Rosenstein–Rodan method at village level, because she estimates the amount of surplus labor on the farms alone: insofar as the landless labor also work less than the postulated "normal" hours, *their* "surplus" labor would be missed out.

Having thus reviewed the literature relating to the major issues in Indian agricultural policy, we now proceed to the final section of our Survey, addressing ourselves to the foreign trade sector.

III. *Foreign Trade*

The Indian policy literature with respect to the foreign sector has been concerned primarily with issues raised by foreign aid, private foreign investment, and trade and exchange rate policies.

(A) *Foreign Aid*

We have already discussed, in Part I, the major issues raised in the Indian literature, relating to the implications of foreign aid for planning investment allocations. The use of "aid to end aid" by a specified time horizon has been the framework within which some important planning exercises have been cast. The political counterpart to such economic analysis has been the appealing notion of ultimate "self reliance"; its conflict with the view that foreign aid must continue as long as the income gap between the affluent and the underdeveloped countries is not drastically reduced has not been noticed. At the same time, economists such as Sengupta [160] have plausibly argued that there is little evidence that the Indian planners have taken seriously their continually receding terminal dates for the net inflow of aid to cease. Both the savings and the trade implications of such a program have been shown by Sengupta to be unrealistic.

The Indian literature has also been concerned with the question of aid tying, by project, by commodity and by source. The prevalence of excess industrial capacity since the Second Plan has been attributed by many economists, including Reddaway [145], to the fact that the foreign aid to India was excessively tied to projects and thus led to creation of more capacity even when the existing capacity was not fully utilized.[122] On the other hand, since the devaluation of June 1966, several Indian economists have felt that there has been too much nonproject, and too little project, aid: a viewpoint which emphasizes that the efficiency of the aid flow may be jeopardized as soon as the aid is tied, whether to projects or to "maintenance" imports.

The source tying of aid has also been widely considered wasteful, although analytical work on this issue is only recent. While there are as yet no quantitative estimates for India, of the cost of source tying when switching possibilities have been exploited, Lal [89] has recently shown, using data supplied by the Imperial Chemical Industries, that these costs may be quite significant in the chemicals sector. Moreover, at an analytical level, Bhagwati [13] has argued that (i) measuring the costs of aid tying by source via estimation of the excess cost of the actual bundle purchased may under–or over–estimate the "true" cost in the Hicksian sense of compensating variation; and (ii) a sharp distinction needs to be drawn between the observed costs and the *minimum* costs that would have been incurred if the recipient country were to exploit fully its switching possibilities (as, in practice, it rarely does). Thus, for example, with reference to the latter point, Bhagwati has argued that India's import licensing system, which specifies items on licenses by source and then makes these licenses totally nontransferable in all respects, results in *double* tying (by source *and* specification) even

[122] On the other hand, other economists such as Bhagwati and Padma Desai [14] have pointed to other, domestic policy induced factors which may have also accounted for such excess capacity. We discuss these factors later, when we survey the trade policy literature.

Copyright © 2001 All Rights Reserved

when the donor country does not itself insist on commodity specification; and that such double tying increases the possible monopolistic charging of prices on aid financed goods beyond what mere source tying might have brought about.[123] Furthermore, both Bhagwati and Honavar [69], who draws upon Indian experience, have highlighted important respects in which the costs of aid tying by source may be understated by such excess cost estimates: distortions of priorities owing to nonavailability of priority items from a tied source when all switching possibilities are exhausted; recurrent excess costs on maintenance, spares and inputs; social waste inherent in techniques unsuitable to local conditions, and other similar factors.[124]

The tying of aid by commodity, essentially P.L. 480 imports, has also attracted considerable controversy. We have already discussed the literature which is concerned with the impact of P.L. 480 wheat imports upon distribution, as also production. We may however observe at this stage (i) that while P.L. 480 imports certainly reduced wheat prices in particular, and foodgrain prices in general, below what they would otherwise have been, *ceteris paribus*, and (ii) that wheat production, being generally responsive to price change, must have been therefore below what it would otherwise have been, *ceteris paribus*, it would be a nonsequitur to argue that therefore imports of wheat under the P.L. 480 program were "undesirable." This question cannot be assessed unless a framework has been devised to examine the optimal prices and quantities of agricultural and foodgrains outputs, in the light of the international and domestic possibilities (including aid availability). In any case, the indictment levelled at P.L. 480 imports by many Indian economists appears to have been, not that aid was tied to these commodities *beyond* what Indians wanted (a possibility that has not been fully investigated in the literature[125]), but that the Indian government itself was keen to get the P.L. 480 aid and that the availability of such aid was determental to the economic interest of the country.[126] Aside from the depressing effect on the resource allocation to agriculture, which we have already touched upon, economists critical of the P.L. 480 program have alleged that the sheer availability of such aid has prevented the government from pushing ahead on the agricultural front organizationally. Insofar as it can be shown that mere drive and organizational energy could have increased agricultural productivity, and that this opportunity–costless gain to the economy

[123] Bhagwati has shown how *both* priorities in respect of what commodity imports should be allowed *and* satisfaction of source constraints could be achieved, without the ill effects of double tying, merely by making the licenses swappable for imports of the specified items from different sources: $100 worth of U.K. lathes, for example, being turned into $100 worth of French lathes, and $100 worth of the French diesel engines into $100 worth of U.K. diesel engines.

[124] Honavar in particular has noted how, in consequence of source tying by most donors, many Indian factories look like "international exhibitions" of machinery from different parts of the world. He emphasizes the fact that such a building up of plants will frequently add to maintenance and inventory costs by eliminating possible economies of scale which follow from plants put together more homogeneously.

[125] The fact that the Indian government was often keen to sign the P.L. 480 agreements does not rule out the possibility that one, and perhaps a principal, motivation (in some years at any rate) might have been a recognition of the possibility that it was easier to get P.L. 480 aid rather than other forms of aid.

[126] Political objections to reliance on P.L. 480 aid have also been numerous. It is, for example, widely felt that the country must feed itself from domestic production. "Food and freedom" is the title of a reputable economist's work on the problem; and it has been argued, again by an academic economist, that genuine independence is impossible if one eats foreign foodgrains! A more respectable political objection has been raised in relation to the use of counterpart rupee funds: it is felt that the availability of such funds, and the desire not to see them accumulate too rapidly, makes it possible for the donor country to incur expenditure within India which would be ruled out for other, ideologically–oriented donor countries. This is believed by some critics to be the case, for example, with respect to expenditure on Indian education out of P.L. 480 rupee proceeds.

Copyright © 2001 All Rights Reserved

was lost, thanks to the P.L. 480 availability, this would be a valid criticism indeed of that aid program—or of *any* aid program which permitted, either directly or through switching, foodgrains to be imported readily. However, such a case is empirically difficult to establish and has not been persuasively made so far despite its plausibility for many economists in the country.[127]

(B) *Private Foreign Investment*

Although private foreign investment in India, whether gross or net of the outflow of (mainly) the pre-Independence British investments, has been relatively unimportant in relation to the official capital transfers, it has attracted considerable attention from the economists. There are basically two types of questions that have been asked: (1) is private equity investment superior to official loan transfers; and (2) what restrictions must be placed on the inflow of private capital, from the viewpoint of social welfare?

(1) The first question is somewhat academic in view of the fact that private investment and official transfers have hardly ever been substitutes in Indian planning: official transfers have nearly always been accepted to the full amount offered and private foreign investment has always fallen short of levels projected in the official documents. Any choice between them is therefore unreal. Nonetheless, Raj [135] has raised this question at an academic level in the Indian context, prompted by the attempt of the Finance Ministry and private industrial interests to liberalize the rules on private foreign investment on strength of the argument, among others, that private equity investment is less expensive than official loan capital. The rather strange proposition which Raj has criticized involves asserting that "since in the case of loan capital . . . both the principal and interest have to be paid over a defined period it is more economic, from the point of view of saving foreign exchange, to depend on foreign equity capital from private sources since only remittances of profits have to be met in foreign exchange and these too will become large only after the enterprises concerned have matured and begun to yield large profits." [135, pp. 21–22]. Raj has countered this view by examining the actual rates of return on equity capital which are available for India and elsewhere, against the average terms of official aid. In any case, it does not seem sensible to argue that aid terms which conceal varying amounts of real transfers of resources should work out in general to be less attractive than commercial terms (or equity capital) if one evaluates the alternatives in terms of an objective function other than the unacceptable one of reducing the short-run outflows of interest and amortisation.

(2) The question of the restrictions on private foreign investment has raised at least two issues of wider interest.

(a) Should there be any restrictions on the *areas* which private investment could enter? While such restrictions have often been urged on political grounds, several economists have also sought them for economic reasons. The notion that private foreign investment should be confined to only the "priority" areas has been widespread in policy discussions. However, this view must be qualified in three ways. (i) Insofar as the investment consists in buying up *existing* capital stock, even in non-priority areas, the inflow of foreign exchange can always be utilized for "priority" uses. (ii) If the investment involves fresh creation of capacity in "low-priority" sectors, again it must be remembered that if the overall Plan allows for the creation

[127] A notable sceptic of this argument, and the general thesis against the advisability of P.L. 480 imports, is Dantwala [34]. On the other hand, a different, though not overly critical view, is presented by Streeten and Hill [166].

Copyright © 2001 All Rights Reserved

of such capacity anyway, it does not matter whether foreign or domestic investment goes into it. (iii) Where, however, the foreign investment is being offered for areas which are "nonpriority" and hence ruled out from domestic production and availability, there is a real dilemma which cannot be resolved unless again the economist is prepared to estimate the cost (if any) of foregoing the act of foreign investment—assuming that the alternative is the loss of this capital inflow—and ask the planner or the politician whether the presumed noneconomic advantages from ruling out such commodities from domestic production or availability outweigh these economic costs.[128]

On the other hand, some important factors in the Indian context have made governmental restrictions on the entry of foreign capital into specific areas necessary. (i) Since, as we shall presently see, the Indian trade regime has worked on the principle of automatic grant of protection to domestic industries, combined with restrictions on domestic entry operated through industrial licensing, monopoly rents accrue to investments in several activities. Hence, there exists a second best case for regulating entry into areas where the monopoly rents are likely to make the returns to foreign capital exceed its social marginal product.[129] (ii) Furthermore, in a system reliant on foreign aid for maintenance imports, significant linkages can exist between the level of aid inflow and the level of inflow of private capital.[130] Foreign investors often become powerful pressure groups for increasing aid for maintenance imports to keep their capacities better utilized and hence their investments more profitable. In Indian experience, aid loans have thus been secured from donor countries, with commodity specification *combined with provisions for allocations to the firms from these donor countries.* In such a case, provided such provisions are effective despite switching possibilities, there may exist again a case for ensuring that private foreign capital flows into "priority" areas so that the attendant, discriminatory aid allocation is biased towards, rather than against, the priority sectors. Thus, there are *both* domestic and foreign policy distortions which may make regulation of the sectoral *composition* of the private capital inflow desirable. (iii) Yet another argument which has come up in Indian discussions, for regulating the inflow of capital into certain sectors, follows from the fact that the foreign investing interests in some sectors are monopolistic, as in oil, and governmental intervention may help to increase the net payoff accruing to the country from the proposed act of investment. This is a case where governmental intervention becomes necessary, not because of policy induced distortions, but owing to the presence of endogenous distortions (such as the fortuitous presence of monopoly power). How far such governmental regulation is likely to help is of course an issue on which one might be sceptical; this is part of the more general problem arising when, as Dudley Seers has shrewdly put it, "small countries" face "big companies."

[128] Cf. Bhagwati and Desai [14] on these and the other issues we review in the text.

[129] In relation to this question of domestically created monopoly, Bhagwati [11] has also argued that, where components are sold for assembly, the monopoly profits may be made by "overpricing" the components along with raising the product price to a monopolistically-profit-maximizing level. This has the dual advantage of making the latter price look "reasonable" (since the costs can be shown to be higher this way) and also masking the repatriation of profits (which otherwise attract hostile attention). Another aspect of such a phenomenon is that [12] [14] the economist may then observe "value subtracted" or negative value added at international prices, such an observation implying then, not that the process is not worthwhile *in itself,* but that its possible contribution to national income is outweighed by the monopolistic "exploitation" by the investor.

[130] Hence, private capital inflow may have an externality effect in the form of additional aid flow, thus increasing the optimal level at which private capital would be useful to have.

Copyright © 2001 All Rights Reserved

(b) Another area in which governmental regulation has been proposed by several Indian economists relates to the occasional imposition by foreign investors, on their local counterparts, of a contractual prohibition of export to third markets. Kidron [77] has perceptively noted that the bulk of the new quantitative-restrictions-jumping foreign investment in India is by firms who wish to retain their Indian sales *without jeopardising their third country exports.* This is also the case with firms which are basically selling *both* technology and product, who while selling knowhow to India wish at the same time to safeguard their export of products to other markets. In either case, the effect is to interfere with India's export potential, particularly as India is increasingly relying at the margin on the exports of her newer manufactures. Economists such as Raj have therefore pressed for the prohibition of clauses restricting exports from India.

(C) *Trade and Exchange Rate Policies*

The literature on India's trade and exchange rate policies, involving the entire effective exchange rate system, has also raised some issues of general interest. Among other things, it has cast additional light on the drawbacks of a regime involving continued reliance on quantitative restrictions (especially when operated so as to provide automatic protection) and a pattern of reluctant exchange rate adjustments.

Import Controls: Beginning essentially with the 1956-57 foreign exchange crisis, India has been on a strict import and exchange control system. Furthermore, this system has been administratively operated (at least until the June 1966 devaluation of the Indian rupee) such that (1) all industrial capacity creation has been regulated by industrial licensing, extending to the so-called CG licensing of imported capital goods and (2) most input and raw material allocations have been allocated via the so-called "actual user" (AU) licenses, directly to producers.[131]

The allocations under the AU category, to which in particular considerable attention has been directed by economists [162] [14], have been worked on two basic principles: (i) "essentiality" and (ii) indigenous nonavailability". For every AU import, some specified agencies of the government must certify that they are "essential" for production *and* that they are not available from domestic sources. Since the latter principle has been operated virtually without reference to the cost of domestic production, it has amounted to giving automatic and anticipatory" protection to domestic industries. Panchmukhi, Bhagwati and Padma Desai [126], who have estimated the resulting effective rates of protection, for different Indian industrial processes for 1961 and 1962, have found these protective rates going up to levels as high as over 10,000 per cent, with others at almost as high negative values: the range thus being enormous. These results merely underline the totally unpredictable, extreme and often bizarre nature of protection given by a QR-regime operated on the principle of automatic protection.[132] In this connection, the devalued role of the Tariff Commission, whose work has been studied in depth by Padma Desai [44], and the critique of the new era of indiscriminate protection through QR-policy in his Presidential Address to the Indian Economic Association by Lakdawala [87], are of some interest.

Bhagwati and Desai [14] have further noted that the principle of automatic protection issuing from QR's creates a bias in

[131] In addition, of course, there have been licenses for export promotion under the import entitlement schemes, and other minor categories. For detailed description, see Shourie [162] as also Bhagwati and Desai [14].

[132] Panchmukhi, Bhagwati and Desai [126] also raise some conceptual questions of importance relating to the notion of effective protection when the calculations are based on import-premia-determined implicit rates of tariff.

Copyright © 2001 All Rights Reserved

favor, *ceteris paribus*, of industries with imported, as distinct from domestically produced, inputs. Insofar as the *quantity* of import allocations tends to be inversely related to the availability of indigenously produced inputs, under such a system, there would result a bias in the effective incentive provided to the processes using relatively more imported inputs: they would be able to get relatively greater allocations of imports under AU licenses and hence obtain these inputs at import–premium–*exclusive* prices (which would include only the explicit tariff duty) whereas the other industries would have to buy import substitute, indigenous items at premium *inclusive* prices (since these items would fetch a price equal to the c.i.f. price plus the import premium). The effective incentive given to the former industries or processes would thus be greater, *ceteris paribus*.

Furthermore, aside from the traditional discussion of delays, lack of coordination among different licensing agencies and similar administrative deficiencies which reduce the efficiency of a QR–regime, the Indian import control policy has also been alleged to have operated, in the ultimate analysis, without any *economic* criteria [14] [162].[133] Economists investigating these criteria have argued that these are rarely defined; that (in view of the multitude of activities which demand these import allocations) they could hardly be defined; and that in practice rules of thumb have had to be used, these rules often (though not always) taking some notion of "equitable" distribution as the operative guiding principle. This finding has its counterpart in the conclusions of the Raj Committee's Report of Steel Control [178], and indeed in nearly all the empirical studies relating to the working of the controls of scarce materials.[134]

Concerning the particularly widespread rule of thumb which related the AU allocations of materials to installed capacity, it has further been argued [14] that this procedure creates a bias towards the creation of capacity despite the underutilization of existing capacity. This may be because an entrepreneur who wishes to extend capacity utilization may not be able to do so as legal access to more materials is virtually ruled out by the import licensing system (except since recently, on a limited account, through the import entitlement licenses marketed by exporter). However, even if access to such materials were freely available, the fact that additional capacity installation would result in *pro rata* grant of import–premium–exclusive imports under AU licenses whereas additional utilization of existing capacity must be through purchase of import–premium–inclusive materials from the market, would bias the choice at the margin in favor of the former course.

Moreover, the fact that the reliance on QR's also implies a loss of "revenue," in relation to an import rate change which would mop up the premium, has been among the principal motivating factors behind the Indian literature proposing an exchange auction system, which was sug-

[133] Whether even the Mahalanobis–type strategy has been consistently followed in this area has been a matter of some controversy. Hazari [68] has argued for instance that Indian luxury goods production (and hence consumption) has been allowed to absorb, directly and indirectly, a fraction of the available foreign exchange which is not negligible. Of course, whether the luxury expenditure would not otherwise have been diverted into other areas where it might have cut into exports, for example, needs to be investigated in order to arrive at a more adequate picture.

[134] In this general connection, the following quote from Raj Committee [178] is particularly revealing: "As regards priorities, the Iron and Steel Controller gives different ratings of priority according to the nature of each case. Thus some indents receive 'over-riding' priority and others 'top priority'; the categories of priority have further proliferated and we understand that there is now even a category of 'red hot priority'! As already pointed out, the Iron and Steel Controller's Office does not have with it data relating to outstanding orders with the producers classified according to priority and non–priority indents . . . there is no systematic checking as to whether the priorities are in fact being respected by the producers."

Copyright © 2001 All Rights Reserved

gested by Bhagwati [5] after examining its compatibility with Indian planning objectives, and the alternative proposal to use tariffs more freely for this purpose, as indeed Indian budgets have recently been designed to do.

Export Policy: However, these proposals will not directly moderate, or eliminate, the disincentive against exports that an over-valued exchange rate constitutes. The governmental measures aimed at eliminating this bias against exports have taken the form principally of import entitlement schemes (under which premium earning import licenses are given to eligible exporters on a *pro rata* basis related to f.o.b. export values). These schemes have come in for scrutiny from economists such as Gulati [60] and Bhagwati [12]. The ad hoc manner in which the resulting export incentives were granted to a whole range of industries has been argued to have provided a parallel to the "indiscriminate" protection from imports conferred on domestic production by the QR's. The allocative inefficiency of these schemes as export promotion measures has been underlined by pointing to the extreme phenomenon of negative value added (at international prices) which can and did arise in the Indian context, thanks to the difference between the f.o.b. value of exports and the c.i.f. value of imports (and import substitutes) being made up by export subsidies [12].[135]

Exchange Rate Policy: An appreciation of these and other inefficiencies underlying the governmental policies designed to simulate, but avoid, a formal devaluation via export subsidies and tariffs has prompted some Indian economists to press for formal parity changes. While the economists' attitudes towards devaluation have undergone a change on the Indian scene, simultaneously with a greater appreciation of the role of the price mechanism even in a socialist framework,[136] there has been a certain degree of scepticism about the timing of the devaluation in June 1966 and a much greater degree of political opposition in view of the fact that the pressure for it was brought largely by the donor countries through the I.B.R.D. Aid Consortium (even though all influential economists within the country were by no means opposed to the measure). The second, severe agricultural drought which overlaid the devaluation must have led to a significant rise in the domestic prices of agricultural and agriculture-based items, which in turn impeded any significant improvement in exports, thus creating the impression that the devaluation had *caused* the rise in prices and had *failed* because exports continued to stagnate. In point of fact, it is arguable that many Indian exports would have been priced out internationally were it not for the devaluation, as the price rise was largely thanks to the second drought and thus autonomous of the exchange rate change.[137] Unfortunately, no serious empirical analysis of this important policy decision has yet been forthcoming, the field having been left in the popular debate to economists whose analysis leaves much to be desired[138] but

[135] An extended evaluation of the entitlement schemes from the viewpoint of their *economic* efficiency is contained in Bhagwati and Desai [14].

[136] Raj's [136] thoughtful piece on this general problem makes interesting reading. The controversy in 1962 between Bhagwati [7], who argued for a freer use of exchange rate changes in the shape of a devaluation, and Bardhan [1] and Dasgupta [38] who argued the opposite case, is also of some interest in this general context. Bardhan's general position that a devaluation can be simulated by equivalent import duties and export subsidies, and hence is not necessary, has been later discussed in Bhagwati [12].

[137] Further, the reduction of overinvoicing of exports of the newer manufactures, whose export subsidies were withdrawn with the devaluation (as part of the general rationalization, the *net* devaluation being therefore much less than the apparent one), must also be considered. The devaluation must also be judged as a measure of rationalization, the older methods of *de facto* devaluation having been largely scrapped with its introduction.

[138] Thus, for example, it is not uncommon to compare the twelve-monthly returns *immediately* after the June

Copyright © 2001 All Rights Reserved

whose critical views have been expressed with considerable conviction.

IV. *Concluding Remarks*

In conclusion, it is perhaps worth emphasizing the selective nature of our Survey. We expect, however, to have reviewed much of the policy literature with an analytical base and related literature that has developed against the backdrop of policy issues.[139]

It is clear that the Survey highlights both the similarity of the Indian analyses of policy issues with that in many other developing countries, as also some striking differences endemic to the Indian economy and scene. On the one hand, we have noted the concern of Indian economists with familiar issues such as trade and exchange rate policies, foreign aid and private foreign capital, and response of agricultural production to price change. On the other hand, the *structural* planning models, the analysis of choice–of–technique problems on the assumption of a *labor surplus* economy and the debate on foodgrains policy in terms of *zonal restrictions* (emphasizing India's federal setup) underline the somewhat uncommon character of India's economy and political structure.

devaluation with the preceding twelve months, with no awareness of lags. Nor is any notice taken of the factors mentioned in the text and in the previous footnote. Nor is there any awareness of the fact that, at least for three months subsequent to the devaluation and the attendant elimination of the import entitlement schemes for exporters, the Minister for International Trade was keen to restore these schemes and went around saying that he would succeed in doing so: the effect of this on the export performance in the period after the devaluation should not be ignored.

[139] Among the issues which have been prominent, but which we have decided to omit from the Survey, are (1) whether income and wealth inequalities have been accentuated during the three Plans, with related questions about the trends in the real income of *agricultural* landless labor and in the concentration of *industrial* capacity and invested capital in the hands of a few top "industrial houses," and (2) whether decentralization in rural administration and planning, via the so–called *Panchayati Raj* system, has been beneficial for agricutlural planning and growth [62].

References

1. P. K. Bardhan, "The Case Against Devaluation," *The Economic Weekly*, Sept. 1962, *14*, 1448.
2. F. M. Bator, "On Capital Productivity, Input Allocation and Growth," *Quart. Jour. Econ.*, Feb. 1957, *71*, 86–106.
3. C. Bettelheim, "On the Problem of Choice Between Alternative Investment Projects," *Soviet Studies*, July 1950, *2*, 22–42.
4. J. Bhagwati, "Unemployment, Relative Prices and the Saving Potential," *The Indian Economic Review*, Aug. 1958, *4*, 71–82.
5. ———, "Indian Balance of Payments Policy and Exchange Auctions," *Oxford Econ. Papers*, Feb. 1962, *14*, 51–68.
6. ———, "On How to Decide What to Import and What to Produce," *Oxford Econ. Papers*, Feb. 1962, *14*, 114–116.
7. ———, "The Case for Devaluation," *The Economic Weekly*, Aug. 1962, *14*, 1263–1266.
8. ———, "The Theory of Comparative Advantage in the Context of Underdevelopment and Growth," *The Pakistan Development Review*, Autumn 1962, *2*, 339–353.
9. ———, *The Economics of Underdeveloped Countries*. London 1966.
10. ———, "Review of A. H. Hanson: The Process of Planning: A Study of India's Five Year Plans, 1950–1964," *Public Administration*, Summer 1967, *45*, 214–217.
11. ———, "Fiscal Policies, The Faking of Foreign Trade Declarations, and the Balance of Payments," *Bulletin of the Oxford University Institute of Economics and Statistics*, 1967, *29*, 61–77.
12. ———, *Theory and Practice of Commercial Policy: Departures from Unified Exchange Rates*. Princeton 1968.
13. ———, "The Tying of Aid,"*UNCTAD Secretariat* (New York), TD/7/Supp. 4, 1967.
14. J. Bhagwati and Padma Desai, *Planning for Industrialization: India's Trade and Industrialization Policies* (*1950–1966*) Oxford 1970, forthcoming.

Copyright © 2001 All Rights Reserved

Copyright of American Economic Review is the property of American Economic Association and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.