

organisation of these institutions, particularly the SFCs.

One interesting point in this context is the proposal that the IDB would also guarantee the underwriting obligations assumed by the other institutions. This appears to be an altogether new dimension in industrial finance and is comparable in some ways to re-insurance by insurance companies. It means, in effect, that the institutions can undertake underwriting operations beyond their available resources, presumably upto their 'drawing' limit at the IDB window of the Reserve Bank.

One major deficiency in the IDB's set up as envisaged at present, however, is the absence of any reference to foreign exchange resources. The World Bank will not lend to it because it is in the public sector, and the US makes no secret of its unwillingness to help in the proliferation of institutional borrowers. True, this handicap is not so crippling as has been made out, but it does detract from the superior role which IDB is expected to assume.

It is the new fields and new stan-

dards of constructive and imaginative endeavour" which are still left conspicuously vague. The Finance Minister has described the security and margin requirements of existing institutions as too onerous, and alleged that most enterprises turn to them only as a last resort though towards the end of his speech, he also castigates promoters for placing excessive reliance on these institutions instead of mobilising the support of public investors. He expects the IDB to judge the safety of its investment in terms of the soundness of the projects and the capabilities of those implementing it and hopes that IDB assistance in turn will inspire public confidence in the soundness, reliability and profitability of projects. Something to this effect was also said in connection with the ICICI but its operations (*albeit* with smaller resources) have not been noticeably different from those of the IFCI. The free rein and the practically unlimited Reserve Bank backing given to the IDB might do the trick—or it might not. The initiative and imaginative capacity of any institution depends after all on the qualities of those who guide and manage it.

what has happened in the Sino-Indian border dispute, and will be able to exercise some influence on those African States still neutral on the issue. Again, India and Ceylon will be able to discuss relations and sort out some of the snags in the skein. Britain, as usual, has a crop of troubles, almost all relating to its membership of NATO rather than the Commonwealth: Malaysia simmers, Aden bubbles, Cyprus froths and British Guiana positively boils, without mentioning British, Indian and Canadian involvement in the Laotian cauldron, or Pakistan's seesaw with China. Kenya, Uganda, Tanganyika have problems of federation to consider and, individually, domestic security; Kenya also faces Somalia, and Tanganyika is still trying bravely to digest Zanzibar, bones and all. The issue of Southern Rhodesia will demand universal attention, although it is unlikely much will be done since Ian Smith holds the effective initiative at the moment. Ghana will want to press home on South Africa, and the West Indies will worry about each other, and particularly Guiana and Cuba. Australia and New Zealand lie doggo, with, however, a more than academic interest in what happens in Borneo or Laos.

Commonwheeling

PLATITUDES apart, does the Commonwealth exist? It often seems that its ability to survive is an inverse function of its usefulness to its members. Like old soldiers, it will not die but perhaps one morning the world will wake to find the mirage, invented to sweeten the pill of imperial surrender for the British Tories, faded away. For, the interests of its members have increasingly diverged (rightly so, demonstrating their real independence), and the former economic base, British aid and trade in a much poorer world facing a slump, is already too negligible in itself to nail divergent loyalties with hard cash. The long-term changes in British industrial structure, like those in other developed countries, have shifted the weight of its trade and interests away from the underdeveloped. The old Tory radical vision current in the interwar period of a vast multi-racial enclave, autarchic, autonomous, and a self-sustaining third force between the United States and Soviet Union, has accordingly evaporated in the hard bright light of the affluent sixties. British application to enter the Common Market and the restriction on Commonwealth immigration (but excluding, of course, non-

Commonwealth Irish), both passed by a Tory Government, are but signboards along the way. It is now no longer high heresy in Britain to question the usefulness of the Commonwealth at all. As in so many things, the Labour Party is stuck with the past, in this case the Tory interwar ideal for the Commonwealth, to cover its complete lack of any alternative to joining Europe. With admirable realism, both India and some African states (notably Nigeria) are tackling the question of reaching a *modus vivendi* with the Common Market that explicitly acknowledges the importance given the Commonwealth.

Not that a Commonwealth without Britain is inconceivable, but it is a little improbable. Nor is it likely that these broader questions will (or even should) concern the meeting of Commonwealth Prime Ministers in London beginning on July 8. There is at the moment enough meat on the bone to keep everyone chewing happily for a week without questioning the actual bone itself. Most important, India and Pakistan will have a chance to meet and discuss whether there are real grounds for a rapprochement. Inevitably, also India will have to report on

But the significance of the meeting in all those areas where something might be achieved is really in the possibility of small group discussions rather than a full Commonwealth gathering. None of the Commonwealth countries can change British foreign policy in essentials, and *vice versa*. The problems involved are not in any way specifically related to the Commonwealth or ones on which the Commonwealth, *qua* Commonwealth, can contribute any collective answer—any such attempt would be indignantly rejected by those with an interest in the problem (unless the answer merely supported them). All participants retain primary loyalty to bodies other than the Commonwealth—NATO (and SEATO), the Belgrade powers, the Organisation for African Unity. It is sometimes suggested that the function of communication between ultimately irreconcilables is the key justification for the Commonwealth, but this merely repeats the old myth that problems of politics are really questions of adequate communication.....if only you can get all the right people round the table, the problems all dissolve. In fact, what communication there is in the Commonwealth could rapidly be recreated, and much more cheaply, within the United Nations.