

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.