

for the lack of adequate and up-to-date statistics. The Food Commissioner himself admitted the paucity of reliable data in the agricultural sphere; but it is equally essential that India should strengthen her statistical organisations in all other directions as well. Then a detailed and scientific study of our population problem, somewhat on the lines of the inquiry recently held by the Royal Commission on Population in the United Kingdom, should be urgently undertaken,

Against considered advice from the Finance Minister, India's constitution-makers thought it fit to peg the upper limit for the tax payable on profession, trade, calling or employment by a person to the State or the local authority as high as Rs. 250 per annum. It might be noted that under the Government of India Act, 1935, the corresponding figure was Rs. 50 per annum. An untoward result of the present provision will probably be that the provinces or municipal boards, pressed by financial stringency, may gear their employment tax rates to the highest level permissible under the Constitution. It is, therefore, feared that a proportionately higher burden will fall on people in lower income brackets. An

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assessee with an annual income of Rs. 7,000 a year has to pay, under the existing scales, about Rs. 250 per annum as income-tax. Under the new Constitution, he can be compelled to pay, in addition, another Rs. 250 per year as employment tax. Thus while employment tax will have the effect of doubling taxation on persons with an income of Rs. 7,000 a year or below, the comparative burden on people with higher incomes will be less.

After the Constitutional Adviser, Sir B. N. Rau, had delivered an illuminating lecture on the provisions of the draft constitution to members of the Indian

Council of World Affairs, he was asked why "pilgrimages to places beyond India" had been mentioned as one of the subjects in the Union List. Before Sir B. N. Rau could clear his throat, Pandit Hriday Nath Kunzru replied that it was to protect Hajj pilgrims. This was the signal for the inquisitive member of the audience to be back on his feet. How was it, he demanded, that the extension of facilities to Hajj pilgrims from the taxpayer's money went well with the secular character of the Indian state? The Constitutional Adviser's official answer to the query was a broad smile.

From The London End

The Unrequited Exports To India

Oxford, August 8.

FAR AWAY from the maddening confusion that is London, I have the feeling that the Bank Holiday week has been on the whole, quite an uneventful week. True, the holiday makers had to scurry buck home when in mid-week the delightful weather broke. True also the tobacconists are getting more unpopular than ever, putting up too many "No cigarettes, please" boards, this week cigarettes being in very short supply. But what are these compared to the dock strike and the dollar crisis? All that is ended at any rate, is in abeyance. The Parliament has gone into recess, and the Steel Bill has been sent back to Lords, with a cryptic warning from the Commons that the noble peers should disabuse themselves of the notion that nationalisation of steel should wait

till the next Parliament is elected. Some of the ministers are collecting their shattered nerves far away from Whitehall and Westminster; others are entertaining themselves at Strasbourg, though they proclaim they are on serious business, to wit, the Conference of Europe. Is it strange that the country should find itself in perfect holiday mood, especially when the sun is shining so bright, and the trains are running to time?

But this air of abandon and good cheer has something peculiar about it. It is somewhat like the quiet Oxford enjoys when there are no undergraduates about. One knows it cannot last; in fact, one should perhaps not feel quite happy if it lasted very long. But quite apart from that, behind this facade, Oxford contains men and women who are

grinding away at research and what not—men and women who largely supply the grist to the mill called 'undergraduates' during term time. For them, this is mere breathing space. They are looking ahead, pushing the frontiers of knowledge and blazing a trail for those who will follow them shortly. To such persons, all this quiet and respite means just what they are—a bit of breather to help them brace for yet another hectic period. Much the same is true for the country at large—at any rate, for those in charge of policy-making. It will be some time before Parliament reassembles, or even before the full Cabinet meets. In the meanwhile, a host of unknown experts keep track of the trends, note sectors where strains and bottlenecks are developing, and measure as best they can all developments. It is their job, for instance, to watch the 'gap' and warn the ministers. And they have succeeded in reminding both the ministers and the people—ever so gently, but quite definitely—that the 'gap' is not playing the game. Bank holiday or no bank holiday, it threatens to keep going. To the holiday makers, it is a mere whiff of a cloud, not wider than the palm of the hand, exceedingly small! But out of a cloud emerged the Deluge; and far away in Switzerland, Sir Stafford should be wondering what his Ark shall be made from. He has a perilous voyage to make next month; and one keeps on wondering, can he emulate good old Noah and survive the Deluge?

The Indo-British sterling agreement concluded recently has aroused varied comment. For one thing, India's offer to cut her dollar imports by 25 per cent if the other members of the Commonwealth did the same has been interpreted as yet another sign of

her desire to make the Commonwealth a success. It has given not a little satisfaction to various people for various reasons. But at the same time, the increase in sterling releases for the next few years has given rise to a good deal of grumbling. Writing in today is *News Chronicle*, Mr. Oscar Hobson puts the grouse clearly: "Comment in the City yesterday of the new financial agreement with India was anything but favourable. The net upshot of the arrangement seems to be that India secures a total release of some £300 million over the three year period from July, 1948. I have never held the view shared by many economists and a few City authorities that these balances should have been rigorously blocked until some formal agreement involving partial cancellation and partial funding . . . had been negotiated. But I am bound to say that the present arrangement goes much too far in the other direction." Mr. Hobson points out that some of the clauses in the Anglo-American Loan Agreement were "unworkable" and "had perforce to be ignored" but, he goes on, "surely we are nevertheless under some moral obligation not to make excessive releases to one particular creditor, to the detriment of others."

It is, of course, inevitable that the mere mention of India's sterling balances should raise questions of "moral" obligation. Back of all this lie two solid facts. Firstly, a large section of the intelligentsia seriously believes that Great Britain has no moral obligation to pay in full India's sterling claims—for, after all, "We defended India against the Japanese". It is difficult to appreciate the strength of this belief, and the influence it has in this country. Then there is the second fact which probably has a lot to do with the first. Paying India means

that Great Britain has to devote more of her resources for the manufacture of "unrequited" exports—that is to say, exports which do not *earn currently* any foreign exchange and thus pay for an equivalent amount of imports. On the other hand, the less U. K. has to pay in lieu of accumulated sterling balances, the more resources she can divert for earning dollars. That is really the crux of the matter.

And it is because of this basic economic *hiatus* that all sorts of moral arguments are put forward. One of them which Mr. Hobson adds is particularly interesting. It is that the rate at which the sterling balances will be released according to the new agreement benefits India at the cost of other creditor countries. This is once again an illusion arising from the size of releases. It looks big because India's share in total sterling balances is so large. Moreover, part of the release secured by India passes on through other agreements to countries participating in the sterling area arrangements, like Pakistan; this in turn reduces the demand for greater releases of sterling by these countries. Of course, when India does such a transaction, she is criticised for doing it, by *The Economist* for instance!

What is most intriguing about it all is that, by agreeing to cut her dollar demands by 25 per cent India has per force to claim more sterling accommodation. The U. K. cannot "morally" claim to have it both ways. She cannot both ask India to draw less on the dollar pool, and not draw more on her sterling resources. But that, we are told, is the only way we can save ourselves. One is almost tempted to exclaim, "Oh, save us from our friends and well-wishers!"