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PRESIDENT CARTER

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THE election of Mr. James Carter as the President of United States by a narrow majority, reflects more, the nation's difficulty in making a choice between two lack-lustre personalities that ran for an office which has become internationally important since the Second World War, than a close tie between giants. Mr. Gerald Ford was hardly known before he was catapulted into the office of Vice-President by purely adventitious circumstances. His record as President both at home and abroad has little to enthuse the average citizen groaning under constant inflation and growing unemployment. Mr. Ford's Secretary of State, Dr. Henry Kissinger, proved more a liability by his domineering diplomacy than an asset. A variety of Watergate, tax dodges and sex scandals that rocked the Republican administration did not help create a favourable climate for an already poor candidate. Mr. Carter was no better. His lack of experience in the wider national forum of the House of Representatives or Senate often discovered him beyond his depth in national and international issues. Those who watched the Presidential debate between Mr. Carter and Mr. Ford have been struck by their singular lack of depth in national and international issues. While Mr. Ford committed *faux pas* about the Soviet Union's domination over Europe, Mr. Carter was slipping like an eel, unable or unwilling to commit

himself on vital issues. He was only waiting for Mr. Ford to commit mistakes so that he may ride on them to success. No wonder the Press characterised the Presidential contestants as "a pair of political pignies".

Nevertheless, Mr. Carter's clean public record, suave and friendly manner, a deep and understanding sympathy for the masses, gave him an edge over his rival.

James Earl Carter, born in October, 1924, in Plains in Georgia, who becomes Mr. President, probably owes it more to the Democratic desire for a change after two terms of Republican administration riddled with scandals than to any positive merit of his own. In America, party loyalties are pretty thin and voting largely goes by person. Though the country was overwhelmingly "Democrat", with 290 Democrats as against 145 Republicans in the House of Representatives and 61 Democrats against 37 in the Senate, it returned Mr. Richard Nixon as President because a section of Democrats headed by John Connally formed a group, "Democrats for Nixon" and 40% of Democrats voted for Mr. Nixon. In the traditionally "Democratic" State of New York, Republican Rockefeller had been elected Governor because, as a former functionary under the Kennedy administration said, people thought that Mr. Rockefeller was the better candidate. Mr. David Movmihan, till recently a member of the Re-

publican Cabinet, has been elected Democratic Senator from New York. People accustomed to Westminster type of party democracy will have to readjust their thinking in order to understand American politics.

Presidential elections in America have attracted wider attention throughout the world after the country had shed its isolationism and sought to fill the power vacuum in the world since the Second World War. American policies abroad had vitally affected other nations, particularly those in the Far East and South-East Asia and American intervention in Korea, Laos and Vietnam had caused untold misery to these nations. Even though American foreign policy has been largely bipartisan and based on national consensus, Mr. Carter's views on foreign relations acquired a deep significance to the world. From Mr. Carter's campaign speech that the United States had learnt several lessons in recent years and that one was that America could not and should not intervene militarily in the internal affairs of other countries unless its own security was endangered, one may hope that the era of Korean and Vietnam Wars is over. Again, in Mr. Carter's campaign address that America must not use the CIA or other covert means to effect violent changes in any government or government policy, one may derive solace that the country has abjured repetition of subversion as in Chile. A line of

thinking has been gaining ground that the United States should be tough with the Third World and that it should be reflected in the policies towards the developing countries. Mr. Carter has not subscribed to this *in toto*. While agreeing with the view that American policy towards the developing world should be tough-minded in the pursuit of its legitimate interests, Mr. Carter pleaded for patient recognition of the legitimate interests of those countries, which, he conceded, had often been ignored. He warned

the nation that if it ignored the Third World, the extremists would have their way. These thoughts, if translated into action, may, not only pave the way for better accord between America and the Developing countries, but even facilitate the march towards the New Economic Order for the world.

One naturally asks what effect Mr. Carter's election will have on Indo-U.S. relationship. American philosophy of maintaining balance of power in South-Asia by

escalating military aid to Pakistan has naturally soured Indo-U.S. relations, particularly during the past few years. Insofar as Dr. Kissinger has been the architect of this policy his exit may help smoothen the ruffled feelings. Furthermore, Mr. Carter's clear enunciation of policy towards the Third World during his election campaign encourages the hope that the area of agreement between our two countries is widening and that given goodwill and understanding a new era of close relations may be forged.

AGRICULTURAL CREDIT AND COMMERCIAL BANKS

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CREDIT IS a vital factor of the production function. More so in India's agriculture, where the prospects of "plough back" are weak compared to trade and industry. For the farmer, credit, therefore, is no less important than other inputs like seeds, fertilizer, water, etc. The persistent low production in agriculture in many parts of the country can be attributed to the inadequate and none-too-timely supply of agricultural credit.

Inadequacy of Co-ops.

To channelise agricultural credit both in terms of adequacy and timeliness, the first step should be to institutionalise credit. The starting of the Co-operative movement in the beginning of the century was, therefore, hailed with great hope and expectations. But it failed to show results commensurate with the country's requirements. As of today, after over seven decades of their existence, the co-operatives hardly account for about 30% of the total credit needs of the agriculturists; and that too, bypassing as it were, the small, marginal and low income brackets in the farming community.

The possibilities of commercial credit to agriculture became a reality only after the advent of social control and the subsequent nationalisation of 14 major banks in 1969. In fact, one of the compelling reasons for nationalisation

was the need to extend credit to the neglected sectors in the economy such as agriculture and small-scale industry.

Illiquidity of Land

What made the commercial banks neglect agriculture prior to nationalisation? Banking tradition in the country and elsewhere had much to do with it. Banking industry being highly competitive, risky advances had to be kept at the minimum. Loans to agriculturists were considered highly risky. Also, land, which was all that the farmers could offer as security, was not welcomed by the banks because of its illiquidity, and other problems involved.

Further, the belief was widely held that in cooperation and cooperative credit alone lay the salvation of the farmers and the solution to their credit needs. Cooperators themselves were largely responsible for this belief and they sedulously fostered the credo "Find Raiffeisim" and you will have found everything else. They lived and hoped for the day when the cooperative commonwealth dawned as a solvent for all their problems, farm credit taking the place of priority. To few did it occur in that halcyon period that commercial banking credit could be a second string to the credit bow—a source that can fill the gap in their credit supplies.

Above all, until the country was faced with recurrent food deficits

in the face of a growing population pressure, the agricultural sector itself had been relegated to a secondary place in our development thinking. The nation was concentrating on the building of an industrial infrastructure that will itself be an eventual support for rapid agricultural growth on modern lines. Looking at this with hindsight, few can question today the wisdom of this growth strategy. However, the wheel has turned the full circle and the time has come for according priority to the solution of the developmental problems of the farm sector.

Bank Finance

After 1969 the 14 nationalised banks became a potent weapon in the hands of the Government which decided that the resources of the public sector banks should supplement those of the cooperative banks in the supply of farm credit. An analysis of the credit development of the public sector banks to the agricultural sector shows that an amount of Rs. 650 crores has been provided as direct finance and another Rs. 300 crores or so as indirect finance by the end of 1975.

The public sector banks have also been increasingly associating themselves with the financing of Primary Agricultural Credit Societies. The scheme is fast gaining currency among the States, and in more than half of the States this