speed processes or shortening processes. There is a shortage of trained and disciplined workers. The net result is revealed in some studies made by the US Department of Commerce and the U K Cotton Board: the productivity of the Japanese worker is twice that of the Indian worker, while the productivity of the U S worker is 4½ times better and that of the U K worker 60 per cent better than that of the Indian worker. The market the cotton textiles industry faces abroad is already highly competitive and protective, and likely to become more so. First of all, competition will increasingly be offered by Japan, Hong Kong, Pakistan, and the synthetic substitutes from industrialised countries that appear on the foreign markets. The other emergent countries are likely to protect their own industries. Commonwealth preference seems unreliable since we are just now questioning the advisability of our membership of the Commonwealth. Britain too has been thinking of a joint quota for India, Pakistan, and Hong Kong which will very likely mean greater competition for us within the quota. The Long Term Agreement under GATT has shown few signs of being capable of actually adjusting the pattern of textiles trade to the production possibilities and the needs of the developing countries and of apportioning certain kinds of textiles for export by these countries. We cannot, therefore, bank too much on the L T A meeting in November or on the agreement with Britain. Competitiveness in cost and quality is therefore the only go.

IMF and Developing Countries

THE International Monetary Fund's approach to payments problems of developing countries seems to be changing, albeit slowly, judging by the hints thrown out in the Fund's annual report for 1965. The strongest of these is the Fund's new emphasis on reducing the burden of debt-repayment on the developing countries. It has recognised the grave problem of increasing international debt. Some of the developing countries have approached the Fund to assist in an advisory capacity in their negotiations for refinancing of debt.

The Fund, of course, cannot commit its resources to refinancing of repayment liabilities by the developing countries. Yet it can take a sympathetic view of the balance of payments position of the debtor countries. In this respect the Fund is well placed to study the impact of debt-servicing on their payments position and help them to get the necessary assistance from the aid-giving countries or the World Bank. This surely lends a new dimension to the role of the IMF, and one which shows great possibilities of fruitful exploitation in future. This together with the Fund's scheme for assistance to compensate fluctuations in export earnings from primary commodities could well mark the beginning of a move towards a solution of international liquidity problem which will take into account the needs of the developing countries. The Fund may even undertake to extend medium or long term assistance in some of the developing countries, overburdened with repayments — a line of approach with some similarities to the Stamp and Triffin proposals on international liquidity.

Backsliding on Decontrol?

A Correspondent writes;

THE sentiment in favour of selective and partial decontrol has never been very strong in official circles. The conflict with Pakistan has led to second thoughts about the advisability of partial decontrol of cement, which the Prime Minister had announced last month. It was made quite clear that Government would continue to get its requirements at controlled rates but whether these would be the same as at present or somewhat higher was not specified.

A, shortfall of as much as 5 million tonnes in both capacity and output in a basic commodity is not something to be dealt with leisurely nor is it something which can be left to narrowly circumscribed bureaucratic thinking. Cement had not received till recently the priority attention it deserved in terms of prices, tax concessions, financial assistance and realistic industrial licensing. Prices were kept below adequately remunerative levels, tax concessions were no more than for other, including less essential, industries and they were often difficult to utilise owing to insufficient profits, financial assistance threatened to create problems of servicing and the units which could expand quickly were given licenses only with great reluctance. Over the last few months some relaxations have been effected: the controlled price has been raised to offset cost escalation, development rebate and excise concessions for larger output have been extended at the maximum rates, licensing has become more realistic and assurances of adequate finance have been given. All these are moves in the right direction but, to make full use of them, the industry must have adequate owned funds and these can hardly be raised or built up without better prices and more flexible distribution arrangements.

There is no justification for denying cement the treatment which has been extended of late to pig iron and most varieties of steel with considerable success — and easing of tensions all round. The emergency has in no way taken away the basis of the argument for cement decontrol. Rather the contrary. More cement is required more urgently than ever before. It is idle to pretend that the public sector Cement Corporation will achieve the desired increased production at or around the present controlled prices. Its costs, when it goes into production, are hound to be higher than those of existing units due to higher prices of equipment and other initial expenditure. So long as all defence and other high priority requirements are met by the industry at regulated prices and 'as a first charge on output — and these may well come to one-half or two-thirds of total production — decontrol will not endanger price stability, *De facto* price increases and serious delays in projects caused by acute cement shortages have, on the other hand, already manifested themselves and would become more obvious if New Delhi chooses to remain hide-bound. The risk of partial decontrol is definitely worthwhile.

LETTER TO EDITOR

More on Foreign Policy

MAY I have your indulgence in replying to your editorial comment on my letter that you published on September 4?

I am not, repeat not, part of the Indian Establishment and do not feel called upon to defend what is not defensible. I could not agree with you more that our haste to embrace Malaysia was "unseemly". This is not to justify President Soekarno's reaction, but simply to state that it was not in keeping with the "wait and see" attitude that T have been championing. I am also in total agreement with you that there must have been "some contributory negligence" on India's part which could account for our "present alienation from the three most populous nations of Asia". Nowhere in my letter did I beat the jingoist drum that India is always right.

Having said that, may I point out to you that India has done more for seeking the friendship of "the three most populous nations of Asia" and