

Gandhi, Bhutto and Bandaranaike: Running Hard, but...

W. Howard Wriggins

So you think America had a troubled winter? Striking truckers, gasoline shortages and long lines at the pumps, food prices up 30 per cent and a President in deeper trouble than any President since Andrew Johnson and Herbert Hoover.

But suppose your constitution was only a year and a half old and your political system seemed to depend mainly on the art of one adroit and very energetic man. Or that the political coalition which alone could provide some inclusive national direction was eroding, leaving only splintered, regional parties as a plausible alternative. Or that economic resources were becoming so scarce that wherever policy-makers turned they found a nearly empty barrel.

Suppose that on top of these difficulties you suddenly had to commit 40 to 50 per cent of your foreign exchange for petroleum products alone, and still had to devote perhaps 25 per cent to food imports, and another 25 per cent was already mortgaged to pay past debts. And that you were uncertain that you could import sufficient machinery and industrial raw materials, and fertilizers, which alone give promise of insulating your growing population from the risks of uncertain rains. That is roughly the position of South Asian countries in 1974, the problems being distributed with some variation in India, Pakistan and Ceylon.

In India Mrs. Gandhi's support has eroded further from last year (cf. previous report by Howard Wriggins, "India, Pakistan and Bangladesh," *Worldview*, May, 1973). Indeed, the Government is so hard pressed by a series of short-term by-elections that it has little time, thought or resources for dealing with more fundamental

political and economic problems. After Indira Gandhi's stunning electoral sweep in 1970, her Party housecleaning and the military victory over Pakistan in 1971, few dared challenge either her in New Delhi or her lieutenants in most states, and many hoped that, with a strong government at the center, at last India's problems would be attacked with vigor. In 1974, however, the old Congress maladies are again emerging in a number of states—fragmentation and acute personal and caste/communal rivalries. The economic margins within which the Government is constrained to move are also narrowing.

A by-election defeat in January in Bombay, a narrow electoral victory in Uttar Pradesh in February and rural unrest in Gujerat illustrate the difficulties.

It is unfair and misleading to imply analogies between the sources of Mrs. Gandhi's difficulties and those which beset President Nixon, for there is little to suggest that she has overstepped the bounds of what is normally accepted in Indian public life. But as his position was further eroded by a Republican defeat in Vice President Ford's old and safe constituency, so Mrs. Gandhi's position is in part measured by the results of particular by-elections.

In Bombay, Mrs. Gandhi's Congress Party lost an important contest. Muslims and Harijans (Untouchables) normally support the Congress Party as their best hope, but this time both appear to have defected in large numbers. Muslims were angered by some Congress electoral alliances with Jan Sangh, the ardent Hindu party, and Harijans were embittered when the local police, responding to higher caste pressures, gave a hard time to the Dalit Panthers, a Harijan activist group. Economic trends pressed hard upon the most disadvantaged in the city. It is now an open question whether these two numerous minority groups will turn

W. Howard Wriggins is director of the Southern Asian Institute at Columbia University.

against Prime Minister Gandhi elsewhere.

India's largest state, Uttar Pradesh, containing some ninety million people, held a by-election in February, and although this is her home state, the state of the Nehrus, and many of India's most prominent nationalist leaders, Mrs. Gandhi won by only a narrow majority. In Uttar Pradesh she held her much reduced majority only after making a special effort to bring scarce food grains, textiles, cooking oil and kerosene into crucial constituencies. Her problem now will be to assure that her narrow victory is consolidated by her followers, who must reshape a divided Congress structure and demonstrate a capacity to grapple with India's enormous economic difficulties.

Shortly after the defeat in Bombay, these difficulties were harshly exposed in the neighboring state of Gujerat. Even though the crops were good this year and everyone knew that the farmers' bins were full, here, as in many parts of India, food grains have been scarce in the shops. An effort to short-cut the profiteering middlemen had led the Government to take over food grain procurement. Though at first popular with the city voters, the program backfired because Government departments were already overburdened, and the Government procurement price was set so low that farmers preferred to wait for black-market buyers who came directly to the farm and paid substantially higher prices. Many also believed that high food prices were linked to corruption among local Congress Party leaders.

Opponents of Mrs. Gandhi used these grievances to mobilize protests. Disruptions went further than the politicians intended, and the army had to be called in. In the end the local Congress leaders were forced to resign. These developments were all the more remarkable, since, apart from the industrial city of Ahmedabad, Gujerat has a reputation for being one of the more orderly, peaceful states.

Quite apart from the by-elections there is a growing disenchantment with the "Nehru compromise." Ever since this unusual coalition of political forces was put together by Gandhi and Nehru it has been the foundation of the Congress Party's strength (much as FDR's coalition was the strength of the Democratic Party until the late 1960's). The coalition brought together intellectuals, bureaucrats, businessmen and peasantry. Urban intellectuals, articulating a "socialist solution," generated an ideology that stressed government-directed investment for development and a push toward greater equity in a highly inequitable society. The "neo-Brahmins" of the bureaucracy, inheritors of the traditions of the Indian Civil Service, saw their own scope for responsibility enlarged by such development policies. Private businessmen, large and small, welcomed government-sponsored investment, for it

promised to provide an expanding market for their own highly protected industries, particularly in the major coastal states where ethnic minorities, often non-Hindu-speaking, found their base for dynamic and profitable operations. The upper and middle peasantry provided the armature of Congress Party support in the countryside; and the humanism and explicit toleration of the Congress Party, compared to the more caste-bound and sectarian religious parties, gave hope to India's religious minorities and the most downtrodden.

These multiple interests often diverge and sometimes conflict. Since before Independence they have



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generally been held within the capacious Congress Party system. More recently, however, expanding education, increased politicization and a population growing at some 2.5 to 2.6 per cent per year have been matched by popular demands. At the same time, as a result of the slowdown in economic growth, available resources have failed to grow commensurately. Steps taken to please urban supporters, such as nationalizing food grain procurement, antagonize Mrs. Gandhi's rural followers and overburden the bureaucracy; an inability to tax prosperous farmers intensifies rural class tensions. A number of issues based on caste and ethnic differences give strength to local opposition parties. This formulation is too neat to describe adequately the incredibly intricate Indian political situation, but it does suggest that fundamental political difficulties are for the first time forcing their way to the surface.

On the economic front, agricultural production generally, beset by two years of drought in some areas, has not yet returned to its earlier record level of three years ago, although this year's outlook in most areas is promising. Industry, however, has also been lagging. In 1971, for example,

the industrial sector grew only 3 per cent over 1970 as compared to a 4.8 per cent growth the previous year and a 7.1 per cent growth the year before that. It seems likely that real per capita income in India has actually declined during the last two years. Price inflation accelerated from a rate of 8 per cent growth in 1972 to some 20 per cent in 1973. As they do in most countries, the official price figures are likely to understate the rise in prices.

A number of considerations help explain this sluggishness. Foreign exchange is scarce because of a gradual decline in India's terms of trade; there has been a drop in foreign assistance; and India has made an effort to diversify her external market and to pay for her arms by heavy shipments of finished goods and primary products to the Soviet Union. As a consequence, India's authorities must husband their foreign earnings in part to provide a cushion against an unexpected food grain crisis and to meet debt obligations amounting to some 25 per cent of annual earnings. These constraints limit the machinery, spare parts, fertilizer and other agricultural inputs the economy can import, seriously dampening economic activity.

But domestic difficulties are also obvious. Effective demand is bound to contract when extensive drought afflicts a country that is 85 per cent rural. Defense production costs are thought to absorb substantial resources. The bureaucracy is weighed down by too many detailed decisions and onerous administrative responsibilities. Some hold that important ministers are unduly cautious, preferring to defer decisions than to make hard choices which might anger Mrs. Gandhi. State legislatures are reluctant to tax the most prosperous farmers, for they retain control in most state capitals. This favors the rich, leads to heavier tax burdens on the small but potentially dynamic industrial sector and leaves the Government with insufficient resources for development investment.

On top of these political and economic difficulties, India's import bill has been drastically increased by the quadrupled cost of petroleum imports.

In Pakistan Mr. Bhutto is no longer the acrobat, precariously poised up there on the high wire; he is now the ringmaster in the very center of the tent. By means of a remarkable high-energy performance, he has held his fragile rump state together through the first hard year and a half of its existence. An admirer of Sukarno, he has performed as a "solidarity maker" par excellence, leaving the nitty gritty of economic management to his hard-pressed civil servants. A constitution which sets some of the parameters of politics has been widely agreed upon: he himself, his style and his high demands for deference and conformity are setting others.

He has won support by a number of populist

moves. He has tackled the large business families—who made such a good thing out of Ayub's policies of industrialization—by nationalizing key textile and other domestic enterprises. This has been popular, but it has inhibited further domestic investment. He has humbled the former élite Civil Service of Pakistan, firing some prominent figures who had a reputation for corruption and opening up higher grades to those lower down who hitherto had been blocked in their promotions. The departure of the Bengalis has opened jobs he can now fill with supporters, cementing the loyalty for a time at least of the new incumbents and their extensive families. These measures also bring fresh winds into the upper bureaucracy. But one must ask if political favoritism, nepotism and more obvious corruption will in time undermine the effectiveness of the bureaucracy.

Bhutto has also loosened up the rigid structures of Pakistan's universities; younger faculty members have a sense that there are new opportunities for creative innovation and even some serious scholarship, activities that were at severe discount under the Ayub regime.

Bhutto has also coped with three major problems of Pakistani morale. Pakistanis were faced with the horrifying fact that nearly a third of their army were jointly held by India and Bangladesh as POWs. He managed to play public sentiment with sufficient adroitness so that popular patience permitted him to wait for over a year until Mrs. Gandhi and Sheikh Mujib were prepared to return the POWs without Bhutto's conceding anything substantial.

Second, it had come as a shock for people in West Pakistan to learn in 1971 that their Muslim brethren in Bengal did not want to remain within the country. If Bengalis, who represented the majority in the original Pakistan, refused to be part of the country, how could we Pakistanis claim to have created a homeland for Muslim brethren? Some even found themselves asking the unthinkable—why Pakistan, after all?

The Islamic Summit meeting in Lahore in February helped deal with this problem. It reconfirmed for Pakistanis the Islamic legitimacy of the original idea of Pakistan. It demonstrated to Pakistanis that they were not simply part of the subcontinent, where, after the defeat of December, 1971, India now loomed larger than ever, but part of something much larger. The wider Muslim community came to Lahore from as far away as Morocco in the west and Indonesia in the east.

Thirdly, the Lahore meetings provided the external conditions which permitted the recognition of Bangladesh. Even the most ardent antagonist of Sheikh Mujib and of the "Bengali traitors" could not protest Bhutto's articulation of what the assembled Muslims wanted. And finally, Lahore presented a perfect occasion to challenge the oil-producing Muslim countries, forcing them to consider the plight

of their poor cousins who had no such riches. These early moves and the Lahore summit have confirmed Mr. Bhutto's domestic standing.

In considering the present circumstances of Mr. Bhutto and Mrs. Gandhi it must be said that in South Asia, as elsewhere, political leaders who are newly in power have a margin of time before the tide of nearly overwhelming problems erodes their footing. Mrs. Gandhi, after all, has been at the helm since 1966; she faced four years of near stalemate before she came to power in her own right in 1970; her popular following was at its height during and after the 1971 war. Since then she has been beset by two years of drought, leading to severe food shortages, and the economic costs of the successful war.

By contrast, Mr. Bhutto's near-magical political performance has not yet suffered the erosion that seems likely in the next year or two. For beneath Mr. Bhutto's apparent political success lie intractable difficulties. Pakistan is hardly yet a nation, nor does it have civilian political institutions with the resilience and acceptance that India's still retain. Pakistan's four major ethnic communities remain self-aware and often mutually competitive.

The Punjab is the heartland of Pakistan, representing over 50 per cent of the population. Punjabis predominate in the army, in the public service and in the great irrigated plains of the agricultural Punjab breadbasket. Sindhis fear the overflow of energetic Punjabis into their scarcer irrigated land in the middle Indus valley. Language riots in Sindh last year suggest an underlying resentment against the Urdu-speaking refugees from India who still dominate in Karachi business, even if they have lost much of the political influence they wielded before the capital moved from Karachi to Islamabad in the 1960's. In the Northwest Frontier Province and in Baluchistan many local leaders appear to be unrecconciled to the way Prime Minister Bhutto unseated two governors who were too responsive to local Opposition parties and replaced them with men more pliable to his will. The problem of the frontier provinces has been exacerbated by abrupt political changes in Afghanistan.

In the summer of 1973 a coup d'état in Afghanistan replaced the king and the ineffectual elected parliament. The former Prime Minister, Mohamed Daud, who took power, had been in charge between the mid-1950's and 1963. At that time he concentrated on building up the army with Russian assistance and on laying in an infrastructure of roads, hydroelectric and flood control dams and airports with U.S. and Soviet help. These were the first-order priorities in nation-building. Daud also sought to absorb into Afghanistan the Pushtoo-speaking peoples living in Pakistan. Perhaps half of them are to be found south of the Afghan-Pakistan border, the



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balance in his country. If the Pushtoo-speaking people could be united under Kabul, Afghanistan's territory would nearly double; Kabul would have virtually direct access to the sea, and Pakistan, the major impediment to this dream, would be reduced to nearly half its present size. It was Daud's intense activity on behalf of Pushtoonistan that led to impasse with Pakistan in 1961 and his overthrow in 1963 when the monarch himself took direct control.

The Pakistanis understandably looked on Daud's return as a serious threat to order and stability in the frontier provinces. And these anxieties may well have contributed to Mr. Bhutto's stern measures to consolidate central control there, though many question the wisdom of cracking down as hard as he has. In Kabul, however, there is a good deal less conviction that Daud is still hell-bent to achieve Pushtoonistan.

The Pakistanis see the hand of Moscow in the Afghan coup; but observers in Kabul remain skeptical, believing there were more than sufficient signs of internal ineffectualness to explain the impatience of Daud, who is determined to drag Afghanistan forward—in his own way—into the twentieth century. His coming to power, however, has only contributed to Islamabad's anxieties.

Pakistan still has virtually no civilian political structures or practices to provide established ways of expressing popular interests or even criticism of the regime, nor are there foreseeable ways of ensuring legitimate continuity should anything happen to Mr. Bhutto. Intimidation, familiar enough under Ayub's rule, is reported to be reviving; certain associates of Opposition leaders have suffered serious, and in some instances lethal, "accidents"; exaggerated expressions of deference appear to be *de rigueur*. Those who go along with the regime are well-rewarded—so long as there are rewards to distribute.

Yet rewards are limited and, as President Ayub discovered, enforcing undue conformity may result in the leader's being grossly misled by his most loyal subordinates. There is, therefore, a brittleness in Pakistan's political order which has yet to be tested. Will the army remain quiescent after a year and a half of humiliation? Will demobilized soldiers accept the life they will find in rural villages, where contrasts between landlord and peasant are as marked as anywhere on the subcontinent? Will the proletariat passively accept the dramatic contrasts in city standards of consumption?

Despite—or perhaps in part because of—the political ingenuity of the Prime Minister, there is sluggishness in Pakistan's economy. The Bhutto regime was lucky during its first year, for foreign-exchange earnings were better than anticipated. The world market prices for rice and cotton were over three times recent levels, and Pakistan had surpluses of both to export. The separation of Bangladesh released substantial quantities of Pakistani textiles for sale in the world market and a sharp devaluation made them highly competitive.

On the other hand, severe floods in the early autumn absorbed most of Pakistan's development investment budget for this year. Since the politically popular nationalization of selected industries at the beginning of the regime, and a number since then, private industrialists have not been investing in productive enterprises. As a consequence, the base for further diversification is not being expanded. Inflation besets Pakistan as well as India, food prices have risen sharply over the last year, civil service salaries have not kept pace, resulting, it is said, in increased corruption. On top of these economic difficulties and dubious prospects, the oil-producing countries have quadrupled their prices.

In Sri Lanka, as Ceylon is now called, economic growth has been so limited for the past two years that there is probably a per capita decline, certainly for city dwellers. Since the 1971 youth insurrection, the country has materially tightened its internal security. Government offices are now heavily policed, and important ministers travel with a bodyguard. The newspapers are less critical than at any time in the past, in part because a serious newsprint shortage has cut their column inches, and a government department can now decide which papers shall receive newsprint. More important, government influence over the major newspaper chain is now so well-established that the once highly critical and often sharply partisan *Daily News* is jokingly referred to as the "Government Gazette."

Economic conditions are no better than a year ago. To be sure, world prices of rubber and coconut have been stronger, and exports of rubber at least have held up. But a combination of bad weather and the uncertainties of new land reform legislation have

curtailed coconut output so that there was little surplus to export this year. The inflation in world food prices has meant such a sharp increase in the country's food import bill that the Government virtually repealed the costly food subsidies which have bedeviled previous governments ever since the slide in Ceylon's terms of trade began in the mid-1950's.

By the draconian "October Laws," Mrs. Bandaranaike halved the free rice measure, raised the price of bread by 70 per cent, rationed flour and authorized an 80 per cent jump in its cost. (Rice, which on the market stood at Rs.2.08 per measure in the autumn of 1973 and was moving further up by January, had been merely 48 cents per measure in 1961 and 58 cents in 1967.) These were bold steps on her part, particularly when it is considered that the "price of rice" has been a key issue in every election since Independence, a government was overthrown in 1952 on just this issue, and a Minister of Finance was fired from a Cabinet in the late 1960's when he tried to impose similar measures.

That she managed these austerity measures is attributable to four circumstances. Major trade union leaders are in the Cabinet, and one of the most distinguished is Minister of Finance, so that the trade unions were held in line; security has deterred the kind of agitational protest present Cabinet members used to organize when the subsidies were previously threatened; the newspapers played down the difficulties; and, it is held, near simultaneous legislation calling for strict land reform designed to divide unduly large tea, rubber and coconut estates helped to make the rigors of the new measures popularly acceptable by those severely hit—the common citizen. For the first time since the Government came in, it appeared to have gained a margin of resources to direct toward more systematic development investment. Two months later, the price of the country's oil imports quadrupled, wiping out at one stroke all the elbow room the Government had so laboriously gained by politically risky austerity measures—is there *any* justice in the international market?

There are three other innovations deserving mention. In the first place, a new constitution introduced last year gives the present Government an eight-year lease on life, since the constitution was accepted in the third year of its incumbency and provides for a five-year term from May, 1972, when the constitution was ratified. The new constitution severed Sri Lanka's links with the British Crown and eliminated the virtually powerless upper house, the Senate. It weakened the exclusiveness and protected status of the public service and strengthened the hand of the central government by virtually abolishing judicial review of administrative actions and eliminating guarantees of private property. The constitution was widely discussed for many months and represents a considerable consen-

sus. The Tamil-speaking minorities, however, resent what they consider to be insufficient constitutional protection for their language and career interests. The United National Party opposed the diminished autonomy of the judiciary and what they consider to be inadequate protection for private property.

Subsequent legislation has given the Government immediate powers to break up individually owned estates if they are over fifty acres. Since there is to be no judicial appeal when a particular estate is ordered divided, and since land is one of the most coveted sources of income, social status and local political influence, many expect political judgment to play a very important role in the decisions to acquire specific land. This appears to some critics to be another way the Government has of ensuring its own continuity. Whether the proposed arrangements for reformed land ownership and operation will produce larger crops remains to be seen. But it is quite clear that smaller holdings will lead to a more equitable distribution of income.

A second innovation concerns the way the Administration is functioning in rural areas. There has long been opposition to the highly centralized structure of the Administration, and elected parliamentarians complain that it is unresponsive to local conditions. If the M.P. is neither a minister nor personally close to a minister, he has few ways of influencing the general rules as applied to his constituency. In an effort to meet both these difficulties a new office has been established in every District, called a Political Authority. The local elected representative, the M.P., now has an office at the center of his electorate, next to the administrative official, who until recently has been the coordinator of all government activities in his District. Each of these Political Authorities is linked directly by radio to the Prime Minister's Coordinating Secretariat in Colombo.

The first focus of activity for this new structure is an urgent Food Production Drive. During the past two years bad weather slowed rice output and dramatized Ceylon's continuing dependence on food grain imports, which still absorb some 25 per cent of her foreign exchange expenditures each year. The abrupt rise in the world price of rice last year shocked the Government into reverting to the active emphasis on food grain production which had characterized the United National Party's time in office. Agricultural specialists on the island are hopeful that with energetic official sponsorship Ceylon once again can produce a higher proportion of its total food requirements.

This renewed interest in the Food Production Drive has been linked to a third significant political innovation. During the past six months the Prime Minister's three children have begun to play a role in public life. Her daughter, Sumethra, has been named the Coordinating Secretary for the new Po-

litical Authorities. In effect, then, a new arm of the Prime Minister's office has been established in every rural district. This will help inform the Prime Minister about what is needed to accelerate the Food Production Drive, and it will strengthen her position in dealing with her administration and with local political influences, both those that work in her favor and those who might otherwise oppose her. Mrs. Bandaranaike's son, Anura, is also emerging. As yet his political bent is not very clear, but, like his father before him, he is publicly critical of what his parents have stood for politically, a posture likely to attract younger and more impatient support. He is undertaking specific political chores and will be learning the political ropes. The second daughter, Chandrika, has been assigned the duty of Settlement Planning Officer, concerned with land settlement.

In thus promoting her children into positions of prominence and potential responsibility, Mrs. Bandaranaike is merely following local precedent begun by the elder D.S. Senanayake forty years ago. After all, the first Prime Minister was succeeded by his son Dudley Senanayake and then by a nephew; and Mr. Bandaranaike, leader of the major alternative party, was succeeded by his wife. Thus, Sri Lanka has had either a Senanayake or a Bandaranaike as Prime Minister ever since Independence, with only two exceptions. It is no accident that the youthful Bandaranaikes are being groomed for public office by apprenticeships in the agricultural and land reform sectors. These are the subjects which Dudley Senanayake began work on forty years ago. But there are now voices heard suggesting that what was appropriate for Dudley Senanayake before Independence may not be right for the mid-1970's. And it is probable that some of Mrs. Bandaranaike's coalition colleagues are wondering whether they really want to sit by passively and watch possible opportunities for *their* followers being preempted by the Prime Minister's children.

All three of these countries—India, Pakistan and Sri Lanka—face serious political problems. In all three, economic margins are narrowing and economic burdens on the people are



becoming increasingly harsh: Food prices in all three have risen sharply; in all three a larger proportion of the educated are likely to face prolonged unemployment; rates of GNP growth per capita have leveled off, and investment likely to lead to a new surge of growth over the next five years is nowhere likely. In all three, though complex domestic inhibitions place a drag on economic growth, foreign exchange earnings are a crucial limiting factor.

At a time crucial to each of these countries, the price of petroleum products has trebled or quadrupled as a result of developments in the faraway Middle East. This could mean a devastating blow to the hopes these countries have for adequate economic growth. In recent years some 12 per cent of India's total import bill has been going for petroleum products. In Pakistan and Ceylon, more dependent on a wide range of imports, petroleum absorbs some 9 per cent of foreign exchange expenditures. Running lift pumps to bring life-giving water to parched fields, trucking fertilizers and other necessities to widely scattered farmers, moving food and fiber crops from farm to towns and cities, sustaining an already grossly overburdened bus, trucking and dieselized rail system, drying tea, hauling steel, building material and machines to new factories, running machinery to produce industrial and consumer goods for local use or export—for all these and other indispensable purposes petroleum products are now critical.

Assuming a threefold increase in the posted price of petroleum products, after the fourfold increase of midwinter, specialists in all three countries foresee dire consequences. For example, it is expected that India will have to devote some 45 per cent and Pakistan and Sri Lanka some 40 per cent of foreign exchange expenditures simply for mobile and industrial energy and to provide feedstock for still nascent petrochemical industries.

The expected increase in the cost of fertilizers is as worrisome as is the rise in the cost of fuels. Unless fertilizer inputs are increased, neither of the three countries can expect to keep up with its growing population. Only by maximizing agricultural output in the well-watered areas by heavy applications of fertilizer can they hope to do that. Yet a quadrupling of the cost of petroleum is likely to double fertilizer import costs. Thus, unless some special arrangement is worked out with the oil producers, the three major South Asian countries will face much more severe and chronic food shortages than they have in the past decade, even with reasonably decent weather, and economic activity will be bound to slow down. For those who seek revolutionary change, of course, the worse things get, the better. Others fear

that political repression is likely to result in an effort to maintain a reasonable level of predictability, a necessity if economic activity is even to hold its own.

Each country's leaders have a special reason to be bitter against the oil producers. India believes it has given sustained support to Arab countries for years in their struggle against Israel. In the name of Afro-Asian solidarity vis-à-vis the Arabs' enemy, Sri Lanka broke relations with Israel some years ago, at considerable cost, they believe, to their tea prices. Pakistanis ask, where is Islamic solidarity when the pocketbook pinches? Only 10 per cent of the oil producers' international sales are taken up by underdeveloped countries. Surely, it is argued, there is some way the oil producers could make special concessions for us, the most needy.

There is now talk of establishing an international development bank, based on extraordinary earnings by oil producers. But that will take a number of years to develop and implies an investment venture, which will take time to implement, as the World Bank knows full well. Fertilizer imports and production can hardly wait on these laborious procedures.

Rather than develop a series of differential posted prices for different categories of consumers, as Colonel Qaddafi proposes, it would be far easier if the oil-producing countries would simply rebate to the less developed country exchequers, say, 60 per cent of what these consumers will be paying for their petroleum in the future. If all countries paid the same price, there would be less chance that the oil producers would see their product diverted from one market to another. But if they undertook such a simple bookkeeping measure as returning quarterly to the treasuries of the developing countries nearly the full increment these countries would be paying over the much lower 1973 price, developing countries could have at least the advantage of low energy costs as a way of helping them forward. They would be spared the severe handicap oil-producing countries have dealt them by the very sharp price rise.

To be fair, however, it should be noted that prices of imports from the industrialized countries have also risen sharply in the past five years as inflation has boosted the prices developing countries must pay for imported machinery, consumer goods, minerals and even foodstuffs. Oil countries are entitled to remind those who give them unsolicited advice that there has been talk but very little action to deal with adverse terms of trade besetting developing countries. Nevertheless, in South Asia it is still fair to ask whether such a rebate or some other method of compensating developing countries for the abrupt worsening of their import costs should not be instituted.