

tice, jute mills had undertaken to sell only to bona-fide shippers and consumers. If the Government feel that the agreement would, in fact, be respected and there is no likelihood of a speculative rise in the prices of jute goods, what was the necessity for this sudden and fantastic increase in export duties which, in the present state of slack demand for jute goods in world markets, particularly in hard currency areas, cannot but fall on the manufacturers themselves? It is mere wishful thinking that export duties can be passed on to the consumers, in this case foreigners. Except under very exceptional circumstances, this is quite impossible and in the case of jute in the present situation, it is improbable in the extreme.

The case of cotton imports from Pakistan is comparable, though in a lesser degree, since there are alternative sources of supply and the world situation in raw cotton has considerably eased of late. That is not to say, however, that with our present currency difficulties, diversion can be either an easy or a 'painless process. After all, the fact cannot be overlooked that Indian mills are specially equipped to weave those particular varieties of cotton which grow in Pakistan. A change can be effected, no doubt; if necessary, by converting the equipment in the mills. Given time, this can be done. But at what cost? And is it really necessary? No one is yet in a position to say how far the attempts to divert our imports will raise the prices of Egyptian and other African cottons on which we would be forced to fall back, in the absence of adequate dollar exchanges.

On the export side, the 'defensive' measures adopted by the Government in the course of the past two weeks range from

enhancement of export duty on jute goods and imposition of fresh duties on mustard oil—an essential necessity for Eastern Pakistan—and on iron and steel, to Government taking over complete control of exports of coal to Pakistan. These measures, in short, completely throw overboard the Indo-Pakistan Agreement.

The spate of export duties and restrictions raise one simple question: Was it not to stimulate exports that the rupee was devalued? Were the Government not aware that inflationary forces were still at work on the eve of the Washington Conference? Or have they appeared overnight, like a genie, after the fateful decision to devalue?

Peace and The Atom

IT WOULD be idle to pretend that President Truman's revelation that "within recent weeks an atomic explosion has occurred in the USSR", does not make a fundamental change in the balance of world power. On the assumption that an "atomic explosion" in Russia means that she already has or will soon have an effective atomic weapon, the USSR automatically emerges as the most impregnable military power in the world today. Does this mean that the Soviet military strategists will decide the present as the most opportune moment to launch a war against the combined armed strength of the Western Powers?

Superficial commentators are likely to jump to some such hasty conclusion on an inexperienced and immature assessment of military strategy. On a closer examination, it would appear that neither the USSR nor the Western Powers have yet a decisive military supremacy. Authoritative military experts do not seem to

If devaluation was wise, the Government should not allow themselves to be stampeded and scared into such a mad rush of regulations. On the contrary, again assuming that the original step was wise and called for under the circumstances, attention should be focussed on settling what are, after all, side-issues, by negotiating fresh financial and trade agreements with Pakistan, so that the country may have a chance to derive whatever benefits devaluation was expected to bring to us. Everything has to be paid for; let us, at least, pay for the continuation of the sterling link more gracefully.

share Mr. Churchill's assumption that it is only America's exclusive possession of the atomic bomb which has saved Britain and Western Europe from Russian aggression in the post-war period. Nor will they fully endorse President Truman's confident assurance, implied in many of his utterances on foreign policy, that the American stockpiling of the bomb has discouraged the wicked men of the Kremlin from wanton aggression.

Even so, it is significant that America has made no secret of its intention to use the atomic bomb in the event of war. Presumably on the justification that negotiations for international control of atomic energy had failed because of Russian intransigence, President Truman announced in a press conference on April 6, 1949, that "if it (use of atomic bomb) has to be made for the welfare of the United States, and the democracies of the world are at stake, I would not hesitate to make it (the decision to use the

terrible weapon) again". Since President Truman's official announcement of the right to use the atomic bomb and the threat that it would be used, it has been taken for granted by the world that it will certainly be used in any future war" among the Great Powers. Unbiased observers will not miss the highly interesting detail that, although the Soviet Government "pursued the secret of the atomic weapon already in 1947", as remarked in the recent Moscow statement, Russia has never made any declaration that she will use the weapon in a future war, despite President Truman's official pronouncement on the subject in April last.

From the welter of confusion and hysteria as a sequel to the revelation that Russia now has the secret of manufacturing the atomic bomb, one fact clearly emerges: Moscow is now secure in the knowledge that military experts of the Western Powers will be forced to abandon mad and dangerous plans for a preventive war. Neither Mr. Truman nor Mr. Attlee can legitimately be accused of harbouring such evil intentions. But, it is an open secret that reactionary military juntas and politicians on both sides of the Atlantic have been flirting with the idea of a preventive war in order to reduce Russia to a minor power. Irrespective of political and party changes in America, Britain and France, despite the Atlantic treaty and in spite of the emergence of the West German State, this disquieting publicity can now be ruled out of consideration.

Informed and respectable military strategists no longer assume that the atomic bomb is an absolute weapon. Neither Russia nor America is a tiny island like Japan. Disastrous effects at

Hiroshima and Nagasaki and the successful tests in the Bikini lagoon can be over-emphasised. These conditions and circumstances are not likely to be repeated in any future war. Both Russia and America are vast areas; in both countries, industry, population, military plants and equipment can be dispersed and hidden behind dizzy distances. An atomic aerial *Blitzkrieg*, the dream of military maniacs, is not practical strategy.

Those jaundiced military experts who were toying with the idea of a preventive war blindly ignored the fundamental fact that Russia had, and still has, a Continental military supremacy both in Europe and Asia. In a preventive war, the Western Powers could, still can, atomise key industrial and military bases and cities in Russia, but they cannot deal a decisive, knock-out blow. Moscow could, and still can be atomised, but it could not and cannot, be occupied. Whereas Russia could, and still can, occupy the whole of Europe within a few days, if not hours, of atomic destruction of Russian territory.

On the other hand, the fact that Russia now has the secret of the atomic bomb does not necessarily mean that Moscow will be encouraged to step up its aggressive designs. The high command of the Red Army is expected to be vividly aware that Russia cannot, in the foreseeable future, out-distance America in supplies of the atomic bomb. Stalin can reasonably be expected to realise that his military conquests in Europe, in the Mediterranean and in the Middle East and even atomisation of London or New York cannot secure him any decisive or final advantage as long as the American air force is in a position to deal devastating atomic blows to the Russian homeland.

Apart from simultaneous moral and military operations, the atomic bomb it is now realised' cannot decide a major war. That being so, it is reasonable to assume that Russia and the Western Powers will now be more inclined to enter into an agreement for international control of atomic energy. Western Powers accuse Russia for her reluctance to accept international inspection without which the ban on the production of atomic weapons cannot be successfully enforced. To the Baruch plan for an international atomic development authority with sweeping powers, the Russian objection is that the plan would undermine "the principle of unanimity of the permanent members of the Security Council".

To interpret the Russian stand to mean that she is unwilling to surrender sovereignty, involved in her acceptance of international inspection of the production of atomic weapons, is to confuse the issue. It would be fatally foolish for Russia to jettison the protective safeguard of the United Nations members' right of veto. This apart, Russia has repeatedly stated, and has now repeated the offer, that "control will be essential in order to check up on the fulfilment of a decision on the prohibition of the production of the atomic weapon."

Russia's insistence on the right of veto—that is, "the principle of unanimity of the permanent members of the Security Council" — in any international organisation set-up for control of atomic energy will be appreciated when it is realised that such an organisation will have to exercise complete control over uranium and thorium. Though the atomic bomb is an evil force, atomic energy is capable of revolutionising industrial technique

and methods of-production. That is why Russia insists on "the principle of unanimity of the permanent members of the Security Council" in any international control of atomic energy. And, with the establishment of the Communist *regime* in China, one of the Big Five, Russia can be secure in the knowledge that she has now, along with the right of veto, a double protection that development and use of atomic energy for ensuring industrial progress will not happen in a way so as to prejudice her future industrial and military potential.

On the assumption that Russia can be guaranteed such protection and security even without the veto—although, it is difficult to discover an alternative formula to the "principle of unanimity" of

the major powers—Russia is likely to accept any reasonable proposal for international control of atomic energy. This may solve one problem, but even with an agreed solution for international control of atomic energy, the problem of world peace will remain unresolved. It is a safe assertion that the race for competitive rearmament may be intensified. Russia now enjoys military supremacy against the combined strength of the Western Powers; she is likely to retain it for yet awhile.

This is a strong provocation to the Western Powers to speed up military preparations. Indeed cynics will suggest that President Truman's revelation of "atomic explosion" in Russia has been smooth passage of America's

foreign military aid programme. There is, therefore, force behind the argument that President Truman's revelation may not indicate that war is imminent, but it makes an inevitable showdown between Communistic and Capitalistic Powers inevitable in the long run. Time alone will reveal whether a world inhabited by nations professing different ideologies can live in peace and amity or whether a decisive war is inevitable. This is where politicians come in and military considerations recede into the background. And, the peace-loving population of the world will regard it a disquieting phenomenon that political leaders seem convinced that an ultimate clash of conflicting ideologies is inevitable.

Weekly

Notes

A new rupee ratio?

ALONG with its filibuster "against Pakistan's challenge, Delhi has also hinted at meeting Pakistan half-way by raising the rupee-sterling ratio to 1s. 9d. Our Money Market Correspondent reports considerable activity in the forward exchange market, bearing of both the Pakistan rupee and the pound sterling. A miniature currency warfare seems to be going on around Hornby Road and Clive Street, despite the maze of controls and regulations that frighten the common folk.

What lends some plausibility to the speculations about a slightly higher sterling value for the rupee is that it provides a ready face-saving formula for Pakistan to climb down gracefully from an impossible position without appearing to do so. It also restores to the Government of India the one weapon for fight-

ing internal inflation in which they have any faith, viz., liberalisation of imports and reducing their prices, considering that the bulk of our imports still comes from Britain. In the present circumstances, however, a slightly higher rupee-sterling rate may only avert a rise in the prices of imports instead of making them cheaper. Even that would help, besides extending some assistance to Britain's export drive in the buyers' market.

What about price reduction?

WHAT about the measures for bringing down prices, which the Government had been contemplating a fortnight ago? The cut in salaries and other expenses in their own departments do not present a problem, if the Government really mean business. But, the 10 per cent reduction in procurement prices for foodgrains?

Has it been washed overboard by the tide of devaluation? If Government want to act, the time is now; the Kharif crop prices fixed in October are going to set the level for food prices during the rest of the year. Our Delhi Correspondent reports that provincial governments can hardly be persuaded to effect a cut in procurement prices. They would not, in that case, guarantee the full quota of procurement. Why not start at the other end and bring down the prices of the things that the farmer has to buy—cloth, sugar, kerosene, salt and iron implements? That will make the task easier for the provincial governments, helping them to overcome the terror of facing the agricultural population at the next general election.

Delhi is also pretty sceptical about the feasibility of self-sufficiency. If for political reasons the Government do not think it ex-