

India is pointing against Truman, but only a pop-gun. Unless foreign capital flows in adequate quantity, India will have to face the problem of counteracting inflation, and the necessity of carrying out a modicum of development within the resources she has. This will inevitably entail a drastic curtailment of imports, and possibly, the 'abandonment' of some development projects already under way. Then follows the spectre of higher taxes, deficit finances, all sorts of rigours, mounting unemployment and reduction in foreign trade, and finally, the unfavourable reaction on the "economic and political conditions of the country," of withholding such aid, "specially in the prevailing social and political atmosphere in South and South-East Asia."

This six year programme must have been specially prepared for American consumption. It has little in it to enthuse those who are to work it and benefit by it. If successfully implemented, it will not raise the *per capita* national income in the countries concerned. Whatever increase is affected in production will be eaten up by the expected increase in population during these six years. We must keep on running, not in the hope of going ahead any further, but in order to avert going back.

If the plan succeeds in convincing the Americans of the necessity of such aid and also conveys the more

comforting assurance to them that the amount of such aid will not be heavy, it would have served its purpose. How best to bring round American public opinion in favour of such aid is another problem which is, of course, not the primary concern of the planners. Whether on paper the expected results look attainable, or even plausible will depend on closer expert examination to which the projects will no doubt be subjected by a parallel organisation to the OEEC in due course. They have been made to look plausible enough on paper, in proof of which one single example may be cited. The target for food production in the development plan for India has been put at three million tons. This is to be attained in another six years, if the programme goes through successfully, that is by the end of 1957. But are we not supposed to attain this target of an additional 3 million tons by March 1952? Are these 3 millions then further additions to the country's food supply after it has already attained self-sufficiency, to feed the new mouths that would be born?

Framers of the report, however, do not concern themselves with such issues, and wisely, too. The main selling point for the plan for the Americans is not the solution it offers for restoration of freer trade or multiple convertibility, but the one chance, perhaps the last chance, it offers, of staving off Communism.

the member-States to contribute armed forces to fulfil the mission of repelling the Chinese troops from out of Korea.

That may doubly re-affirm, what Moscow openly accuses, the American-dominated United Nations' decision to resist "aggression" by an international force, but will not, in fact, change the fundamentals of the grave situation in the Far East. For, technically, Chinese troops—though Peking calls them 'Volunteer brigades'—are now lighting the United Nations army in Korea. Thus viewed and interpreted, neither the developments in Korea in the past few days nor the frantic activities of world diplomats at Lake Success seem to have created any fresh complication. The situation is instinct with sinister possibilities. But the grave possibilities have been created by, and existed since, the crossing of the 38th Parallel by the United Nations Unified Command under General MacArthur.

On this interpretation, it is arguable that the gloomy speculations and the fatalistic acceptance of the inevitable calamitous repercussions of the Chinese stand in Korea seem exaggerated and unwarranted. America and China have been accusing each other as guilty of acts of aggression for some weeks. The Chinese delegation to the Security Council has repeated the allegation against America. On behalf of the United States, Mr. Warren Austin has not only refuted the allegation but has, on the other hand, accused China of aggression in Korea. The matter stands where it was some weeks ago. "

Only, the military aspect of the situation in Korea has changed for the worse. What was expected to be the last and the decisive push by the United Nations army to bring the war in Korea to a successful end would seem to have changed into a rout by General MacArthur's forces. It was, it is apparent in retrospect, highly impolitic for General MacArthur to have launched the drive while the Chinese delegation was on its way to Lake Success at the invitation of the Security Council. It was this drive that nipped in the bud the proposal for a "buffer strip" along the Korean-Manchurian border aimed at assuring China that neither America nor the United Nations army harboured any design against China or had any intention to violate China's territorial integrity.

Immediately, it was not the Chinese forces but General Mao

The Crisis Deepens

PEACE-LOVING peoples throughout the world had devoutly hoped that the anxiously awaited policy statement on the Far East by President Truman would yet avert a world-wide conflagration. President Truman could undo what America's representatives to the United Nations seem determined to do. The greatest need of the time is for sane judgment and wise statesmanship in not goading the United Nations to take steps from which there can be no turning back. Yet, Mr. Warren Austin's insistence that the Security Council should take up the Six-Power resolution demanding withdrawal of Chinese troops from Korea indicates that political leaders in the United States are prepared for a show-down. Let there be no mistake about what Mr. Austin's insistence means and implies. Nor can there be any doubt that Mr. Austin, is not acting on his own initiative. He was asked by the State

Department to take up the issue in the Security Council. And the State Department is not likely to issue a directive to the American Representative to the Security Council without the prior knowledge and approval of the President of the United States of America.

Discussions and deliberations of the Security Council are likely to follow the expected pattern. Moscow is not going to commit a mistake for the second time. The Six-Power resolution will, of course, be vetoed by the Soviet Union, America is conscious of the certain veto by Russia. Then, under the plan recently adopted by the General Assembly, the issue will be transferred to the veto-less Assembly for discussion and for steps to be taken by the United Nations. Empowered to take the initiative in defence matters, the Assembly may—it is not inevitable that it will—request

Arthur's army that launched the attack. The Chinese army was on the defensive and it was in its defensive action that it not only pushed back the attack by the United Nations army but forced it into a hasty retreat. Outmanoeuvred in strategy in the field, General MacArthur, the Commander of the United Nations army, is trying to seek sanction for doing what he has all along been suspected of trying to do. It is widely believed that he has asked the United Nations to give him a blank cheque to do what he likes, that the fresh authority he seeks includes permission to bomb targets and territories in Manchuria, is evident. Far more sinister is the wild talk by some American Senators of using the atom bomb in North Korea.

There was a golden opportunity for the American President to counter such disquieting talks which he has not done by his bold statement that the atom bomb is one of Ame-

rica's many weapons which could be used when the military situation demanded. True enough, such a statement does not change the situation in any way. For international control on atomic energy still remains to be realised and America retains control on this fatal weapon. But it does not improve the situation either.

It is not the worsening military situation in Korea but the possibility that it may lead to hasty action by the United Nations army that adds incalculable complications to the situation in the Far East. If it be the wish of America or of the United Nations to keep the war localised in Korea, bombing of Manchuria would be the last thing that General MacArthur would be permitted to do. One need only have to state the possibility of the use of the atom bombs to rule it out of consideration. These are the certain ways to a global war. There is yet time and

hope that the catastrophe will be avoided. It is encouraging to note that the swift-moving developments in Korea have had a sobering effect on the Western Powers. From Washington, London and Paris come welcome news that the Western Powers are now in a mood to accept the Russian proposal for a four-Power conference with certain modifications. Certainly, it is desirable to extend the scope of the proposed conference to include disputes and conflicts in all parts of the world, and not only Germany, among the rival power blocs. There is nothing to indicate that Russia is unwilling to discuss all aspects of the "cold war" around a round table. And the only silver lining in the Korean cloud is that it may yet lead to a fresh attempt to explore ways and means of solving disputes among Big Powers through mediation and negotiation and without resort to force.

Weekly Notes

Metal Outlook

WITH hardly a month for the expiration of the period of the OGL, the future of metal supplies during 1951 looks somewhat obscure. Though the Open General Licence has been in operation for some months now, India has not been able to import much of metals owing to the scarcity of supplies abroad.

It is feared that the recent restriction on civilian consumption of aluminium in the US by 35 per cent, will be extended in due course to other scarce metals such as copper, nickel and zinc. though intended to conserve supplies for defence requirements, such restrictive measures will have a speculative effect on prices.

A deadlock has occurred at the Geneva Conference on tin. The USA and the UK failed to come to a compromise on the restriction of output and stabilisation of tin prices. Consequently the outlook for tin has again become uncertain.

There has been a scramble for late for aluminium in world markets. The world production of the metal is reported at a peak level, the present capacity being higher than the peak touched in 1939 and only 14 per cent, of the total output is absorbed for the defence re-

quirements of USA. The EGA estimates the total world output of aluminium during 1950 at 1,275,000 tons as against an estimated consumption of 1,391,000 tons, excluding Russia and her satellites. Thus there will be a deficit of 16,000 tons and besides 40,000 tons will have to be provided for strategic needs.

Our production of aluminium during the first ten months of the year being 2,846 tons, it is likely that the 1950 target of 3,500 will be exceeded.

The squeeze on the supply position of copper seems to be increasing. USA has recently announced her export quota of 30,000 tons for the fourth quarter of the current year. Of this, India will receive 1,573 tons, Germany 7,840 tons, Italy 4,709 tons, Netherlands 2,200 tons and Switzerland 1,200 tons. India imported 15,000 tons of copper from the USA in 1949 and 7,700 tons during the first half of the current year.

Europe's Dollar Gap Shrinks

THE European countries' adverse balance with USA during the first quarter of 1950 dropped to an annual rate of \$2.1 billion, according to the latest issue of the *Economic Bulletin for Europe*. This deficit was somewhat smaller than in the preceding quarter and was more than 40 per cent lower than

in the first quarter of 1949. This further marked improvement in European trade and payments position with USA was due almost entirely to a reduction in imports from that country.

A comparison of trade figures six months since devaluation in September 1949 with the six months before devaluation shows that Europe's total exports increased 15 per cent, in volume and that those to the Western Hemisphere rose by some 40 per cent. The dollar value of these exports to the Western Hemisphere, in spite of devaluation, increased by 10 per cent, to a total of \$1.16 billion. Europe's imports from overseas showed a further shift away from hard-currency sources. There was a particularly marked drop in Western German imports from the USA, UK and continental European countries made important shifts in their imports away from Canada and towards soft-currency countries

The volume of intra-European trade in the six months following devaluation was 27 per cent, higher than during the preceding six months. Intra-European trade in textiles expanded sharply following the liberalisation of trade, which appears to have been particularly effective in this sector where restrictions were previously severe.