy continued to expand at a fair rate in the first six months of 1964, settling down to a slower pace in the second quarter. The Institute seems to share this view but, and this is significant, it puts the slower pace of expansion down to the disappointing performance of exports, and this is the crux of Britain's problem. Growth of sales overseas was expected to act as an expansionary force in the economy, but this has not happened.

Three months ago, the National Institute estimated an annual expansion of exports at between 7½ and 8

per cent. That estimate has now been cut back to only 5 per cent—this despite encouraging forecasts from industry.

The Institute now believes that its earlier assumption about the improved competitiveness of British exports must be toned down. "Our share, in world trade in manufactures dropped quite sharply in the first half of this year; and the large influx of imports of manufactures, on a scale if anything exceeding that of 1960, also makes it seem less likely that British goods are really more competitive now than they were four years ago".

Imports into Britain have been rising faster, if anything, during this boom than in the last. What is even more significant is that the special reasons which led to an increase in imports during the previous boom—inadequate steel capacity and the effects of quota liberalisation—no longer apply. Imported machinery which took 12 per cent of the British machinery market seven years ago, was taking 20 per cent of it by the beginning of the year.

In the first half of 1964, Britain's share in world trade in manufactured goods dropped more sharply than at any time since the war. The U K's manufactured exports rose about 2 per cent: (seasonally adjusted) while those of other competing countries rose by 8 per cent. This drop in exports has come at a time when the world situation for exports has been fairly busy. The incomes of developing countries have improved slightly because of higher prices of raw materials—but British exports have not benefited.