

# The Economic Weekly

A Journal of Current Economic and Political Affairs

(Established January 1949)

June 20, 1953

Volume V—No. 25

Eight annas

## EDITORIALS

- Syngman Rhee's Threat to Peace 685  
Why Not a Genuine Bill Market? 686

## WEEKLY NOTES

- Foreign Pockets—Middle Class  
Budgets—Family Incomes of  
Calcutta College Students—  
Caustic Soda Plant—Success  
at Sindri 688

## FROM THE LONDON END

- Britain's Steel Policy 693

## BOOK REVIEW

- Robertson and All This  
—Reviewed by Bhabatosh  
Datta 695

## SPECIAL ARTICLE

- Extra-fiscal Measures to Widen  
Tax Base 699

## AROUND THE MARKETS

- Condence Lacking Blank  
Transfers and Income-tax —  
Gold at New High -Cotton  
Slumps- Oilseeds Steadier 701

## COMPANY NOTES

- Travancore Rayons—Indo-Burma  
Petroleum 704

## AT HOME AND ABROAD

- Indo-Turkish Agreement 705

- CURRENT STATISTICS 706

## Syngman Rhee's Threat to Peace

DEVELOPMENT'S in Korea are not only dramatic. They are significant reminders of the obscure origin of the Korean war and of the mysterious series of events since then. South Korea's aged President is an ambitious politician, so is Chiang Kai-shek, and all the other reactionary regimes bolstered by America and the metropolitan Powers. What is more surprising is Syngman Rhee's daring action in defying the authority of the UN Command. There is no doubt that he has the full support of the South Korean Army. Worse still—because far graver in import-- is the circumstantial evidence which lends colour to the suspicion of direct or indirect connivance by UN Command's military men on the spot of South Korea's unilateral action in releasing North Korean war prisoners from their camps.

Many thinking persons throughout the world will endorse Sir Winston Churchill's anxiety that there may still be "a hope that the peace which is so nearly arranged will not be prevented". But the circumstances under which Syngman Rhee's Government succeeded in implementing their one-sided decision to release war prisoners disclose the absurd attitude of the UN Command to the dispute about war prisoners from the beginning. Since the start of the controversy the Communists have claimed that UN screening and interrogation of war prisoners had never been impartial. They have accused the UN Command of deliberately employing the South Korean forces in intimidating the war prisoners. MANY of these allegations were conceded long ago. There was a widespread demand for a thorough readjustment of the arrangements for guarding war prisoners' camps.

It is now apparent that the South Korean forces have been allowed to remain in charge of war prisoners' camps under the supervision of a skeleton staff of American officers. This fact will, of course, be emphasised by the UN Command in refuting any allegation about its connivance with Syngman Rhee in his action in releasing North Korean war prisoners. But the statements issued by General Mark Clark and Syngman Rhee are highly alarming. General Clark admits that the action has been "secretly planned and carefully co-ordinated at high levels in the Korean Government". Syngman Rhee has made no secret of his intentions to defy the authority of the United Nations in arranging the preliminary to an armistice in Korea. He had openly rejected the truce agreement. By declaring martial law, and by taking steps to mobilise his forces, he had left no room for doubt that he was determined to resist the truce, if necessary by force. Why, then, the UN Command did not take any precautionary measures in anticipation of any possible military action by Syngman Rhee?

Syngman Rhee had the courage of his convictions. He is honest in proclaiming to the world that he has ordered the release of North Korean war prisoners on "his own responsibility". This leaves General Mark Clark with a plausible excuse. America's Secretary of State has assured the world that, on behalf of the United Nations, America has conducted the negotiations "in good faith", and that America has acted, and is acting, "in good faith". Yet Syngman Rhee has let it be known

Yearly Subscription post free  
India and Pakistan Rs 24/-  
Foreign Rs 27/-

The Economic Weekly  
Noble Chambers, Parsi Bazar St.,  
Fort, Bombay.  
Phone; 23406

that " most of the UN authorities with whom I have spoken about our decision to release these prisoners were in sympathy. . . . " This is an emphatic admission that UN Command has been guilty of a partisan policy in dealing with the dispute over war prisoners, and that there is much substance in the Communist allegations that the deadlock on this issue was mainly due to the UN Command's intransigent attitude.

Syngman Rhee advanced two reasons for rejecting the truce. He wants unification of the two Koreas. He insists on the withdrawal of Chinese troops from Korea. He is justified in stipulating these terms for a final settlement of the political issues involved in Korea. The Communists, too, wanted a settlement of political issues before concluding a military armistice. This demand was rejected by the United Nations, and rightly, on the ground that there must be an armistice first before the political issues involved could be discussed. In the armistice agreement there is a provision for holding a political conference whose task would be to discuss the very issues now raised by Syngman Rhee. South Korea, is now under the UN Command. As the representative of the United Nations in Korea it is the function of the UN Command to compel all who are under its authority obedience to the policies and actions of the United Nations.

This aspect of the UN Command's functions was stressed by Britain. Both India and Switzerland, two of the members of the neutral Repatriation Commission, assumed that their participation with the Commission would naturally depend on UN Command's ability to ensure South Korea's acceptance of the terms of the agreement. To cajole Syngman Rhee's acceptance of the agreement on the exchange of war prisoners, President Eisenhower assured him that: America was prepared to sign a mutual defence pact with South Korea. It is not a little strange that no member-State has expressed its disapproval of such an offer by America to South Korea, It is an emphatic confirmation of the Communists' anxious desire for peace that Peking has not exploited this unilateral American gesture to Syngman Rhee as an excuse for disowning the agreement on war prisoners.

Much more astounding is Syngman Rhee's recalcitrance even after such substantial concessions to his

preposterous stand. It cannot be that he has taken the drastic action in releasing North Korean war prisoners as a protest against America's refusal to accept his other demand for withdrawal of Chinese troops from Korea. It is evident that he can rely on UN forces as long as Chinese forces remain in Korea. Whether the Communists will agree to withdraw without a corresponding withdrawal of UN troops from Korea is one of the major issues which will have to be settled by the political conference. But Syngman Rhee cannot plead the existence of Chinese troops in Korea as a threat after America's offer of a treaty of assistance with South Korea.

Development of events after the agreement on the exchange of war prisoners left no excuse for Syngman Rhee to oppose the truce. He is as bold as he is ingenious in taking an action which re-opens the whole controversy about repatriation of war prisoners in a far more complicated form. He has succeeded in perpetrating a deliberately calculated mischief. Two problems

immediately arise. The circumstances under which the North Korean war prisoners have been released make it imperative that an investigation at the topmost impartial level must be instituted to investigate the question of any possible dereliction of duty by the UN Command in the case of encamped prisoners. Consequences of Syngman Rhee's action in releasing war prisoners are much more grave. There will be hope throughout the peace-loving world that the Communists will accept the angry disavowal by the major member-States of South Korea's action as proof of the United Nations' sincere desire to honour the agreement signed between the UN Command and the Communists. But Syngman Rhee's pretentious and preposterous actions are emphatic reminders to the United Nations of the unwisdom of allowing America, or any other single Power, to act on behalf of this world organisation. Syngman Rhee and his clique can be allowed to defy the United Nations not only at their peril, but at the greater menace to world peace.

## Why not a Genuine Bill Market?

WRITERS on money markets are beset with a problem right at the beginning, how to delimit their field of study. Since money market deals in money, the mechanism regulating the supply of money naturally falls within their province and the temptation to be dragged farther afield into a discussion of monetary policy is hard to resist. Borrowing and lending, the exchange of one kind of asset into another of differing degrees of liquidity, which is their special field, suffers in consequence. Following the tradition set by Bagehot's classic on Lombard Street, they have inevitably been drawn into a discussion of monetary policy which, though germane to the issue, is not very profitable. This is because the factors determining the money supply in the London market are so well established that writers on money markets have them ready made. Here, this involves much exploratory work and in addition, if the author attempts an assessment of monetary policy as Mr Parckh does, one gets involved in a controversy outside the limits of what is more conveniently understood as the money market. This results in a certain loss of that concreteness which is the essential requirement of such a study, and

which Mr Parckh fulfils so eminently. For, in him Bombay Money Market has found a chronicler worthy of the subject. His is undoubtedly the outstanding pioneering work on it.\*

The other problem is of marking off the sphere of activity of one money market from the others. Here again, the nature, of money raises the temptation, because it is the cheapest commodity to transport and possesses mobility in the highest degree, to make the money market co-extensive with the banking system. Britain is a very bad precedent in this respect also. Bombay money market is no more synonymous with the Indian money market than the US money market is with the money market in New York. The title of Rieflers classic study 'Money Rates and Money Markets in the USA' should be an adequate warning.

These limitations, however, do not detract from the value of his study because the author does not fully act up to his professions and is guided more by the sureness of his feel for the subject he knows so inti-

\* *The Bombay Money Market, A Study.....* By H T Parckh. Oxford University Press, Pages 226, Rs 10.