lost in its enforcement. Several States in the US have their own laws against discrimination in public accommodation and employment; but de facto discrimination is found almost everywhere in the country. Now the weight of federal authority will support Negro rights. Enforcement can be sought through courts of law and the Attorney General is given some power to institute suits on his own findings. For the immediate future, all this may well mean heightened tensions. But Negro leadership in the US has gained vastly in stature and experience in the decade since the 1954 Supreme Court judgment against segregation in schools and a true crusading spirit has been mobilised. It is ready now to put the new law to test.

Confrontation in Geneva

IN retrospect, the statement by the US Under-Secretary of State, Mr George Ball, at the beginning of the UN Conference on Trade and Development, that the dividing line between the developing and the developed countries was not clearly drawn and that, therefore, the Conference was no "adversary proceedings" between the two groups appears as a complete mis-reading of the mood of the 75 developing countries represented at the Conference. The outstanding, and perhaps the most unexpected, achievement of the Conference is the remarkable unity which the developing countries were able to forge among themselves. This enabled them to define their problems in clear terms and press upon the Conference solutions in a manner which made it impossible for the developed countries to slur over the yawning gap between their verbal expressions of good intentions and their preparedness to accept specific programmes to help the developing countries.

The solutions pressed by the developing countries were, generally speaking, not extreme or unrealistic. There were exceptions, of course, like the resolutions which called for a ban on all new synthetic raw materials. But, by and large, the resolutions sponsored by the developing countries, and carried by overwhelming majorities in the committees of the Conference, drew their inspiration from the recommendations of the Secretary-General of the Conference, Dr Raul Prebisch. These recommendations Dr Prebisch had characterised as the minimum necessary if the objective of a' 5 per cent rate of growth in all developing countries by 1970, set for the UN's Development Decade, was to be achieved. Consistent with such a growth target, Dr Prebisch estimated that if "the factors responsible for the present trend in world trade continue, the trade gap (of the developing countries) may reach an order of magnitude of about $20,000 million by 1970". Even if the target of development aid equal to one per cent of the national income of the developed countries was achieved, far-reaching changes would be necessary in the attitudes and trade policies of the developed countries to bridge the gap.

The Prebisch report indicated where changes were most necessary and *the* developing countries followed him in substance in the proposals that they presented to the Conference. For maintaining the purchasing power of primary commodities, a vital necessity for most developing countries, Dr Prebisch suggested two types of measures: commodity agreements and compensatory financing. Commodity agreements would aim at supporting prices "at levels higher than those which would prevail in the absence of international regulation". But: by itself this may not be enough to check the long-term decline in prices of primary commodities. Hence the complementary proposal for compensatory financial assistance to offset losses due to changes in terms of trade. To increase exports of manufactures and semi-manufactures, Dr Prebisch suggested that quantitative targets, to be achieved within a certain period, should be set for their import into the industrial countries. The developed countries should permit import of a part of these quotas free of duty and of the rest at preferential rates of tariff.

In terms of these specific objectives, the achievement of the Conference must be frankly adjudged poor. While commodity agreements were not: rejected outright, the Western developed countries made it clear that they were not prepared to support prices at levels high enough to meet the development needs of the exporting countries. On compensatory finance India proposed that the developed countries should undertake to import a fixed quantum of goods, rising progressively each year, from the developing countries and that if in any year a country failed to meet its target it would pay the value of the shortfall into a fund which the developing country affected could use to finance imports. This proposal was rejected by the Western countries who were not prepared to undertake any fixed import commitments. On manufactures, while there was vague agreement that tariffs on some semi-processed goods should be reduced, on the vital question of preferential tariffs for the developing countries there was no agreement among the Western countries. Britain was prepared to make Commonwealth preferences universal provided other developed countries accepted comparable preferences; France was willing to accept a system of 'selective preferences' between groups of developed and developing countries, e g between the Common Market and its Associated Territories; but the United States was totally opposed to preferences. It stuck fast to free trade with most-favoured-nation treatment based on GATT principles.

In a sense US rejection of the principle of preferential tariffs was the most serious setback at Geneva. Preferential treatment of exports from developing countries forms the crux of the new thinking on international trade in the context of the problems of development. The demand for preference is based on the proposition that the operation of free trade and most-favoured-nation principle in trade between Countries of unequal economic development will inevitably work to the detriment of the developing countries and widen the disparities between them and the richer nations. A general reduction in tariffs, as supported by the US, even if it materialised, would in no way weaken the case for preferential treatment for the developing countries. But, in fact, the prospect of a general tariff reduction can hardly be regarded as bright after the exasperating experience of the 'Kennedy Round'. The US stand on treatment of exports of manufactures from the developing countries thus lacked any basis whatsoever.

So fruitless was the Conference in terms of acceptance by the developed countries of proposals for assisting the trade of the developing countries chat Dr Raul Prebisch was led to comment that it was in the field of aid, not trade, that the Conference had achieved something. There may have been just a touch of sarcasm in this, since the promise of the rich to devote one per cent of their national income to international aid is not a new achievement; it is four years old. Its acceptance by the UN General Assembly in 1960 has hardly had a marked impact on the aid efforts of developed countries with the exception of a few.

Unable to agree on any definite proposals for expanding trade, the confrontation between the developed and the developing countries turned on the machinery to carry on the unfinished work of the Conference. The compromise between the developing countries, despairing of any fruitful initiative from the GATT, and the developed countries, determined to protect the 'rich man's club' against any loss of influence, took the form of the 55-member Trade and Development Board to be created under aegis of the United Nations. Having grudgingly conceded a majority of the seats on the Board to the developing countries, the West wanted special .privileges for it worked into the procedure for arriving at decisions. As a result, the Board's voting procedure has been left to be worked out by a conciliation committee to be appointed by the UN Secretary-General.

Taken aback by the unity of the developing countries, the West tried to make out that by pressing their demands in spite of the opposition of the developed countries, the developing countries were injuring their real interests. Any proposals on international trade, they pointed out, must have the acceptance of the developed countries which account for three-fourths or more of total world trade. This is, of course, true, but the problems of the developing countries are too pressing to await the temperamental charity of the rich for their solution. What will shake the developed countries out of their self-satisfied attitudes and force upon them an awareness of the needs of development is organised pressure from the developing countries which is possible only on the basis of realistic and well worked-out proposals. The UN Conference on Trade and Development showed the developing countries far better prepared and able to pursue such a strategy than many, even in these countries, had imagined them to be. The work begun at Geneva must now be continued at the United Nations, in the newly-formed Trade and Development Board specifically.

Weekly Notes

India and the IMF

WHAT started with a bang seems to be ending with a whimper! Much attention has been focussed on the problems of international liquidity ever since the dollar ran into heavy weather four years back. The first systematic attempt to tackle the problem was made by Prof Triffin. The Triffin plan, which differs only in some details from Keynes' famous proposal for a Clearing Union first put forth at the Brettonwoods Conference, has never looked like winning the acceptance of world statesmen and economists. Yet the existence of the problem which the plan is intended to solve has been recognised. Subsequently various proposals have been put forward which are essentially variations of Prof Triffin's plan—the so-called Bernstein plan and its revised composite gold exchange standard version, the Posthuna Plan, the Stamp and Roosa proposals and the eventual product that was laboured out by the IMF.

Ail this, however, led nowhere. Therefore, two committees were appointed at the last annual conference of the IMF, one the so-called Paris Club of ten and the other consisting of officials of the Fund. While nothing is known about the results of the labours of the latter, the former is Reported to have submitted its report. Though the contents of the report are yet secret, the substance has leaked out in the world financial press. It seems that the political battles between the United States and the United Kingdom on the one hand and Gaullist France on the other have been carried into the sphere of international finance. As a result, nothing more than an increase in quotas is recommended and that too of a small order. Nothing is so far known about the form in which subscriptions are to be made. Hitherto 25 per cent of the quotas has had to be paid in gold and the rest in the local currency of the member countries. The details, it is reported, may be finalised at the next annual meeting of the Fund.

Modest though the increase in quotas that may follow the acceptance of the Paris Club's proposal -nay be, it would be certainly welcome. Still, compared to the grand schemes for reform of the international monetary system that were being mooted earlier, this is definitely a come-down. But more disquieting, particularly frotn the point of view of India, is the possibility that a part of her additional subscription may have to be paid in gold. India may have to argue for a reduction in her gold subscription, if her permanent seat on the board of directors of the IMF is to be retained. Article III, section 4, of the Fund Agreement allows the Fund to reduce the proportion of subscription to be paid in gold by any member country if its monetary reserves are less than the new quota, In the past the Fund has permitted some countries to pay their subscription in gold, when they were in difficulties, by drawing from the Fund. In view of her tight exchange position, India will have to take recourse to some such device.

The IMF now holds gold worth $2.4 billion which it uses to replenish its stock of currencies. This purpose is no longer as important as it used to be particularly because many of the leading currencies have become convertible. India should try to convince the Fund that the gold subscription of 25 per cent of the additional quota should not be insisted on; the proportion could be reduced to, say, 5 or 10 per cent. Otherwise, India's permanent seat on the board of directors may be lost—and that at a time when India's and the other underdeveloped countries' voice has to be heard more often in the councils of the world monetary organization.

Manganese for Cash Only

THE Chairman of the Minerals and Metals Trading Corporation is reported to have stated in New Delhi last week that the Government had decided to throw open the export trade in manganese ore to the private sector "in a bid to step up exports". This is intriguing. Since when has the export trade in manganese ore been closed to the private sector?

It was precisely because manganese exports were falling preciptously that the State Trading Corporation