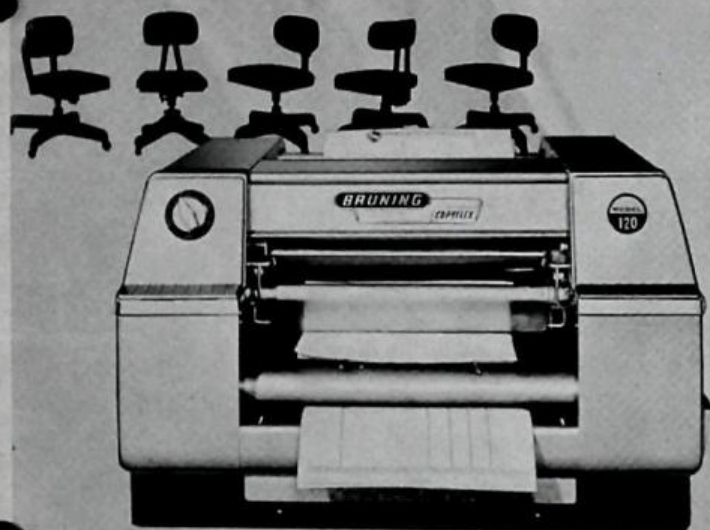


The Bruning Man's Smallest Copying Machine Can Do the Work of Several Typists!



The Bruning Man's Copyflex copying machines can do the work of several to several hundred clerical people who are manually transcribing information from one sheet of paper or form to another. And Bruning copying machines will do this work faster, accurately, and at only a fraction of the cost. Copyflex copies cost only 1¢ each for materials.

With Copyflex copying, information is written only once: all subsequent documents in any systematized business operation—order-invoice, purchasing-receiving, accounting, etc.—are reproduced from one original form. No rewriting or retyping. You free valuable personnel for other work, speed vital operations, save hundreds to thousands of dollars annually.

BRUNING

Low-Cost Diazo Copying at Its Best!

Copyflex

Call the Bruning Man. He can prove Copyflex savings to you. He's your expert on paperwork who'll help you in any way he can. He's located in principal U. S. Cities. In Canada: 103 Church Street, Toronto. Home Office: Charles Bruning Company, Inc., Mt. Prospect, Illinois.

The Right Road for India *continued*

if it "tried to do too much rather than too little." He argued that these resources will be augmented if programs of development are well "synchronized," and that the resulting "momentum" may catapult the country into a self-sustaining "take-off." It is hard at times to know what this of familiar jargon means specifically, but it is in general highly misleading. Except for the idle capacity in certain industries, which the planners themselves have created, there is today no vast reservoir of unused resources in India; nor can these be conjured up by talk of "synchronized" programs. There are, of course, *potential* natural resources in the group, and there is an abundant supply of unskilled labor. The job is to put these to productive use by releasing the forces of enterprise and initiative that central planning now throttles. As experience has shown, planned over-investment, particularly in heavy industry, is simply self-defeating.

The cost of inflation

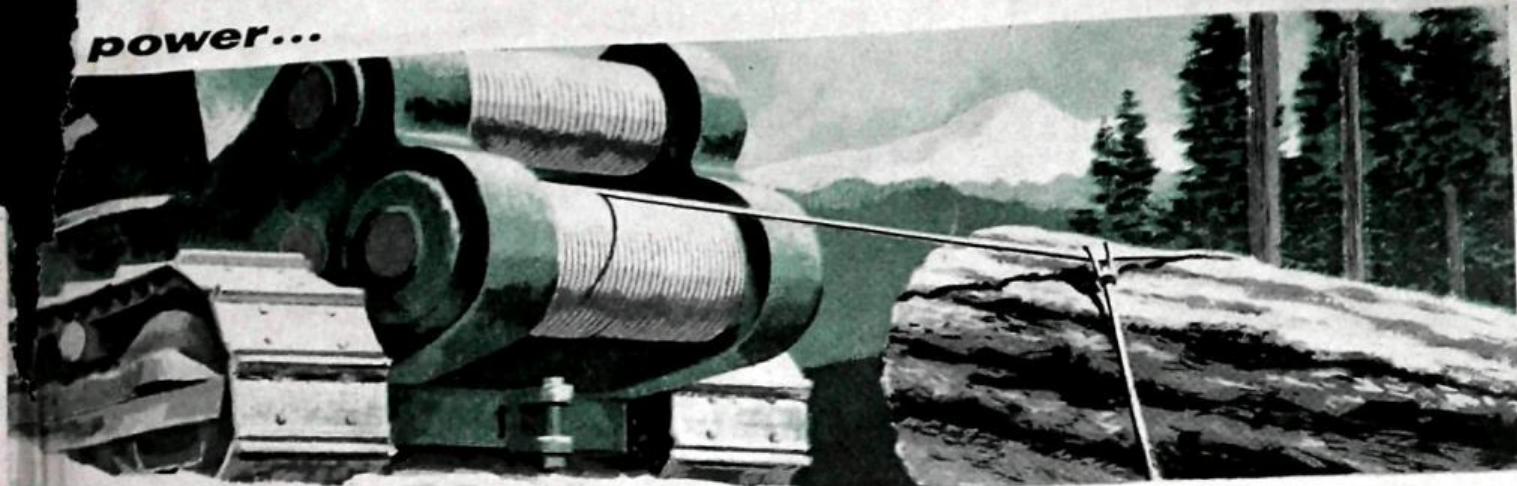
Central planning, plus big government spending, must also be held responsible for what is perhaps the most troubling aspect of the Indian economy—namely, inflation. Inflation has nibbled away the real income of the Indian masses. At the same time, inflation has all too often benefited the wealthy classes. Inflation brings to traders, businessmen, and industrialists windfall gains to which they have no moral or economic claim. Price controls have given rise to black markets, which in turn, yield "black" incomes to clever traders who are frequently able to escape taxes. As the result of inflation and other factors, it is estimated that what may be called "anti-social" shifts in income in India now run to some \$630 million per year, or 2.5 per cent of the national income. Indeed, the British economist, Nicholas Kaldor, estimated that in 1953-54 tax dodging alone ran to between \$420 million and \$600 million. These shifts in income, whatever their size, account for the fact that the business and industrial classes of India are comparatively prosperous, even though real national income per capita has not been advancing rapidly. And this prosperity of the upper classes in turn may explain the paradox that businessmen and industrialists have so far not mounted an intense and effective opposition to the obviously socialist policies of the government.

Inflation has also had more far-reaching repercussions. Domestic inflation invariably penalizes a country's exports, since it raises costs and at the same time swells the potential demand for imports. Despite the fact that Indian national income and production have increased, Indian exports remain at an average of only 65 per cent of prewar levels while imports have been held at about 90 per cent of those levels through the imposition of import restrictions and exchange controls. Instead of a healthy balanced growth of both exports and imports, there has been an unhealthy disbalance punctuated by desperate sudden efforts to make both ends meet. In 1957-58 imports, including those used by industry, were drastically slashed and production suffered. Today India is faced with the dilemma of unemployment if import restrictions are tightened, and of large external deficits if the restrictions are liberalized.

Import restrictions and exchange controls have had other adverse effects. They have led to attempts to manufacture in India products that could be produced more cheaply abroad. They constitute a subsidy to favored import groups and industries and are an immense and perverse addition to statist power over the economy. Controls, plus an artificial exchange rate on the rupee, have furthermore produced

continued page 25

power...



for speed...



for precision...



for product performance...

use Fafnir Ball Bearings

You need power in a winch . . . speed in a printing press . . . precision in a nuclear submarine. Whatever you need in your product, Fafnir has the diversity (from fraction-of-an-ounce miniature bearings to 60 pound pillow blocks) and the capacity (over 5000 employees) to supply the ball bearings you want when you want them. For diversity . . . for capacity . . . for the utmost in precision . . . turn to Fafnir. The Fafnir Bearing Company, New Britain, Conn.



FAFNIR
BALL BEARINGS

The Right Road for India continued

phenomenal gaps between the internal and external prices of import goods, and hence have encouraged attempts to beat the system. There is today in India an unseemly traffic in import licenses, which are sold on the black market at 50 to 300 per cent above their face value. There is also a large smuggling trade in gold and diamonds and other goods such as watches, spices, playing cards, and cigarettes, which slip through the control network and use up needed foreign exchange.

The wastage of aid

Beyond all this, controls have not solved India's balance-of-payments problem. In 1955-56 the gap between India's total payments abroad and income from abroad was on the order of \$64 million. During the first three years of the second five-year plan—i.e., between April, 1956, and April, 1959—this gap widened to a record figure of \$2.7 billion as the result of increased imports, inadequate exports, and concealment of foreign exchange. This enormous gap was covered in part by India's drawing on its currency reserves, and in part by aid from various foreign governments. But India cannot afford to draw on its currency reserves indefinitely and in February they were only about \$260 million above legal requirements. Hence India is increasingly dependent on foreign aid, which in 1958-59 actually covered 89 per cent of its payments deficit. Such aid takes many forms. It includes large quantities of surplus agricultural products shipped to India from the U.S. under Public Law 480, as well as loans and grants from the U.S., the U.K., Canada, Germany, the World Bank, and other sources. During the first five-year plan, foreign aid actually utilized amounted to \$450 million. During the first three years of the second plan, such aid was more than tripled and reached \$1.56 billion.

There is no doubt that such aid has kept the economy going and has patched up the effects of mistaken policies. But it must be asked by both the receivers of this aid and the donors whether it has really been used effectively toward the ends it is supposed to serve—i.e., real capital formation and a rising standard of living for the people. Here the answer is discouraging. There is strong evidence that during the first five-year plan much of the foreign aid given to India was in effect diverted into gold smuggling, and that in fact most of the planned investment of the period had to be financed out of domestic savings. During the second five-year plan the diversion of aid to non-development uses has continued. Between April, 1956, and April, 1959, gold smuggling alone may have run to as much as \$365 million, using up scarce foreign exchange. While the planners have been talking about investment, inflation and government spending have swelled the demand for consumer goods of all kinds; and this demand has been further increased by the rise in "concealed incomes" derived from sales of commodities at illegal prices, black-market sales of import licenses, and widespread tax dodging.

In addition, inflation and the fear of rising prices have stimulated undue accumulation of inventories, particularly of food grains, the largest single item of trade and consumption. During the past three years imports of food grains have run to 10 million tons, costing \$890 million, and in 1959 imports continued at a high level despite record domestic harvests. At least in 1959, the increase in imports seems to have gone hand in hand with increased hoarding. What has happened is that grains, originally stockpiled in the U.S. under its own farm program, have been transferred to India

continued page 253

Avco / Crosley offers you complete contract manufacturing services

*—from ideas and engineering
to volume production*



- 1,750,000 sq. ft. of modern plant space
- 1,200 skilled engineers
- strong corporate financial footing
- extensive pool of valuable experience
- reputation for high-quality control
- record of on-time delivery
- central plant locations in Richmond, Ind., Evendale and Cincinnati, Ohio
- attractive pricing policies

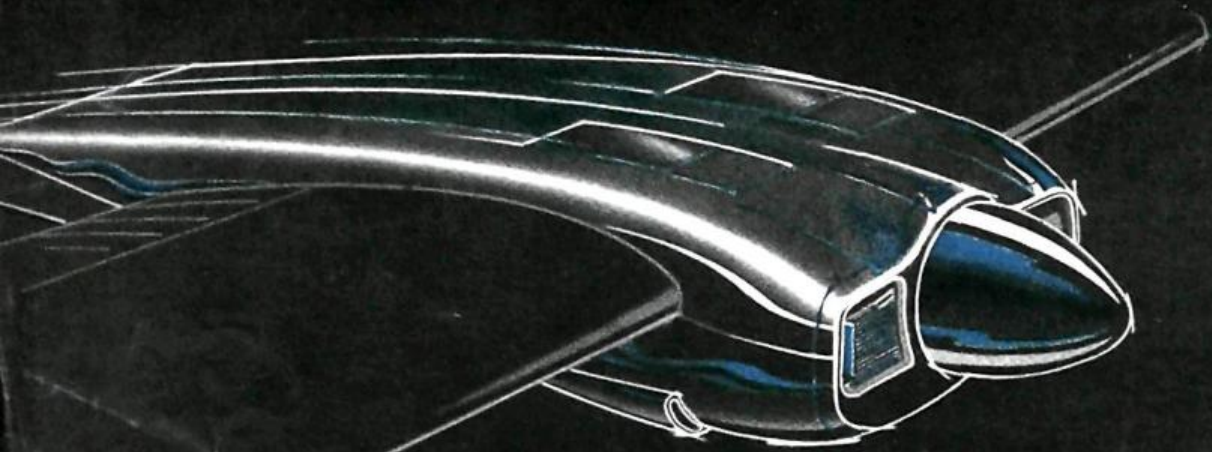
These Avco/Crosley facilities can help you expand sales without costly capital outlay, meet extra demand when your plant can't handle the load, and free your management people and working capital for other vital jobs. You'll be served by modern equipment and top-notch specialists in electronics, electromechanical production, precision machine work, metal fabrication and assembly, and other fields.

For more information on use of Avco/Crosley services, call or write: Vice-President—Commercial Marketing, Crosley Division, Dept. F-40, Avco Corporation, 1329 Arlington Street, Cincinnati 25, Ohio.

Avco / Crosley

THE ALL NEW

AERO COMMANDER 500A



first of a brilliant series featuring the

SPEED-LINE NACELLE

a new, compact design that

**INCREASES SPEED
and PERFORMANCE**



AERO COMMANDER

AERO DESIGN & ENGINEERING CO. • BETHANY, OKLAHOMA