

The Standing Committee is nicely to set up a number of sub-committees to deal with different aspects of the transport problem. The issue of sea-rail transport co-ordination is, however, to be tackled by the Standing Committee itself. Although the report of the Sea-Rail Co-ordination Committee is not yet available, the desirability of diverting a larger volume of traffic to coastal shipping is being increasingly realised.

Drawback from Steel Pool

U O W hampering the shortage of steel has been can be seen from the speeches of chairmen at the annual general meetings of engineering companies and from the proceedings of the trade associations. Even so, it will come as a shock to many that even when the steel imports which have been promised from the middle of the year is regularly available and processed, the tin plate company, which have installed an additional rolling mill, will not be able to meet the demand. Metal Box have been currently importing 50 per cent of their total requirements. This raises cost an aspect of shortage existing or anticipated which is not always widely realised. When supplies of essential raw materials are uncertain, prudent producers have to build up and maintain larger stocks than would be necessary, if the supply position were easier. It is therefore natural that while manufacturers welcome the increase in demand resulting from expansion of activities, they should also be disturbed by the fear of inflation and Mr Chiswell Jones (whose review appears elsewhere in this issue) thinks that signs of inflationary pressures which are already present could very quickly upset Metal Box's price structure.

That the burden on the company's cash resources which follows from higher raw material prices and bigger inventories should raise the prices of the products is understandable. But the impact of it on the export of the company's products to neighbouring countries about which Mr Jones complains, requires further elaboration. The imported cost of tin plate, or of tin plate manufactured partly or wholly from imported steel, could not present a serious price disadvantage, particularly if competition in these products in foreign markets demands the use of finer and therefore imported materials e.g. cold drawn sheets. The drawback of duty on imported sheets

should normally present no difficulty and It is not the complaint that it does. What does Mr Jones really mean when he talks about drawback of the Steel Equalisation Fund contribution on tin plate used for containers exported from India? The price which consumers have to pay for steel from the steel pool is lower than that of imported steel but higher than the price Government pays to the steel producers in India. Of course, if exporters of metal products manufactured from steel could get their steel at the price paid to domestic producers, they would be in a better position to compete in export markets, just as cotton mills in India who pay for raw cotton a price a little below the world price for such cotton. The price advantage, of course, is confined only to textiles made from Indian cotton. Is that what Mr. Chiswell Jones wants when he says that concession made by Government of India would be more than amply compensated by foreign exchange earnings resulting from it? Some light on this question would be welcome.

Peking's Gesture

MR CHOU EN-LAI has repeatedly expressed Peking's preference for a peaceful solution of the Formosa problem. Peking has always denied that Formosa is an issue in dispute between Communist China and America. Peking has not abandoned the policy of liberating Formosa. But it has been consistent in its claim that it seeks to use peaceful means "as far as possible" for the liberation of Formosa. In pursuance of such a policy, Peking has sought repeatedly to initiate direct negotiations with the Kuomintang regime in Formosa. Mr Chou En-lai has now repeated his Government's willingness to negotiate with the Chinese Nationalists "on specific steps and conditions for the peaceful liberation of Formosa". Even as former unofficial overtures have been rejected, Mr Chou En-lai's official invitation has been promptly denounced by Taiwan.

Peking's terms and conditions for the settlement of the Formosa issue are not unknown. But Mr Chou En-lai's invitation for negotiation is accompanied by an assurance that Peking will not pursue a vindictive policy against Kuomintang personnel for their past "crimes". To convince Taiwan of Peking's sincerity, Mr Chou En-lai has guaranteed "freedom of movement" to those Kuomintang officials who may like to visit the

mainland "to find out the situation". Mr Chou En-lai's official offer to negotiate poses an urgent problem for both America and Kuomintang. Washington now has another assurance of Peking's peaceful intentions. By accepting the offer, Kuomintang can not only ease the situation, but can join Peking in ridding the area of foreign influence. It would be wrong to emphasise that Peking's tolerant gesture stems from growing economic difficulties within the Chinese mainland. There can be no reconciliation of disputed issues if gestures by Moscow and Peking are explained away as signs of weakness.

Poznan Riots Not Foreign-inspired

IT is tempting to draw an analogy between the East Berlin riots and the violent demonstrations in Poznan. Riots in East Berlin followed as Malenkov's succession indicated a change in Moscow's attitude. Violent disturbances in Poznan may reflect the growing belief in some Eastern European countries that the crusade against Stalin is a sign of weakness. There may be some evidence to suggest that the Poznan riots may be inspired by some foreign countries. It is not denied that the emigre Polish Government has always been active. Disturbances were well timed to coincide with the Industries Fair. But neither the East Berlin rising nor the Poznan riots can be explained away as foreign-inspired subversive activities.

Moscow's possible reaction to these uprisings within Pastern European Communist countries is more significant than the causes of these violent demonstrations against the local Communist regimes. Within Russia, the denunciation of Stalinism is sincere and widespread. M Khrushchev has repeatedly denounced political terror. During his recent visit to Warsaw, he urged the Polish Government to introduce individual initiative as well as to relieve economic discontent. Moscow's directive to Warsaw will necessarily be firm. But those who are anticipating a change in Moscow's attitude are likely to be disillusioned. Denunciation of Stalin has gone too far for the Russian leaders to retrace their steps. Besides, the break with Stalin is paying good dividends. This police Underlines the Russian leaders' determination to allow greater individual freedom. "Even as a policy, such an attitude should help Moscow to ensure the co-operation of Russia's Eastern European neighbours.