

help in keeping it to manageable proportions, so that the rise in prices would only be modest, there is a case for raising the bank-rate.

However, there is the argument that investment would mainly be made in inventories which it is necessary to build up to achieve full capacity output. Two points should be remembered in this connection. First, in view of the shortage of certain industrial raw materials, there would be a tendency to build up larger stocks than would actually be needed. Second, it is unlikely that a rise in bank-rate would prevent the flow of credit to industries

for which the only limiting factor to producing full capacity output is insufficient level of inventories; the borrowers affected would rather be those whose prospects are somewhat more uncertain — the marginal borrowers.

As regards the last argument that a rise in bank-rate would mean more deficit financing, the answer is given by the author himself when he points out that the economy can absorb larger amounts of deficit financing than at present postulated by the authorities. It may be pointed out in the end that, apart from

the arguments given above, we should not lose sight of the fact that bank-rate is already out of touch with other interest rates in the market and the Reserve Bank would lose all initiative if its rate is not raised. Moreover, even if a rise in the bank-rate does not exert much of an effect on the economy, foreign countries would still regard it as a sign of the determination of the authorities to maintain the "health of the domestic economy".

SHADAY

Bombay.
March 7.

Letter from Geneva

Banning Nuclear Tests

OVER fifteen months ago, the delegates of the three nuclear powers started the negotiations for banning nuclear tests. The delegates, their technical experts, scientific and political advisers and observers on behalf of the Secretary-general of the United Nations, have held nearly 180 meetings. The ultimate aim of this conference is to draft a treaty for the control, detection and inspection of nuclear explosions. Both sides, ISA and UK on the one hand and the USSR on the other, started from fixed positions. But as the seasons progressed, compromises were found possible. Agreement has already been reached on twenty-three articles of the proposed treaty. There seems to be four different ways of exploding nuclear bombs — in the atmosphere, in outer space, under water and under -ground. The first three methods involve danger to human life, though the degree of this danger is still a matter of controversy among the scientists. The last, viz. under-ground explosions are claimed to be harmless.

UNDER-GROUND EXPLOSION

It is with underground explosion that the negotiators are now mainly occupied. The solution does not depend only on political considerations. The conference of experts in 1958 concluded that there was no adequate method yet of distinguishing earth-quakes from under-ground nuclear explosions. Seismology is still "underdeveloped". Considering the number of earth-quakes that take place every year in all parts of the world, it requires little skill in arithmetic to figure out that the inspection system would be turned

into an international fire-brigade. What should be the minimum number of 'on-site inspections' in order to detect 'under-ground events' is currently the basic problem confronting the members of the conference. There are, of course, other administrative and organisational details which remain to be settled. So there¹ may well be another 1.80 meetings, if not more!

What are the broad implications of the Control System which the nuclear powers are trying to establish? To detect an explosion in outer space and perhaps behind the moon — would require five or six spaceships permanently circling the planets. Coder the oceans, there would have to be about a dozen ships probing for violations. Altogether 160 Control Posts with a minimum staff of 30 in each post would have to be set up for the recording of underground movement?. It is estimated that it would be necessary to establish twenty Control Posts in the territory of each nuclear power. Although Control Posts have not been organised yet, it has been decided that all signals would be channelled to headquarters in Vienna.

POINTS OF AGREEMENT

Who should finance this project? Which States should be members of the Control Commission? Should the despatch of 'Inspection Teams' be by a unanimous vote or should there be a right to veto? Nationals of which country should staff the Control-Posts? These are among the many questions which have been examined, debated and settled. The Control Commission would consist of seven members including the

three original nuclear powers. A conference of all the parties would be held once a year, or more if necessary. The signatories would contribute annually for the maintenance of the organisation. The staff of the Control-Posts would be one-third from the home country, one-third from the other nuclear powers and the rest from a neutral country. The administrator of the Control Commission is also likely to be from a neutral country. Larger representation of neutral countries would seem to be necessary for the smooth working of so formidable an organisation.

INSPECTION IN SOVIET TERRITORY

A great stir was created in the stagnant waters of the nuclear discussions when the Soviet delegate presented the proposal that a limited number of Western teams might be allowed to enter Soviet territory for the purpose of verification. Comrade Tsarapkin, the Soviet delegate, claimed that it was a major technical concession and added that it was designed to 'cut the ground' under the feet of the U S which was favouring a phased ban. A few months ago, when the right to veto and the reluctance of Soviet Russia to allow foreign nationals on her territory was being hotly debated, Comrade Tsarapkin told this correspondent in an interview that the West was distorting Soviet intentions for purposes of propaganda and that their aim was to demonstrate to the world that his country did not desire an agreement.

The Western reaction to the recent Soviet proposal has been milder than one would have expected. The Soviet proposal has been dis-

cussed as a "nibble at the phased approach" or given a lukewarm welcome as "a bit of move forward". There is little doubt however as to which side world opinion would shift, it the Soviet plan is not given careful consideration. To ban some types of tests and not others has the disadvantage of leaving any country free to conduct an explosion whenever it suits its fancy,

FRANCE BUTTS IN

A new comer has already demonstrated its skill in exploding a bomb despite the United Nations Resolution and world opinion and that, too, during the progress of negotiations. "How many bombs should France explode before, it is qualified to become a nuclear power?" I asked Mr Wadsworth, the Chief United States delegate to this conference. Restraining a smile, he said that de Gaulle did not intend to join the 'nuclear club'. Earlier the British representative, Sir Michael Wright, had expressed the opinion that France was not invited to participate in the discussions for the simple reason that it was too late. One may well wonder what reason beside prestige did France have in exploding the bomb!

It was the possibility of another country succumbing to The same temptation that made me ask Mr Wadsworth whether he did not consider the problem urgent. He replied that the eventual capability of a country to test nuclear bombs is a long process. In any case, he said that tests in themselves are not dangerous. Recalling Comrade Tsarapkin's grim face when he was asked this question and his warning against playing with bombs, I asked the U S Chief delegate: Did he not think that the radiation effects from tests give cause for alarm? His answer was short: "the average man exaggerates fears",

CAN CHINA BE BROUGHT IN?

From this, we moved on to cost considerations. "Would it not be cheaper to have a Control-System than to manufacture and explode nuclear bombs?" To this, Mr Wadsworth replied that he did not know the cost of a nuclear bomb, but from commonsense, the Control-System would appear to be less expensive. After some reflection he added that the poor nations cannot be expected to contribute towards the maintenance of the System. But poor nations of yesterday may be rich nations of tomorrow. Being an

advanced country also implies the rapacity to produce nuclear bombs. "Would China be expected to sign the proposed convention even if it is not 'recognised'?" "There are many instances of non-members of the United Nations", he said, "who are signatories to inter-national conventions". Switzerland was certainly one. That was rather amusing for even if Switzerland had an A-bomb where would it find the space for exploding it?

About the role of neutral countries in this elaborate system of control in the future, the United States representative was very optimistic. The reason why the choice of the Administrator falls on a neutral country was clearly because a member of the NATO or Warsaw Pact cannot be expected to be impartial. A similar view was expressed by the Soviet delegate with this difference that he did not mention the Warsaw Pact.

GOOD FAITH

The basic difference between the two sides was and still is the same.

U S and U K contend that only those tests should be banned which can be adequately controlled. U S S R would like to see that all tests are banned, whether there be an effective control system or not. When the British representative was asked why his country did not accept the Soviet proposal to ban all tests, his answer was that there could never be a full-proof system of control: and that 'cheating' was always possible. Ultimately, one comes down to 'good faith' in the conduct of inter-national relations and this hinges mainly on the outcome of Summit Conference. When there are mutual suspicions, the solution depends upon who stops suspecting first. Long-drawn out suspicions give rise to fear and it is this fear that has taken hold of the imagination of enlightened world opinion today,

If and when this treaty is signed, it will be a unique instrument. It will have to be world-wide in its application and there cannot be any escape clauses in it.

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